

Stock code : 2009



第一伸銅科技

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

**ANNUAL REPORT**

**2022**

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

**Printed on May 10, 2023**

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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**

Spokesperson:

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Title: General Manager

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Name: Liu Hsiu-Mei

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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**(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: Chen Yung-Hsiang, 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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**(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 (2022) business results:

## (I) Business plan implementation results:

The Company's main business in the year of 2022 was the manufacturing of various alloy copper sheets for domestic and export sales. The annual operating income was NT\$2,895,412 thousand, the operating cost was NT\$2,943,882 thousand, the operating expense was NT\$62,609 thousand, the net operating losses was NT\$111,079 thousand, the non-operating income was NT\$285,490 thousand, the net profit before tax was NT\$174,411 thousand, the income tax benefits was NT\$22,529 thousand, and the net profit after tax was NT\$196,940 thousand. Other comprehensive losses for the period was NT\$1,759,962 thousand, and the total comprehensive losses for the period was NT\$1,563,022 thousand.

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

## (III) Profitability analysis:

Item		Percentage of ownership
Return on assets		2.82%
Return on equity		3.59%
Percentage of paid-in capital	Net operating gain (loss)	-3.08%
	Net profit before tax	4.84%
Net profit margin		6.80%
Earnings per share (NTD)		0.55

## (IV) Research and development status:

1. Gradual promotion of copper alloys, eco-friendly reflow tin plated terminals and connector materials for automotive parts
2. R&D on shortening of Corson alloy C7025 manufacturing

process

3. R&D on red copper material for heat dissipation with low internal stress, high flatness and high-end surface without hairline
4. R&D on manufacturing process of super thick red copper material for heat dissipation
5. R&D on development of high-performance copper alloys with low internal stress for etching
6. R&D and testing on casting of C1030 red copper with low oxygen content
7. Ramp-up and promotion of C2100/C2600 alloy punching

## II. Business plan summary for the year (2023):

### (I) Operating strategy

1. Semiconductor market: increase in the production of materials for etching and development of high-end customers and products in Taiwan
2. The tin plating market can be segmented into automobile, electronics and power tools.
3. Development of new specifications and new clients for punched copper sheets. Adjustment of revenue mix for high gross margin products.
4. Focus on exports and prioritization of the Southeast Asian market

### (II) Expected sales volume and its basis

Expected sales volume: 12,305 tons/year.

Basis:

1. The demand in the application of refusion electroplating on automotive terminal and connector market increases.
2. The quality of copper electrical terminal and heat spreader is sufficient to replace imported materials.
3. The future demand of high-end materials, especially high strength and high conducting materials, will increase.

4. 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. Increase the production volume of major products, such as automotive connector, semi-conductor, LED and special materials.
3. Promote the battery material for rechargeable wireless electric tools.
4. Promote component materials for 5G related products.

III. Future development strategy of the Company:

1. Despite the disruption in the semiconductor and LED materials market, we prioritize domestic customers by increasing capacity.
2. Increase the order for automotive connector and tin plated materials for terminals and promote high-end alloy tin plated material.
3. Continue to supply Corson series of material with stable quality that meets customer demand.
4. 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.

(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

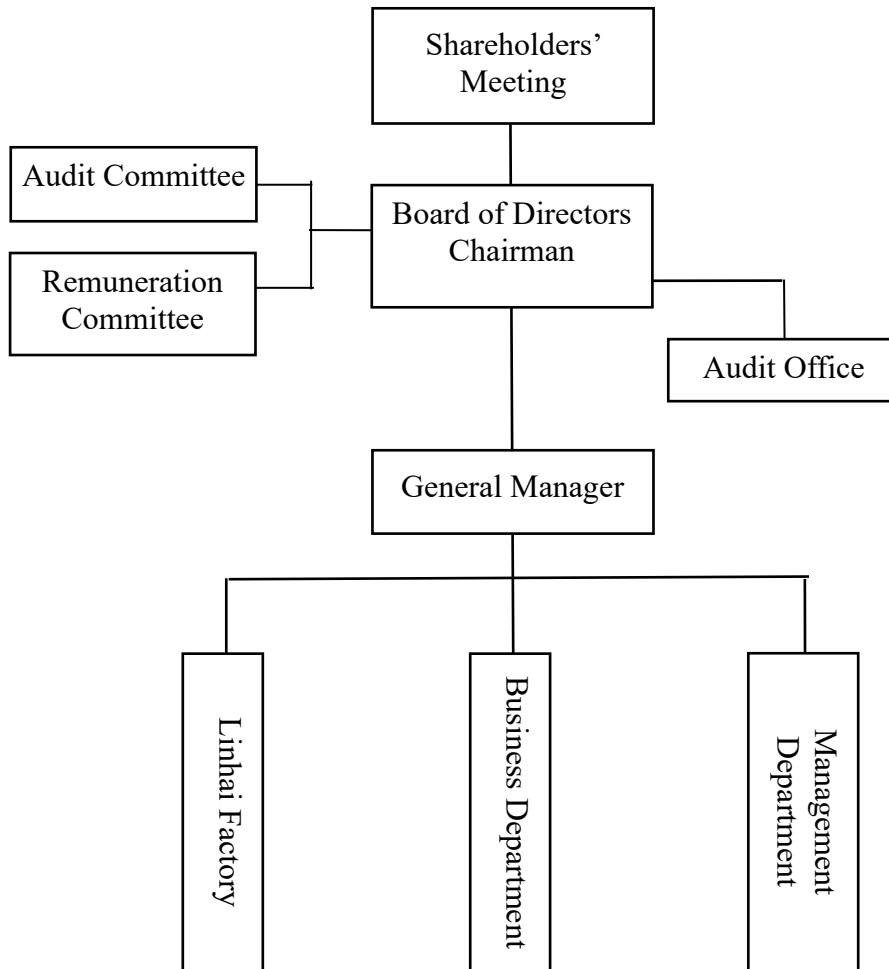
- and copper sheet material of the military's 205th Armory that is certified in the US, and supplied a large number of military products to the market.
- 2007: In line with the wide application of LEDs, increased lead frame production capacity while developing high-performance alloy materials for automotive 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.

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 17, 2023

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: 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: 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 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.)

(I) Director information 2.

Date: April 17, 2023

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: Wang Hong-Ren	Male Aged 66 -75	Republic of China	MBA, Lindenwood College, USA	Chairman, Hua Eng Wire & Cable Co., Ltd. Chairman, Hua Ho Engineering Co., Ltd. Chairman, Taiwan Times Co., Ltd.	Director Director	Liu Chung-Jen Wang Feng-Chuan	Second degree of kinship Second degree of kinship	—
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	Male Aged 56 -65	Republic of China	Business management, Columbia College, USA	None	Director Director	Wang Hong-Ren Wang Feng-Chuan	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 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	Independent director, Remuneration Committee member and Audit Committee member of DR.Chip Biotechnology Incorporation Memver of the Company's Remuneration Committee	None	—	—	—



### Three. Corporate Governance Report

### 2022 Annual Report

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 Full-time Associate Professor MAYO Human Capital Inc. Independent Director, Remuneration Committee member, and Audit Committee member Supervisor of Ruipeng Technology Co., Ltd. Remuneration Committee member of the Company	None	—	—	—
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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 17, 2023

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. (7.23%), 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 17, 2023

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:: Wang Hong-Ren	Mr. Wang Hong-Ren majored in business administration, and was previously Director of First Copper Technology and the Chairman of Taiwan Times. He is currently Chairman of Hua Eng Group, and possesses decades of working experience required for business and corporate operations. He is equipped with business management and strategic leadership capability and is able to lead the Company to better development and sustainable operating targets. There is no circumstance under subparagraphs under Article 30 of the Company Act.
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 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, Independent director, Remuneration Committee member and Audit Committee member of DR.Chip Biotechnology, and 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.
Huang Jen-Tsung	Mr. Huang Jen-Tsung, Ph.D. in Business Administration (Major in Finance) from New York University, Currently Full-Time Associate Professor, Department of Financial Management, National Sun Yat-sen University; Independent Director, Remuneration Committee member, Audit Committee member of MAYO Human Capital Inc.; and Supervisor of Ruipeng 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.

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>	1

<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>1</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 analysis and financial	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry.	An international market perspective	Ability to lead.	Ability to make policy decisions.	
					3 years or less	3 - 9 years									
Chairman	Wang Hong-Ren	Republic of China.	Aged 66 -75	Male	—		✓		✓	✓	✓	✓	✓	✓	✓
Director	Representative: Liu Chung-Jen	Republic of China.	Aged 56 -65	Male	—		✓	✓	✓	✓	✓	✓	✓	✓	✓
Director	Wang Ming-Jen	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 17, 2023

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

### Three. Corporate Governance Report

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

Date: April 17, 2023

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

### Three. Corporate Governance Report

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## 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, 2022

Title	Name	Directors' Remuneration						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 parent company (Note 11)						
		Remuneration (A) (Note 2)		Retirement pension (B)		Directors' remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)		Sum of A, B, C, and D, as a percentage of net profits after tax (Note 10)		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)			Cash amount	Stock amount	The Company	All companies in the financial reports (Note 7)		
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hong-Ren	535	Not applicable	0	Not applicable	129	Not applicable	120	Not applicable	784	Not applicable	0	Not applicable	0	Not applicable	0	Not applicable	784	0.40%	0	0
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	1,456	Not applicable	0	Not applicable	129	Not applicable	120	Not applicable	1,705	Not applicable	0	Not applicable	0	Not applicable	0	Not applicable	1,705	0.87%	0	0
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Feng-Chuan	0	Not applicable	0	Not applicable	129	Not applicable	120	Not applicable	249	Not applicable	0	Not applicable	0	Not applicable	0	Not applicable	249	0.13%	0	0
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Lin Ming-Shiang (Note 12)	0	Not applicable	0	Not applicable	-	Not applicable	10	Not applicable	10	Not applicable	0	Not applicable	0	Not applicable	0	Not applicable	10	0.01%	0	0
Independent Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Ming-Ren (Note 12)	0	Not applicable	0	Not applicable	129	Not applicable	100	Not applicable	229	Not applicable	0	Not applicable	0	Not applicable	0	Not applicable	229	0.12%	0	0
Independent Director	Hu Li-Jen	0	Not applicable	0	Not applicable	129	Not applicable	360	Not applicable	489	Not applicable	0	Not applicable	0	Not applicable	0	Not applicable	489	0.25%	0	0
Independent Director	Diao-Hsiang Cheng	0	Not applicable	0	Not applicable	129	Not applicable	360	Not applicable	489	Not applicable	0	Not applicable	0	Not applicable	0	Not applicable	489	0.25%	0	0
Independent Director	Huang Chen-Tsung	0	Not applicable	0	Not applicable	129	Not applicable	360	Not applicable	489	Not applicable	0	Not applicable	0	Not applicable	0	Not applicable	489	0.25%	0	0

1. 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.
2. 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		All companies in the financial reports (Note 9) I
	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)	
Less than 1,000,000	The Company (Note 8) Representative, Hua Eng Wire & Cable Co., Ltd.: Wang Hong-Ren Representative, Hua Eng Wire & Cable Co., Ltd.: Wang Feng-Chuan Representative, Hua Eng Wire & Cable Co., Ltd.: Lin Min-Shiang Representative, Hua Eng Wire & Cable Co., Ltd.: Wang Ming-Ren Independent Director: Hu Li-Jen Independent Director: Cheng Diao-Hsiang Independent Director: Huang Chen-Tsung	The Company (Note 8) Representative, Hua Eng Wire & Cable Co., Ltd.: Lin Min-Shiang Representative, Hua Eng Wire & Cable Co., Ltd.: Wang Hong-Ren Representative, Hua Eng Wire & Cable Co., Ltd.: Wang Hung-Ming Representative, Hua Eng Wire & Cable Co., Ltd.: Wang Feng-Chuan Independent Director: Hu Li-Jen Independent Director: Cheng Diao-Hsiang Independent Director: Huang Chen-Tsung	All companies in the financial reports (Note 9) I
1,000,000 (inclusive) - 2,000,000 (exclusive)	Representative, Hua Eng Wire & Cable Co., Ltd.: Liu Chung-Jen	Representative, Hua Eng Wire & Cable Co., Ltd.: Liu Chung-Jen	N/A
2,000,000 (inclusive) - 3,500,000 (exclusive)			N/A
3,500,000 (inclusive) - 5,000,000 (exclusive)			N/A
5,000,000 (inclusive) - 10,000,000 (exclusive)			N/A
10,000,000 (inclusive) - 15,000,000 (exclusive)			N/A
15,000,000 (inclusive) - 30,000,000 (exclusive)			N/A
30,000,000 (inclusive) - 50,000,000 (exclusive)			N/A
50,000,000 (inclusive) - 100,000,000 (exclusive)			N/A
Over NTD 100,000,000			N/A

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.

Note 12: The Company's director Hua Eng Wire & Cable Co., Ltd changed its representative from Mr. Lin Ming-Shiang to Mr. Wang Ming-Ren on March 3, 2022.

\* 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.



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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, 2022

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 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)	Cash amount	Stock amount			The Company
General Manager	Hung Mao-Yang	1,357	Not applicable	83	Not applicable	78	Not applicable	86	0	Not applicable	Not applicable	1,604	Not applicable	0
Foreman	Shiao Ching-Shun	1,230	Not applicable	75	Not applicable	71	Not applicable	78	0	Not applicable	Not applicable	1,454	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		
1,000,000 (inclusive) - 2,000,000 (exclusive)	Hong Mao-Yang, Xiao Qing-Shun	
2,000,000 (inclusive) - 3,500,000 (exclusive)		
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	N/A

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, 2022

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	Cash amount	Stock amount	The Company	All companies in the financial reports	
<b>Not applicable to the Company</b>													

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.

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

Units: NTD thousand, shares; Date: December 31, 2022

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	As percentage of income after tax (%)
Manager	General Manager	Hong Mao-Yang	0	482	482	0.24%
	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				
	Manager	Liu Ming-Yuan				
	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	2022		2021	
	The Company	All companies in consolidated statements (including the Company)	The Company	All companies in consolidated statements (including the Company)
Director	2.28%	N/A	1.23%	N/A
Supervisor	Not applicable		Not applicable	
General Manager and Deputy General Manager(s)	1.55%		1.07%	

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 5 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: Wang Hong-Ren	5	0	100.00%	
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	5	0	100.00%	
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Lin Min-Shiang	0	0	0.00%	Departed from office on January 10, 2022 (obliged to attend zero meeting)
	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Ming-Jen	5	0	100.00%	Assumed office on March 3, 2022 (obliged to attend five meetings)
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Feng-Chuan	0	5	0.00%	
Independent Director	Hu Lee-Ren	5	0	100.00%	
Independent Director	Cheng Tiao-Hsiang	5	0	100.00%	
Independent Director	Huang Jen-Tsung	4	1	80.00%	

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.

1st board meeting in 2022 (March 21, 2022)

Approval of the amendment to the Company's Procedures for Asset Acquisitions or Disposals

Approval of the 2021 Statement of Internal Control Systems

Approval of the removal of non-compete restrictions on the Company's managers

Approval of change of the certified public accountants who audit the Company's financial statements as part of the internal rotation of the accounting firm

Approval of the amendment to remuneration of directors



3rd board meeting in 2022 (August 8, 2022)

Approval of the amendment to the Company's Internal Control System for Shareholders' Services

Review and approval of the Company's remuneration to directors

4th board meeting in 2022 (August 8, 2022)

Election of Chairman

5th board meeting in 2022 (November 7, 2022)

Formulation and approval of the Company's Procedures of Handling Internal Material Information

All the above proposals were approved by all independent directors unanimously.

(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 on March 21, 2022: Amendment of remuneration to directors

Before discussion of this proposal, Chairman Liu Chung-Jen, Director Wang Ming-Ren and Director Wang Hong-Ren declared as concerned parties and proposed recusal from this issue due to conflict of interest of their own or of the legal persons they represent. They left the meeting without discussion or voting. In addition, Director Wang Hong-Ren authorized by Director Wang Feng-Chuan did not exercise voting right for the latter either. Chairman Liu appointed Independent Director Hu Li-Jen to act as deputy chair. Other than the abovementioned directors who recused from discussion and voting due to conflict of interest, all the other attending directors approved the proposal unanimously after the inquiry from deputy chair.

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 carries out the performance evaluation of the Board and functional committees according to the "Regulations for Performance Evaluation of the Board" approved and established by the Board, and the evaluation is carried out regularly once a year. The evaluation results of 2022 were reported to the first Board meeting of 2023.

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-

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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, 2022 - December 31, 2022	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 2022. 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 2023 to serve as a basis for future review and improvement. The score for self-evaluation of Board performance averaged 4.84 points (out of 5 points); the score for self-evaluation of the performance of individual Board member averaged 4.83 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 4.90 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

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 Tiao-Hsiang	4	0	100%	
Independent Director	Huang Jen-Tsung	3	1	75%	

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.

Dates and sessions	Proposal content	Audit Committee resolution results	The Company's handling of the Audit Committee's opinions
March 21, 2022 2nd meeting of the second board	<ol style="list-style-type: none"> <li>1. Business report and individual financial statements for 2021</li> <li>2. Amendment to the Company’s Procedures for Asset Acquisitions or Disposals</li> <li>3. Issuance of the 2021 Statement of Internal Control Systems</li> <li>4. Removal of non-compete restrictions on the Company’s managers</li> <li>5. Change of the certified public accountants who audit the Company’s financial statements as part of the internal rotation of the accounting firm</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 8, 2022 4th meeting of the second board	<ol style="list-style-type: none"> <li>1. Individual financial statements for the second quarter of 2022.</li> <li>2. Proposed amendment to “Internal Control System for Stock Operations”.</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 7, 2022 5th meeting of the second board	<ol style="list-style-type: none"> <li>1. Formulation and approval of the Company’s Procedures of Handling Internal Material Information</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. Communication among independent directors, internal audit directors and certified public accountants (regarding major issues such as financials and businesses, communication methods and results)

(I) Methods of communication among independent directors, internal audit directors and certified public accountants

1. Internal audit directors’ discussions of internal audit systems and relevant laws and regulations with independent directors in Audit Committee and at communication workshops. Amendment and discussion: Auditors submit monthly audit reports, as required and after presentation, to independent directors for review. Audit directors shall report audit matters at board meetings, to fully communicate about audits and audit effectiveness. If deemed necessary by independent directors, direct communication and inquiry may be conducted directly with internal audit directors over the phone, via emails or face-to-face.
2. Independent directors’ communication with certified public accountants during Audit Remuneration meetings and at communication workshops; audit or review results by certified public accountants on financial reports and a comprehensive written or oral report to independent directors on the audit or review opinion intended for issuance. Communication should cover (1) statement of independence; (2) responsibility of auditors (reviewers) on auditing (reviewing) financial reports; (3) type of audit opinions (review conclusions) to be issued; (4) scope of audits (reviews); (5) audit (review) findings; (6) other matters of attention; (7) annual audit plan; (8) updating of important laws and regulations. Accounting directors shall attend the discussions and provide necessary information on a timely basis. If deemed necessary by independent directors, direct communication and inquiry may be conducted directly with certified public accountants over the phone, via emails or face-to-face.
3. Communication frequency: at least one Audit Committee meeting each quarter and at least one communication workshop each year, for communication among independent directors, audit directors and certified public accountants

(II) Communication items and implementation outcomes:

1. Communication status and frequency: communication among independent directors and internal audit directors at Audit Committee meetings and communication workshops

Date	Communication items	Processing implementation results
March 21, 2022	1. October 2021 –January 2022 audit report  2. Completion of 2021 self-assessment on internal control and issuance of the 2021 Statement of Internal Control Systems	Document reviews, report by the Board of Directors, and independent directors on audits: noted Submitted to Audit Committee for review and then to the Board of Directors for approval
May 9, 2022	1. February – March 2022 audit report	Document reviews, report by the Board of Directors, and independent directors on audits: noted
August 8, 2022	1. April – June 2022 audit report  2. Amendment to Internal Control System	Document reviews, report by the Board of Directors, and independent directors on audits: noted Submitted to Audit



	for Shareholders' Services	Committee for reviewand then to the Board of Directors for approval
November 7, 2022	1. July – September 2022 audit report  2. 2023 audit plan	Document reviews, report by the Board of Directors, and independent directors on audits: noted Submitted to Audit Committee for reviewand then to the Board of Directors for approval
November 7, 2022 Communication workshop	1. 2022 audit report  2. Disclosure timetable for GHG inventory information	Reporting by auditors on the implementation of annual audits Reporting by auditors on disclosure timetable and plan for GHG inventory information

2. Communication status and frequency: communication among independent directors and certified public accountants at Audit Committee meetings and communication workshops

Date	Focus of communication	Processing implementation results
March 21, 2022	1. Communication and discussion of the Company's 2021 financial statements	Submitted to Audit Committee for reviewand then to the Board of Directors for approval
May 9, 2022	1. Communication and discussion of the Company's financial statements for the first quarter of 2022  2. Evaluation of the independence of external auditors for the Company's financial statements	Submitted to Audit Committee for review and then to the Board of Directors for approval  Submitted to Audit Committee for reviewand then to the Board of Directors for approval
August 8, 2022	1. Communication and discussion of the Company's financial statements for the second quarter of 2022	Submitted to Audit Committee for reviewand then to the Board of Directors for approval
November 7, 2022	1. Communication and discussion of the Company's financial statements for the third quarter of 2022	Submitted to Audit Committee for reviewand then to the Board of Directors for approval
November 7, 2022 Communication workshop	1. Reporting by certified public accountants on annual audit planning	Reporting by certified public accountants on details and highlights of annual audits

Note 1:If an independent director resigns before the end of the year, the date of resignation should

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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.

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#### (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	
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?	✓		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 suggestions or disputes. The official website of the Company also indicates the contact window for the stakeholders.
(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.
(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

Evaluation item	Status (Note 1)		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
(IV) Has the Company established internal regulations that prohibit insiders from using unpublished information in the market to buy and sell securities?	✓		Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
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.			
(IV) The Company has established Management Guidelines on Prevention of Insider Trading, to prevent information leakage and to ensure the consistency and accuracy of information disclosure. The Company’s directors, managers and relevant personnel attend external training each year. The shareholders’ service division also organizes workshops on laws and regulations for prevention of insider trading to explain relevant personnel what constitutes insider trading. Laws and regulators are analyzed and case studies are provided on the prohibition of insider trading. The purpose is to strengthen the awareness of relevant personnel in prevention of insider trading and establish effective control procedures and prevention measures and robust corporate governance.			
III. Composition and Duties of the Board of Directors			
(I) Has the Board of Directors	✓		Comply with the Corporate
		(I)	As required by the diversification policy

Evaluation item	Status (Note 1)		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
formulated diversification policy and specific management goals and implemented the same accordingly?			Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?	✓	(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.	There is no material difference with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies; in the future, the Company will continue to comply with relevant laws and regulations for discussion.

Evaluation item	Status (Note 1)		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
(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?	✓		No major differences.
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	✓		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>of the CPA firm are in compliance with the independence requirements, and the Company confirmed that the audit experience and training hours of the CPAs and the CPA firm have no material difference with the average value within the industry with reference to the information on AQIs. In addition, we adopt electronic auditing tools and digital certifications to improve the quality and efficiency of audits. The evaluation results in the most recent year were discussed and approved by the Audit Committee on March 6, 2023, and reported to the Board for the resolution to approve the independence and adequacy evaluation of CPAs on March 6, 2023.</p> <p>Note 1: CPA independence evaluation standards:</p> <table border="1"> <thead> <tr> <th>Evaluation indicators</th> <th>Evaluation result</th> <th>Whether the CPA meets the independence standard</th> </tr> </thead> <tbody> <tr> <td>The CPAs are not the directors of the Company</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table>	Evaluation indicators	Evaluation result	Whether the CPA meets the independence standard	The CPAs are not the directors of the Company	Yes	Yes	
Evaluation indicators	Evaluation result	Whether the CPA meets the independence standard							
The CPAs are not the directors of the Company	Yes	Yes							

Evaluation item	Status (Note 1)		Summary Description	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
			nor the affiliate companies.	
		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 with material impact of the audit case of the Company after relieving from the position.	Yes
		Yes	The CPAs does not have relative relationship with the	Yes



Evaluation item	Status (Note 1)		Summary Description	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
			directors, managers, or personnel with material impact on the audit case of the Company.	
		Yes	The term of office of the attesting CPAs did not exceed 7 years.	Yes
		Yes	Whether the CPAs comply with the independence regulations provided in The Norm of Professional Ethics for Certified Public Accountant No. 10.	Yes
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 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	✓		On May 10, 2021, the Board of Directors approved the establishment of the role Corporate Governance Officer. This position is served by Lu Hsiu-Ying, Manager of Department of Shareholders' Services. Lu has more than three years of managerial experience in finance and shareholders' services with public companies, in line with the statutory requirements for Corporate Governance Officer. Meanwhile, a number of suitable and appropriate corporate governance administrators are appointed, to handle corporate governance matters including organization of board meetings and shareholders' meetings according to laws;	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	
meetings and shareholders' meetings)?			production of meeting minutes; registrations for company changes; assistance in onboarding and continuing education of directors; preparation of data required for directors to perform businesses; and support to directors in compliance. Please refer to page 86 for continuing education of Corporate Governance Officer.
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.
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?		✓	There is no material difference with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies; in the future, the Company will continue to comply with relevant laws and regulations for discussion.

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>VII. Disclosure of Information</p> <p>(I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?</p> <p>(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)?</p> <p>(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?</p>	✓		<p>Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p> <p>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.</p> <p>There is no material difference with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies; in the future, the Company will continue to comply with relevant laws and regulations for discussion.</p>	
	✓			<p>(I) The Company has established the website and disclosed relevant information.</p> <p>(II) The Company designates responsible person to collect and disclose information and implements spokesperson system.</p>
	✓			<p>(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.</p>

Evaluation item	Status (Note 1)		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
<p>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>	✓		<p>Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p>
		<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>	<p>Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p>

(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 legal person director	Wang Hong-Ren	August 27, 2022	October 14, 2022	October 14, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
			October 25, 2022	October 25, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
			June 10, 2022	June 10, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
Representative of legal person director	Liu Chung-Jen	August 27, 2022	October 14, 2022	October 14, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
			June 10, 2022	June 10, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
Representative of legal person director	Wang Ming-Ren	March 3, 2022	July 7, 2022	July 7, 2022	Taiwan Stock Exchange	Advocacy Seminar: Sustainability Roadmap for Industries	2
			October 7, 2022	October 7, 2022	Taiwan Stock Exchange	2022 Advocacy Seminar for Directors and Supervisors on Exercise of Power by Independent Directors and Audit Committee	3
			June 10, 2022	June 10, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3

Title	Name	Date assumed office	Training date		Organizer	Course title	Study Hours
			Commencement	Conclusion			
Representative of legal person director	Wang Ming-Ren	March 3, 2022	October 14, 2022	October 14, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
			October 25, 2022	October 25, 2022	Taiwan Academy of Banking and Finance	Corporate Governance Lecture Hall	3
Representative of legal person director	Wang Feng-Chuan	August 27, 2022	June 10, 2022	June 10, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
			October 14, 2022	October 14, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
Independent Director	Hu Li-Jen	August 27, 2022	June 10, 2022	June 10, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
			July 7, 2022	July 7, 2022	Taiwan Stock Exchange	Advocacy Seminar: Sustainability Roadmap for Industries	2
			October 7, 2022	October 7, 2022	Taiwan Stock Exchange	2022 Advocacy Seminar for Directors and Supervisors on Exercise of Power by Independent Directors and Audit Committee	3

Title	Name	Date assumed office	Training date		Organizer	Course title	Study Hours
			Commencement	Conclusion			
Independent Director	Diao-Hsiang Cheng	August 27, 2022	June 10, 2022	June 10, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
		August 27, 2022	October 7, 2022	October 7, 2022	Taiwan Stock Exchange	2022 Advocacy Seminar for Directors and Supervisors on Exercise of Power by Independent Directors and Audit Committee	3
Independent Director	Huang Chen-Tsung	August 27, 2022	April 18, 2022	April 18, 2022	Taiwan Corporate Governance Association	Insider Trading Prevention and Countermeasures	3
			April 18, 2022	April 18, 2022	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws	3

Evaluation item	Status (Note 1)		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
(VII) Implementation of risk management policies and risk measurement standards; and categorizes risks into financial risks; supply chain and raw material risks; management risks; market risks; climate change risks; environment, safety and health risks; cybersecurity concerns; and factory management risks. Control strategies and measures are formulated, reviewed on a rolling basis and implemented by responsible units.			
(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 third Board meeting dated August 8, 2022.			
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 2022:			
1. The Company announces English version of material information.			
Priorities and measures put forth to strengthen those areas where improvement has not yet emerged:			
1. Change of insider shareholdings during the previous month is disclosed before the 10th of each month via Market Observation Post System.			
2. The whistleblowing system for reporting of illegal (including corruption) and unethical behavior of personnel within and without the Company is established and disclosed in detail at the Company's website.			

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 17, 2023

Position Name	Criteria	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 14 - 19 (I) Director Information 3.	0
Independent Director	Cheng Tiao-Hsiang		1
Independent Director	Huang Jen-Tsung		1

**(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 Tiao-Hsiang	3	0	100%	
	Huang Jen-Tsung	2	1	66.67%	

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 21, 2022 5th board 2nd meeting	<ol style="list-style-type: none"> <li>Proposal for the Company's distribution of employees' remuneration and directors' remuneration for 2021.</li> <li>Management personnel changes and remuneration adjustments for Linhai Factory.</li> <li>Amendment of the Company's remuneration to directors.</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 8, 2022 5th board 3rd meeting	<ol style="list-style-type: none"> <li>Review of the Company's remuneration to directors.</li> <li>Review of the Company's management remuneration policies, systems, standards, structure, performance, and evaluation methods.</li> </ol>	Following consultation by the presiding chair, the proposal was passed without objection by all members present.	
November 7, 2022 5th board 4th meeting	<ol style="list-style-type: none"> <li>Increase in basic wages and personnel salaries offered by the Company.</li> </ol>	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

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members and the handling of the opinions of the members shall be stated: No such situation.
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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	
<p>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?  <b><u>(TWSE/TPEX-listed companies should describe the implementation status – not “comply or explain”)</u></b></p>	✓		<p>No difference</p>

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Evaluation item	Implementation Status (Note 1)		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons										
	Yes	No											
<p>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)</p> <p><b><u>(TWSE/TPEX-listed companies should describe the implementation status – not “comply or explain”)</u></b></p>	✓	<p>(<a href="https://esg.txxx.com/ESG-Reports">https://esg.txxx.com/ESG-Reports</a>) P.7</p> <p>The Company convenes regular risk management meetings, with production, business, procurement and accounting divisions gathering each month to discuss copper and management issues. Each function defines risk types, assesses potential risks and formulates strategies and measures.</p> <p>Risk management and control measures</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Risk categories</th> <th style="width: 80%;">Potential risks</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Financial risks</td> <td>Control strategies and measures</td> </tr> <tr> <td>Appropriate borrowing periods and floating/fixed interest rate structures to reduce interest rate risks</td> </tr> <tr> <td rowspan="2">Interest rate changes</td> <td>Budget planning on a weekly, monthly and annual basis to optimize funding tools and lower capital costs</td> </tr> <tr> <td>Maintaining good relations with banks to obtain best interest rates by leveraging the Company's healthy financials</td> </tr> <tr> <td rowspan="2">Exchange rates</td> <td>Keeping an eye on exchange rates each day, to stay on top of the market information and adjust the schedule for export bill negotiations accordingly</td> </tr> </tbody> </table>	Risk categories	Potential risks	Financial risks	Control strategies and measures	Appropriate borrowing periods and floating/fixed interest rate structures to reduce interest rate risks	Interest rate changes	Budget planning on a weekly, monthly and annual basis to optimize funding tools and lower capital costs	Maintaining good relations with banks to obtain best interest rates by leveraging the Company's healthy financials	Exchange rates	Keeping an eye on exchange rates each day, to stay on top of the market information and adjust the schedule for export bill negotiations accordingly	No difference
Risk categories	Potential risks												
Financial risks	Control strategies and measures												
	Appropriate borrowing periods and floating/fixed interest rate structures to reduce interest rate risks												
Interest rate changes	Budget planning on a weekly, monthly and annual basis to optimize funding tools and lower capital costs												
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### 2022 Annual Report

Evaluation item	Implementation Status (Note 1)		Summary Description	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>Natural hedging of assets and liabilities denominated in foreign currencies and financing with receivables denominated in foreign currencies to mitigate exchange rate risks</p> <p>Business intelligence and development trends are collated so that technical and production functions can respond in advance.</p> <p>Cautious and continuing development of alternative materials. Reduction of single supplier risks to mitigate the risk associated with the supplier's cease of production or disruption of suppliers.</p> <p>Prioritization of local procurement and flexible response to production requirements.</p> <p>Simulation of a range of production and sales scenarios with forecasts of expected orders, in order to dynamically coordinate production plans.</p>	
			<p>Supply chain and raw materials risks</p> <p>Suspension of equipment and parts production</p> <p>Disruption of raw materials supply</p> <p>Imbalance of production and sales</p> <p>Market risks</p>	

### Three. Corporate Governance Report

### 2022 Annual Report

Evaluation item	Implementation Status (Note 1)		Summary Description	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>Staying on top of industry trends, market developments and customer demands, as a reference to sales strategy.</p> <p>Reasonable selling prices based on costs and in reference to industry levels.</p> <p>Collection of alloy samples for regular inspections and verifications by third parties in response to customers' requirements for third-party reports regarding hazardous substances.</p> <p>Continuing management in energy efficiency and carbon reduction</p> <p>Deployment of solar energy generation to reduce reliance of externally sourced energy</p> <p>Identification of climate change related risks and opportunities via cross-function reviews</p> <p>Increase in the number of licensed operators for fixed cranes, to reduce accident occurrence.</p>	
			<p>Drastic market changes</p> <p>Price fluctuations</p> <p>Product qualification</p> <p>Carbon emission control</p> <p>Climate change risks</p> <p>Environment,</p>	

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### 2022 Annual Report

Evaluation item	Implementation Status (Note 1)		Summary Description	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons														
	Yes	No																
			<table border="1"> <tr> <td>safety and health</td> <td>Enhanced occupational safety and health management by implementing ISO45001</td> </tr> <tr> <td>Management risks</td> <td>Step-up in employee training and key technical personnel development, to avoid disruption of normal operations due to gap in technical talents</td> </tr> <tr> <td></td> <td>Equal pay for equal work, greater transparency, enhanced inter-department interactions, higher corporate identification and lower staff turnover</td> </tr> <tr> <td></td> <td>Continuing updates of cybersecurity equipment to protect, manage, monitor systems and network activities</td> </tr> <tr> <td>Cyber security concerns</td> <td>Continuing data backups and deployment of redundancy mechanisms</td> </tr> <tr> <td>Security concerns</td> <td>Regular drills in disaster recovery</td> </tr> <tr> <td></td> <td>Continuing advocacy of the importance of cybersecurity, intellectual property and personal data backups and integrity</td> </tr> </table>	safety and health	Enhanced occupational safety and health management by implementing ISO45001	Management risks	Step-up in employee training and key technical personnel development, to avoid disruption of normal operations due to gap in technical talents		Equal pay for equal work, greater transparency, enhanced inter-department interactions, higher corporate identification and lower staff turnover		Continuing updates of cybersecurity equipment to protect, manage, monitor systems and network activities	Cyber security concerns	Continuing data backups and deployment of redundancy mechanisms	Security concerns	Regular drills in disaster recovery		Continuing advocacy of the importance of cybersecurity, intellectual property and personal data backups and integrity	
safety and health	Enhanced occupational safety and health management by implementing ISO45001																	
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### 2022 Annual Report

Evaluation item	Implementation Status (Note 1)		Summary Description	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>Given the long list of industrial wastes, it is necessary to identify and sign up qualified vendors for collection and disposal.</p> <p>Primarily the improvement and update of rough rolling equipment and peripheral facilities, electronic control systems, hydraulic units and cooling and lubricating systems</p> <p>Structural deformation of reheating furnaces on annealing and pickling lines and difficulty to maintain/repair electronic control systems. Damage risks are high. Revamp and replacement to be completed soon.</p> <p>Due to a lack of personnel for succession, it is planned to boost competence training of existing employees and add migrant workers.</p>	
			<p>Waste treatment and disposal</p> <p>Old and production equipment</p> <p>Factor y management risks</p> <p>Production capacity and manpower management</p>	



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Evaluation item	Implementation Status (Note 1)		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
recycled materials with low impact on the environment?			<p>high energy efficient equipment and energy-saving designs. Energy utilization efficiency is optimized by reducing corporate and product energy consumption and with more use of renewable energy.</p> <p>The 2022 target was to reduce electricity consumption per product unit by 3% from 2020. The electricity consumption was 3,380kWh/ton in 2022, down by 110kWh/ton (or about 3.15%) from 3,490kWh/ton in 2020. In order words, the 3% target has been achieved. The target for 2023-2026 is to reduce electricity consumption per product unit in 2026 by 15% from 2020. Meanwhile, renewable energy equipment (solar) will be deployed to gradually enhance the efficiency of renewable utilization.</p> <p>All the raw materials used by the Company adhere to the European Union's RoHS, REACH and halogen-free requirements. In 2022, Sustainable Development &amp; ESG Task Force was established for the creation of a cross-platform resource integration and recycling system. This includes the</p>

### Three. Corporate Governance Report

### 2022 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	
(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?		<p>recycling and reuse of materials, the manufacturing of products with renewable energy and the reduction of pollutions in the manufacturing process to mitigate the environmental impact.</p> <p>Green manufacturing avoids unnecessary waste of resources, reduces wastes and develops the technology for reuse.</p> <p>There are collective efforts from upstream to downstream of the value chain to recycle and reuse packaging materials. Meanwhile, recycled materials are being tested for products in order to lower the environmental impact and maximize the effect of the circular economy. Recycling of raw materials in the manufacturing process; R&amp;D of waste reduction technologies; design and sale of circular products to create circular value.</p> <p>Sustainable Development &amp; ESG Task Force is the Company's highest-level management unit for climate change. Chaired by President, the taskforce began in 2023 to review the Company's climate change strategy and goals; climate risks, opportunities</p>	No major difference

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### 2022 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	
(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?	✓		<p>and actions; implementation and future plans. Reports are submitted to the Board of Directors.</p> <p>The Company produced its first sustainability report in 2022 but did not include climate risk assessment yet into this report. The assessment of climate change risks and opportunities is scheduled in 2023 by following the TCFD (Climate-related Financial Disclosures) framework published by the Financial Stability Board.</p> <p>Comprehensive assessments are conducted every three years. Disclosure is available in sustainability reports and at the Company's website(<a href="https://fcht.com.tw">fcht.com.tw</a>).</p> <p>(IV) 1. The Company has calculated the GHG emissions, water consumption and waste collection from Linhai Factory during the past two years.</p> <p>(1) GHG emissions calculated by Linhai Factory (not yet externally verified):</p> <p>The calculation of 2022 GHG emissions is ongoing and will be verified by third parties.</p>
			No difference

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### 2022 Annual Report

Evaluation item	Implementation Status (Note 1)		Summary Description	Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons																																
	Yes	No																																		
			<table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">GHG emissions (CO2e ton/year)</th> <th rowspan="2">Unit product Emissions (tonCO2e/ton)</th> </tr> <tr> <th>Scope 1</th> <th>Scope 2</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>4,181</td> <td>20,772</td> <td>1.86</td> </tr> <tr> <td>2022</td> <td>4,214</td> <td>18,447</td> <td>2.11</td> </tr> </tbody> </table> <p>(2) Water consumption</p> <table border="1"> <thead> <tr> <th></th> <th>Consumption of running water (L)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>201,180</td> </tr> <tr> <td>2022</td> <td>205,990</td> </tr> </tbody> </table> <p>(3) Total waste weight</p> <table border="1"> <thead> <tr> <th></th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>General industrial wastes (tons)</td> <td>370.780</td> <td>335.390</td> </tr> <tr> <td>Hazardous industrial wastes (tons)</td> <td>870.076</td> <td>796.335</td> </tr> <tr> <td>Wastes per ton of copper sheets (ton/ton)</td> <td>0.092</td> <td>0.106</td> </tr> </tbody> </table> <p>2. To keep up with the international trend of energy efficiency and carbon reduction, the Company's Sustainable Development &amp; ESG Task Force implements projects to</p>	Year	GHG emissions (CO2e ton/year)		Unit product Emissions (tonCO2e/ton)	Scope 1	Scope 2	2021	4,181	20,772	1.86	2022	4,214	18,447	2.11		Consumption of running water (L)	2021	201,180	2022	205,990		2021	2022	General industrial wastes (tons)	370.780	335.390	Hazardous industrial wastes (tons)	870.076	796.335	Wastes per ton of copper sheets (ton/ton)	0.092	0.106	
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### Three. Corporate Governance Report

### 2022 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	
			<p>lower energy consumption and carbon emissions. The deployment of rooftop solar panels at Linhai Factory is expected to complete in 2026. The planned capacity is 1.235MW, about 10% of the contracted capacity at the factory. Gradual phase-out of old air compressors and phase-in of high-efficiency air-compressors with low power consumption. GHG emissions are expected to reduce by 3% in five years from the base year of 2022.</p> <p>Water consumption: inspection of water supply and emission pipes and replacement of leaking and old pipes to conserve water resources</p> <p>Water consumption is expected to reduce by 3% in five years from the base year of 2022.</p> <p>Wastes: reduction by recycling and reuse</p> <p>(1) The planning for solar energy capacity was completed in 2022.</p> <p>(2) Replacement of old AR2 air compressor (200HP) in December 2021 and AR3 air compressor (200HP)</p>

### Three. Corporate Governance Report

### 2022 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	
			<p>in September 2022. This reduced air compressor electricity consumption by approx. 358,442.3 kWh in 2022.</p> <p>(3) Inspection and replacement of leaking and old pipes to conserve water resources</p> <p>(4) Recycling of 20,448kgs of paper protective of copper sheets and 1,320kgs of pallets</p> <p>It is planned in 2023 to improve the sludge drying equipment for wastewater treatment, to reduce the water content and hence the resulting sludges. Regulation and control of volume of chemicals used for wastewater treatment to reduce the consumption of chemicals and the output of sludges.</p> <p>(5) It is expected to reduce the volume of wastewater sludges by 10% and the volume of waste papers by 2.5% in five years from 2022 levels.</p> <p>3. The 2022 GHG inventory will be verified by third parties.</p>



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### 2022 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	
<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>	✓		No difference
<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>	✓		No difference
<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>	✓		No difference

### Three. Corporate Governance Report

### 2022 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	
			<p>purpose is to integrate the management of safety and production, to reduce accidents during production and eventually achieve zero accident.</p> <p>Please refer to V.(3) of this annual report for details of protective measures for working environment and personnel's safety.</p> <p>The disabling injury frequency rate (FR) was 17.66 in 2022, higher than 7.34 in 2021 and failing to meet the 6.0 target. A total of 9 occupational accidents occurred with 9 people affected. This accounted for 4.10% of the workforce at the end of 2022, also failing to achieve the zero accident target.</p> <p>After a thorough review of each occupational accident, the Company came up with improvement measures and immediately modified relevant operational checklists, inspected the safety of machines and equipment and arranged training and education for employees. We care about the mental and physical health of employees and strive to ensure employees' safety at work.</p> <p>Please refer to V (3) 5-3 of this annual report for the monitoring of the operational environment for workers.</p>

### Three. Corporate Governance Report

### 2022 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	
			<p>According to Article 3 of the Labor Health Protection Act, the Company employs a medical doctor to provide labor health services and a nurse to organize health services at the factory. The purpose is to create a friendly and healthy workplace for all employees. This also helps the employer and occupational safety and health personnel to implement measures to prevent diseases and improve the work environment. Below is the list of safety, health and care items:</p> <ol style="list-style-type: none"> <li>1. Annual health examinations for employees: regular health checks for operators and special-operation workers and follow-ups by nurses according to the Labor Health Protection Act and based on the situation at the factory.</li> <li>2. To further and effectively improve the operational environment and safety, the Company has established a unit dedicated to environment, health and safety (EHS). EHS meetings are convened once every three months, to discuss the operational environment, safety and health issues. In the meantime, health and safety training and disaster prevention drills are organized.</li> </ol>

### Three. Corporate Governance Report

### 2022 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	
(IV) Has the Company provided effective training in career planning for employees?	✓		No difference
(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?	✓		No difference
(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?	✓		No difference

### Three. Corporate Governance Report

### 2022 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	
			suppliers to sign the Letter of Commitment to Corporate Social Responsibility. A total of 41 suppliers have signed it to date. In 2021, 100% of new suppliers signed the commitment to corporate social responsibility. During the course of business and the process of production and manufacturing, it is necessary to abide by the clauses regarding labor health and safety, ethics and integrity, environmental protection and continuous improvements. It is also required to adhere to relevant domestic and overseas laws and standards on corporate social responsibility and ensure a safe work environment across the supply chain and respect and dignity to employees. In addition, companies must assume accountability in environmental protection, practice code of conduct and work together in corporate social responsibility. In addition to fulfilling our own corporate social responsibility, we also ask suppliers to honor their responsibility to society.
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. The Company prepared its 2022 sustainability report by adopting the core option of the GRI (Global Reporting Initiative) Standards and referring to the Rules Governing the Preparation and Filing of Sustainability Reports
			No major differences.

### Three. Corporate Governance Report

### 2022 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	
the confidence or assurance opinion of the third-party verification unit?			
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 2022 Sustainability Report No difference		<p>by TWSE Listed Companies; (SASB) Sustainability Accounting Standards Board standard; industry practices (metal &amp; mining) and TCFD (Climate-related Financial Disclosures) framework for information disclosure.</p> <p>2. We have yet to launch a third-party certification program.</p>	
VII. Other important information to facilitate better understanding of the company's promotion of sustainable development: 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 selected for execution status, please describe the important policies, strategies, measures and implementations. If "No" is selected for execution status, please explain the differences and the reason for such differences in the column "Difference from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and provide relevant policies, strategies, plans and measures going forward.

Regarding the initiatives (1) and (2), the TWSE/TPEX listed company should describe the governance and oversight framework for sustainable development, including but not limited to management guidelines, strategies, goal setting and review methods. Please describe the Company's risk management policies or strategies and assessments of operational risks in environmental, social and corporate issues.

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: Please refer to the best-practice examples on the website of Taiwan Stock Exchange Corporate Governance Center for disclosure methods.



Evaluation item	Status (Note 1)		Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
(III) Does the Company specify the operating procedures, 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?			
II. Implementation of Ethical Corporate Management			
(I) Does the Company assess a trading counterpart's ethical management record and expressly state the ethical management clause in the contract to be signed with the trading counterpart?	✓		Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(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?		✓	No major differences.
(III) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?	✓		Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(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	✓		Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX 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	
<p>audit plans, and check the compliance with the 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>	✓		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>(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>(III) The Company fulfills the confidential and protection responsibility to</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> <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	
(III) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?			
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?	✓		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. Continuing education and training of managers and key executives in corporate governance:

Title	Name	Training date		Organizer	Course title	Training hours
		Commencement	Conclusion			
General Manager	Hung Mao-Yang	November 1, 2022	November 1, 2022	KPMG Taiwan	ESG Seminar: Management and Operational Upgrade in Sustainability	3
		November 13, 2022	November 14, 2022	Taiwan Stock Exchange	2022 Cathy Sustainable Finance and Climate Change Summit	9
Corporate Governance Manager	Lu Xiu-Ying	March 16, 2022	March 16, 2022	Institute of Internal Auditors – Chinese Taiwan	Matters of Attention and Practical Implications of Shareholders' Meetings and Company Act	6
		July 13, 2022	July 13, 2022	Taiwan Stock Exchange & Taipei Exchange	Advocacy Seminar: Sustainability Roadmap for Industries	2
		October 5, 2022	October 5, 2022	Securities & Futures Institute	2022 Advocacy Workshop on Compliance of Insider Equity Transactions	3
		October 7, 2022	October 7, 2022	Taiwan Stock Exchange	2022 Advocacy Seminar for Directors and Supervisors on Exercise of Power by Independent Directors and Audit Committee	3
		October 14, 2022	October 14, 2022	Securities & Futures Institute	2022 Advocacy Workshop on Insider Trading Prevention	3
		November 14, 2022	November 14, 2022	Taiwan Stock Exchange	2022 Cathy Sustainable Finance and Climate Change Summit	6
Accounting Supervisor	Wu Jia-Yu	August 18, 2022	August 19, 2022	Accounting Research and Development Foundation	Continuing training course for issuing broker stock exchange accounting supervisors	12
Chief Auditor	Chiang, Wan-Lan	September 15, 2022	September 15, 2022	Internal Audit Association	Audit Practices of Subsidiaries	6
		November 29, 2022	November 29, 2022	Internal Audit Association	Seminar for Information Operation Audit Practices	6

2. Company personnel related to financial information transparency who have obtained relevant licenses specified by the competent authority:  
1 accountancy license, 7 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 established the “Procedures for Handling Material Inside Information” on November 7, 2022, and the Procedures were implemented after being approved by the Board.
  - (2) 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.
  - (3) 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.

2022 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 6, 2023

Based on the self-assessment of Company's internal control system for year 2022, 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, 2022, 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 6, 2023.

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
June 23, 2022	2022 Annual Shareholders' Meeting	1. Adoption of the Company’s Business Report and Financial Statements for 2021.	Passed the Company’s Business Report and Financial Statements for 2021. Resolutions announced on the date of the shareholders' meeting
		2. Adoption of the Company’s 2021 Earnings Distribution Proposal	The proposal was executed accordingly; the Board of Directors was authorized to set the ex-dividend date on July 22, 2022 and distribute cash dividends starting from August 18, 2022. (NT\$1.0 cash dividends per share)
		3. Passed the amendment to the Company’s “Asset Acquisitions or Disposals”.	Disclosed on the Company’s website after being passed by the 2022 shareholders’ meeting, and was implemented accordingly.

2. Important resolutions of the Board of Directors

Date	Meeting type	Important resolution
March 21, 2022	1st Board meeting of 2022	<ol style="list-style-type: none"> <li>1. Passed the proposal on distribution of the 2021 earnings as employee remuneration and directors’ remuneration.</li> <li>2. Passed the proposal on the 2021 business report and individual financial statements.</li> <li>3. Passed the Company’s 2021 Earnings Distribution Proposal</li> <li>4. Passed the proposal on the amendments to the “Procedures for Acquisition or Disposal of Assets”.</li> <li>5. Passed the proposal on convention of the 2022 Shareholders’ Meeting.</li> <li>6. Passed the proposal on revising the Company’s 2022 budget development</li> <li>7. Passed the proposal on issuing the 2021 Statement on Internal Control.</li> <li>8. Passed the proposal on lifting the non-compete ban imposed on the Company's managers.</li> <li>9. Passed the proposal on replacement of attesting CPAs in line with the job rotation within the accounting firm.</li> <li>10. Passed the proposal on adjustment of salary due to personnel changes among the</li> </ol>

### Three. Corporate Governance Report

### 2022 Annual Report

		<p>managers in Linhai plant.</p> <ol style="list-style-type: none"> <li>11. Passed the proposal on a credit limit for purchase of stocks in 2022.</li> <li>12. Passed the Proposal on adjusting the remuneration for the Company's directors.</li> <li>13. Passed the proposal on sales limit assigned to vendors.</li> <li>14. Passed the proposal on application to a financial institution for a line of credit.</li> </ol>
May 9, 2021	2nd Board meeting of 2022	<ol style="list-style-type: none"> <li>1. Passed the proposal on the Company's 2022Q1 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 proposal on formulation of the Company's "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Sustainable Development Best Practice Principles".</li> </ol>
August 8, 2022	3rd board meeting in 2022	<ol style="list-style-type: none"> <li>1. Approval of the individual financial statements for the second quarter of 2022</li> <li>2. Approval of the amendment to the Company's Internal Control System for Shareholders' Services</li> <li>3. Approval of the proposal for the Company to apply to financial institutions for an increase in credit facilities</li> <li>4. Review and approval of the Company's remuneration to directors</li> <li>5. Approval of review on the Company's management remuneration policies, systems, standards, structure, performance, and evaluation methods</li> <li>6. Approval of equipment purchase for Linhai Factory</li> </ol>
August 8, 2022	4th board meeting in 2022	<ol style="list-style-type: none"> <li>1. Approval of the election of the chairman.</li> </ol>
November 7, 2022	5th board meeting in 2022	<ol style="list-style-type: none"> <li>1. Approval of the individual financial statements for the third quarter of 2022</li> <li>2. Approval of the amendment to the Company's Rules of Procedure for Board Meetings</li> <li>3. Formulation and approval of the Company's Procedures of Handling Internal Material Information</li> <li>4. Approval of the Company's 2023 audit plan</li> <li>5. Approval of the Company's 2023 quota in trading of shares</li> <li>6. Approval of the appointment of consultants for 2023</li> <li>7. Approval of increase in basic wages and personnel salaries offered by the Company</li> </ol>
March 6, 2023	1st board meeting in 2023	<ol style="list-style-type: none"> <li>1. Approval of the distribution of employees' remuneration and directors' remuneration for 2022</li> <li>2. Approval of business report and individual financial statements for 2022</li> <li>3. Approval of the earnings distribution for 2022</li> <li>4. Approval for convening of the 2023 shareholders' meeting</li> <li>5. Approval of 2023 business budget</li> <li>6. Approval of the issued 2021 Statement of Internal Control Systems</li> <li>7. Approval of the appointment and remuneration of certified public accountants who audit the Company's 2023 financial reports</li> <li>8. Approval of change of the certified public accountants who audit the Company's financial statements as part of the internal rotation of the accounting firm</li> <li>9. Approval of the assessment on the independence and the suitability of the certified public accountants who audit the financial reports</li> </ol>

### Three. Corporate Governance Report

### 2022 Annual Report

		10. Approval of limits on sales to other companies 11. Approval of the proposal to apply to financial institutions for credit facilities
May 8, 2023	2nd board meeting in 2023	1. Approved the 2023 Q1 parent company only financial statements. 2. Approved the formulation of the general principles for pre-approved non-assurance service policies. 3. Approved the amendment to the “internal control system” of the Company.

(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 17, 2023

Title	Name	Date assumed office	Date dismissed from office	Reasons for resignation or dismissal
Chief financial officer	Lin Min-Shiang	2000.06.20	2022.01.10	Deceased
Chairman	Liu Chung-Jen	2021.01.11	2022.08.08	Occupied with private affairs

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	Eric Chen, Vincent Hsu	From January 1, 2022 December 31, 2022	1,240	435	1,675	Tax compliance audit and assurance services

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 2022 financial report the CPAs have been changed from Yang Po-Jen and Hsu Chen-Lung to Chen Yung-Hsiang 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	2022		From the current year up to April 17, 2023. (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: Wang Hong-Ren	0	0	0	0
Director (3 seats) and large shareholders	Hua Eng Wire & Cable Co., Ltd.				
	Representative: Liu Chung-Jen	0	0	0	0
	Representative: Wang Ming-Jen	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 Deputy	Xiao Qing-Shun	0	0	0	0
Foreman	Shi Fei-Peng	0	0	0	0
Manager	Zheng Lian-Fan	0	0	0	0
Manager	Tsai Ruei-Hsiung	0	0	0	0
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
Accounting Supervisor	Wu Jia-Yu	0	0	0	0
Finance Manager	Hong Jue-Qian	0	0	0	0
Corporate Governance Manager	Lu Xiu-Ying	0	0	0	0

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.

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(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: Wang Hong-Ren	679,110	0.19%	—	—	—	—	Wang Yu-Fa; Wang-Yang Bi-E; Wang Wen-Ling; Wang Feng-Chuan; Wang Hung-Ming Wang Feng-Chin; Wang Feng-Shu	A relative within the second degree of kinship	
							International Shipbreaking Enterprise Co. Ltd.	Director of the company	
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.	
							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; 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; 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; 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; 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; 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; 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.	Chairman of the company	
							International Shipbreaking Enterprise Co. Ltd.	Director of the company	
Wang Hong-Ren	679,110	0.19%	—	—	—	—	Wang Yu-Fa; Wang-Yang Bi-E; Wang Wen-Ling; Wang Feng-Chuan; Wang Hung-Ming Wang Feng-Chin; Wang Feng-Shu	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, 2023; 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%

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 17, 2023

Shareholder structure Quantity	Government agency	Financial institution	Other juridical persons	Individual	Foreign institutions and foreigners	Total
Number of individuals	0	9	40	59,066	47	59,162
Number of shareholding	0	830,917	144,808,108	211,805,612	2,177,528	359,622,165
Percentage of shareholding	0.00%	0.23%	40.27%	58.89%	0.61%	100.00%

## (III) Distribution of equity

## Distribution of common stock

April 17, 2023

Shareholding class	Number of shareholders	Number of shareholding	Percentage of shareholding
1 to 999	18,732	3,721,004	1.04%
1,000 to 5,000	34,443	68,188,573	18.96%
5,001 to 10,000	3,731	29,797,839	8.29%
10,001 to 15,000	881	11,478,535	3.19%
15,001 to 20,000	552	10,364,634	2.88%
20,001 to 30,000	372	9,715,300	2.70%
30,001 to 40,000	160	5,798,005	1.61%
40,001 to 50,000	98	4,590,501	1.28%
50,001 to 100,000	131	9,320,987	2.59%
100,001 to 200,000	33	4,547,854	1.27%
200,001 to 400,000	13	3,918,033	1.09%
400,001 to 600,000	4	2,100,253	0.58%
600,001 to 800,000	3	1,948,110	0.54%
800,001 to 1,000,000	1	828,120	0.23%
1,000,001 or more	8	193,304,417	53.75%
Total	59,162	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 17, 2023

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)
		2022	2021	
Market price per share (Note 1)	High	55.30	76.60	38.35
	Low	19.55	19.00	29.20
	Average	37.81	52.66	35.12
Net value per share (Note 2)	Before distribution	12.57	17.92	13.19
	After distribution	—	16.92	—
Earnings per share	Weighted average number of shares	359,622,165	359,622,165	359,622,165
	Earnings per share (Note 3)	0.55	1.18	0.01
Dividend per share	Cash dividend	0.40	1.00	—
	issuance of bonus shares	—	—	—
		—	—	—
	Accumulated unpaid dividends (Note 4)	0	0	0
Return on investment analysis	P/E ratio (Note 5)	68.75	44.63	—
	Price to dividend ratio (Note 6)	94.53	52.66	—
	Cash dividend yield (Note 7)	1.06%	1.90%	—

\* 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\$0.40 per share to shareholders, with a total amount of NT\$143,848,866 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 2022 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 recognized NT\$5,422 thousand for employee remuneration and NT\$904 thousand for director remuneration based on the 2022 profits before tax of NT\$180,737 thousand (before the deduction of employee remuneration and director remuneration) and according to the percentage specified in the Articles of Incorporation. In case of discrepancy between the amount distributed in the following year and the amount recognized, the difference shall be treated as change in accounting estimates and recognized as profit or loss in 2023.

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\$5,422,111 are distributed in cash.
    - ② Directors remuneration of NT\$903,685 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.

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

(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 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 18%
    - (3) High-performance copper sheet 30%
    - (4) Tin plated copper sheet 20%
    - (5) Others 25%
  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 China was previously the world's factory. However, the U.S.–China trade war and the Russia–Ukraine War have disrupted the supply chain and many countries are moving facilities out of China. The production model based on globalization has given way to protectionism.
  - ③ The U.S.–China trade war also highlights demand uncertainties in Taiwan and Southeast Asia.
  - 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 Whilst this has affected the demand for automobile and electric vehicle (EV) connectors, there is still room for growth.
- ③ The market for EV cell packs and charging facilities continues to grow, driven by the trend for green energy.
- ④ The demand for all types of power tools and home equipment increases driven by the stay-at-home economy.

## 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
2022	1,259	<ol style="list-style-type: none"> <li>1. Gradual promotion of copper alloys, eco-friendly reflow tin plated terminals and connector materials for automotive parts</li> <li>2. R&amp;D on shortening of Corson alloy C7025 manufacturing process</li> <li>3. R&amp;D on red copper material for heat dissipation with low internal stress, high flatness and high-end surface without hairline</li> <li>4. R&amp;D on manufacturing process of super thick red copper material for heat dissipation</li> <li>5. R&amp;D on development of high-performance copper alloys with low internal stress for etching</li> <li>6. R&amp;D and testing on casting of C1030 red copper with low oxygen content</li> <li>7. Ramp-up and promotion of C2100/C2600 alloy punching</li> </ol>
The current year up to the date of publication of the annual report	606	<ol style="list-style-type: none"> <li>1. Introduction of slitters and acid cleaning defect detectors</li> <li>2. Modification of temperature system for continuous annealing furnaces</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) Tin plating materials moving from brass to high-end alloys
  - (4) Improve the quality of special alloy Corson sheet, improve the production yield, and gradually increase the sales amount.
  - (5) Quality and quantity of red copper heat sinks and gradual increase in the supply of thick sheets
2. Long-term business development plan:
  - (1) Increase in supply of Cu-Ni-Si alloy products
  - (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: 60:40.

(2) Future supply and demand and growth of the market:

① The demand on brass and phosphor bronze in Taiwan for general products decreases, so it is transferred to the market in the Southeast Asia.

② The 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.

③ Despite limited growth in general, the Taiwan market is still expanding thanks to the U.S.–China trade war and the return of Taiwanese companies. China is supported by domestic demand, despite supply chain disability due to the U.S.–China trade war. 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:

① With technology in copper sheets sourced from Mitsubishi Shindoh, our manufacturing process and capability are trusted by customers.

② The quality of production skill on the tin plated material for automotive connector is stable and recognized by Japanese car plants.

③ The exclusive products in Taiwan are Corson alloy and CuCrZr alloy.

④ Diversified products so that customers have more selections.

⑤ The quality of material for semi-conductor is stable, so the Company receives most of the orders in Taiwan.

(2) Development advantages:

① The 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: Imports from countries in Asia and South America
2. Scrap copper: Main suppliers are down stream customers, scrap material hardware merchants, and wire and cable manufacturers.

## (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	2022				2021				Year-to-date March 31, 2023 (Note 2)			
	Name	Amount	Percentage of total annual net purchases (%)	Item	Name	Amount	Percentage of total annual net purchases (%)	Item	Name	Amount	As a percentage of net purchases for the year ended the previous quarter %	Item
1	PAN PACIFIC COPPER CO., LTD.	1,202,531	41.88	None	PAN PACIFIC COPPER CO., LTD.	1,121,811	37.30	None	PAN PACIFIC COPPER CO., LTD.	180,131	33.41	None
2	IXM S.A.	518,014	18.04	None	IXM S.A.	—	—	—	IXM S.A.	155,452	28.83	None
3	AWIN RESOURCE INTERNATIONAL PT	490,350	17.08	None	AWIN RESOURCE INTERNATIONAL PT	—	—	—	AWIN RESOURCE INTERNATIONAL PT	100,872	18.71	None
4	AMALGAMET LIMITED	189,013	6.58	None	AMALGAMET LIMITED	777,984	25.87	None	AMALGAMET LIMITED	—	—	—
5	Others	471,670	16.42	—	Others	1,107,885	36.83	—	Others	102,769	19.05	—
	Net purchase amount	2,871,578	100.00		Net purchase amount	3,007,680	100.00		Net purchase amount	539,224	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	2022				2021				Year-to-date March 31, 2023 (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	199,602	6.89	None	Customer A	326,378	10.14	None	Customer A	31,921	5.09	None
2	Others	2,695,810	93.11	None	Others	2,892,426	89.86	None	Others	595,789	94.91	None
	Net sales amount	2,895,412	100.00		Net sales amount	3,218,804	100.00		Net sales amount	627,710	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	2022			2021		
	Production capacity	Production quantity	Production value <sup>c</sup>	Production quantity	Production capacity	Production value <sup>c</sup>
Brass sheet	5,200	752	190,487	5,200	1,008	210,838
Copper sheet	4,270	1,606	533,171	4,500	2,214	636,460
High-performance copper sheet	7,030	2,654	851,514	7,400	3,549	898,712
Tin plated copper sheet	3,480	1,731	524,507	3,500	2,503	633,683
Others	5,890	3,884	672,247	6,200	4,084	530,787
Total	25,870	10,627	2,771,926	26,800	13,358	2,910,480

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	2022				2021			
	Domestic sales		Exports		Domestic sales		Exports	
Sales volume and value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Brass sheet	444	113,157	348	95,806	491	112,465	476	108,041
Copper sheet	1,008	330,370	605	197,119	1,443	419,768	756	204,069
High-performance copper sheet	2,108	700,659	484	165,922	2,836	854,776	648	186,310
Tin plated copper sheet	519	161,091	1,213	409,923	555	149,876	1,855	554,539
Others	3,064	300,953	1,224	420,412	2,965	242,031	1,348	386,929
Total	7,143	1,606,230	3,874	1,289,182	8,290	1,778,916	5,083	1,439,888

## III. Employees Information:

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

Year		2022	2021	As of March 31, 2022
Number of employees	Management personnel	68	60	61
	Technical personnel	15	17	15
	Workers	153	169	153
	Total	236	246	229
Average age		46.59	45.43	46.47
Average years of service		14.64	13.73	14.72
Education distribution	Ph.D.	1	0	1
	Master's degree	8	7	7
	College and university	96	95	93
	High school	93	97	84
	Below high school	38	47	44

## 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\$16,000.

(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: Improvement of wastewater treatment equipment

(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) Safety and healthcare
    - a. Regular health checks for employees
    - b. Doctors providing consultation at the factory
    - c. Health workshops
    - d. Infirmary and library facilities
    - e. Uniforms and safety shoes
  - (2) Bonuses and holiday benefits
    - a. Employees' remuneration
    - b. Bonuses for special contributions
    - c. Year-end bonus
    - d. Labor Day souvenir
    - e. Gift money for Mid-Autumn Festival
    - f. Birthday gift money for employees
  - (3) Education and entertainment
    - a. Employee canteen and meal groups
    - b. Subsidies for employee travels
    - c. Recreation subsidies
    - d. Year-end celebrations
  - (4) Family care
    - a. Gift money, wall hangings with words of congratulation and flowers for weddings of employees and their children
    - b. Condolence money, wall hangings with words of solace and flowers for funerals of employees, their spouses and children
    - c. Scholarships for employees and their children
    - d. Childbirth gift money for employees and their spouses
    - e. Unpaid parental leave
    - f. Breastfeeding room
    - g. Corporate childcare contract with nearby kindergartens
  - (5) Safety and protection
    - a. Labor insurance
    - b. National health insurance
    - c. Group injury insurance for employees
    - d. Pensions and severance pays
    - e. Gold medal for retirement at full age
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 2022 educational training expenses of the Company is NT\$385,000. The training status of employees is as follows:

Course title	Course	Total number of individuals	Total training hours	Expense amount
Management	0	0	0	0
Professional courses	1	33	24	126,000
Environment, Safety, and Health	29	53	1,205	232,000
Radiation protection	8	19	75	27,000
Total	38	105	1,304	385,000

### 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) Replacement of old AR2 air compressor (200HP) in December 2021 and AR3 air compressor (200HP) in September 2022. This reduced air compressor electricity consumption by approx. 358,442.3 kWh in 2022 and achieved energy efficiency and carbon reduction. Solar energy capacity is under planning to reduce GHG emissions. Sludge drying equipment for wastewater treatment is improved to lower the water content and hence the resulting sludges.

2) Regulation and control of volume of chemicals used for wastewater

treatment to reduce the consumption of chemicals and the output of sludges. Inspection of water supply and emission pipes and replacement of leaking and old pipes to conserve water resources

- 3) GHG emissions calculated by Linhai Factory (not yet externally verified): The calculation of 2022 GHG emissions is ongoing and will be verified by third parties.

Year	Annual output (ton)	GHG emissions (ton CO <sub>2</sub> e/year)			GHG emission intensity (ton CO <sub>2</sub> e/year)
		Scope 1	Scope 2	Total emissions	
2019	11,793.427	3,735.5247	20,540.5932	24,276.118	2.05844
2020	11,209.460	3,464.2952	19,646.6736	23,110.969	2.06174
2021	13,445.361	4,181.1498	20,772.6972	24,953.847	1.85594

- 4) Water consumption and waste output

#### Water consumption (L) in 2020–2022

	Consumption of running water (L)	Recycled water from manufacturing process (L)	Wastewater emission from manufacturing process (L)	Water consumption (L)	Water consumption intensity (L/ton)
2020	196,350	717,439	184,069	12,281	1.10
2021	201,180	915,626	185,201	15,979	1.19
2022	205,990	887,364	179,580	26,410	2.46

#### Collection of industrial wastes (tons) in 2020–2022

	2020	2021	2022
General industrial wastes (tons)	410.610	370.780	335.390
Hazardous industrial wastes (tons)	1020.862	870.076	796.335
Wastes per ton of copper sheets (ton/ton)	0.128	0.092	0.106

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:

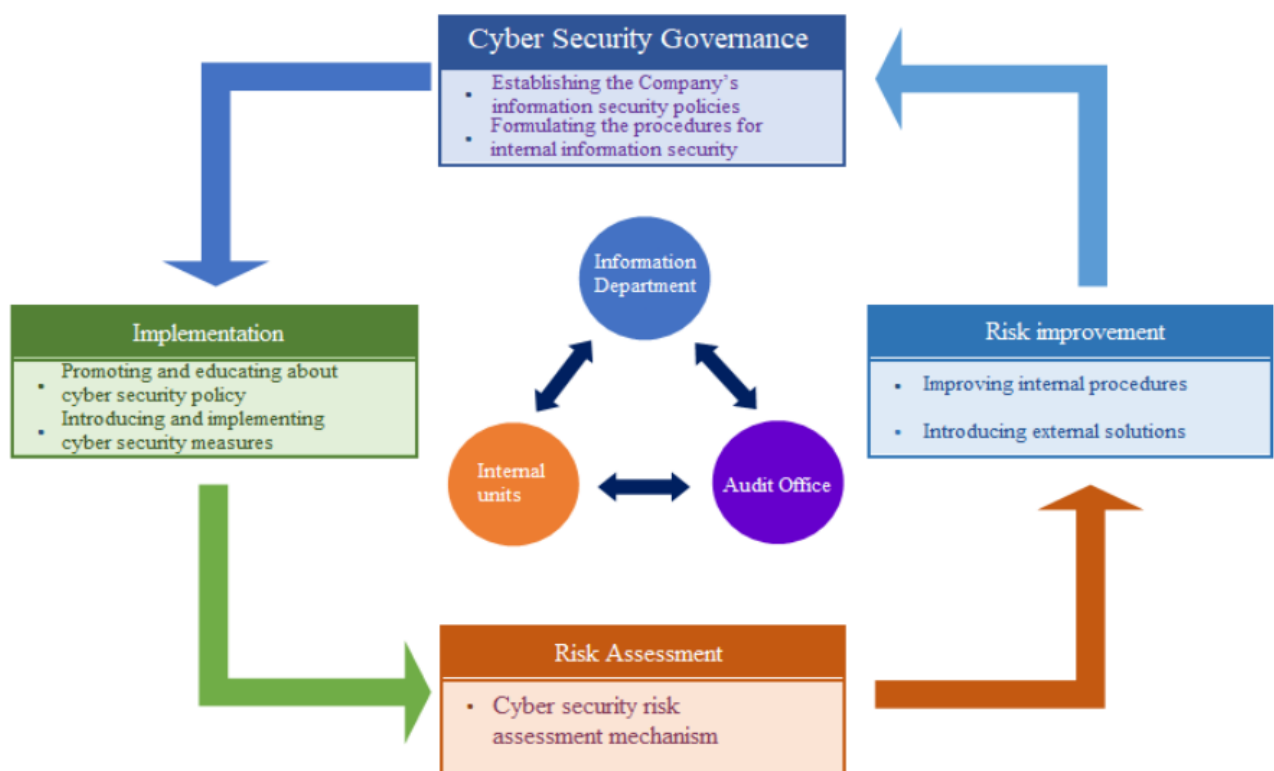
(1) Cyber Security Risk Management:

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 600,000 TWD in 2022 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, 2023 (Note 3)
		2022	2021	2020	2019	2018	
Current assets		2,336,148	2,336,960	1,854,780	1,990,131	2,071,640	2,288,824
Property, plant and equipment		1,070,805	1,067,173	1,027,148	871,860	863,399	1,060,734
Intangible assets		132	—	—	—	—	120
Other assets		3,145,064	4,883,726	3,156,483	2,433,661	2,216,718	3,363,276
Total assets		6,552,149	8,287,859	6,038,411	5,295,652	5,151,757	6,712,954
Current liabilities	Before distribution	1,762,327	1,568,857	1,223,804	1,345,106	1,242,361	1,700,611
	After distribution	Note 4	1,928,480	1,511,502	1,345,106	1,242,361	—
Non-current liabilities		268,423	274,958	265,888	272,975	283,339	268,423
Total liabilities	Before distribution	2,030,750	1,843,815	1,489,692	1,618,081	1,525,700	1,969,034
	After distribution	Note 4	2,203,438	1,777,390	1,618,081	1,525,700	—
Equities attributed to stockholders of the Company		4,521,399	6,444,044	4,548,719	3,677,571	3,626,057	4,743,920
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	523,185	673,028	550,543	464,363	568,620	527,445
	After distribution	Note 4	313,405	262,845	464,363	568,620	—
Other equities		401,992	2,174,794	401,954	(383,014)	(538,785)	620,253
Treasury stock		—	—	—	—	—	—
Non-controlling equities		—	—	—	—	—	—
Total equities	Before distribution	4,521,399	6,444,044	4,548,719	3,677,571	3,626,057	4,743,920
	After distribution	Note 4	6,084,421	4,261,021	3,677,571	3,626,057	—

\*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, 2023 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 2022 earnings distribution approved by the Board of Directors has not yet been passed by the 2023 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, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Operating income	2,895,412	3,218,804	2,260,596	2,544,943	3,108,695	627,710
Operating gross profit (loss)	(48,470)	322,313	(21,161)	(91,607)	43,966	15,319
Operating net profit (loss)	(111,079)	256,413	(75,903)	(145,145)	(12,073)	1,577
Non-operating income and expenses	285,490	210,083	156,942	45,333	87,352	1,963
Net profit (loss) before tax	174,411	466,496	81,039	(99,812)	75,279	3,540
Net profit (loss) of the current period from continuing operations	196,940	422,675	79,210	(99,342)	85,258	3,540
Loss from discontinuing operation	—	—	—	—	—	—
Net profit (loss) of the current period	196,940	422,675	79,210	(99,342)	85,258	3,540
Other comprehensive income (net income after tax) of the current period	(1,759,962)	1,760,348	791,938	150,856	(535,425)	218,981
Total comprehensive income of the current period	(1,563,022)	2,183,023	871,148	51,514	(450,167)	222,521
Net profits attributed to stockholders of the Company	196,940	422,675	79,210	(99,342)	85,258	3,540
Net profits attributed to the non-controlling equities	—	—	—	—	—	—
Total comprehensive income attributed to stockholders of the Company	(1,563,022)	2,183,023	871,148	51,514	(450,167)	222,521
Total comprehensive income attributed to the non-controlling equities	—	—	—	—	—	—
Earnings (losses) per share (NTD)	0.55	1.18	0.22	(0.28)	0.24	0.01

\*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, 2023 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
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
2022	KPMG Taiwan	Chen Yung-Hsiang, Hsu Chen-Lung	Unqualified opinion

## II. Financial analysis for the last five years

## Financial Analysis (International Financial Reporting Standards)

Year Analysis item (Note 3)		Financial analysis for the last five years					From the current year through March 31, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Financial structure	Debt to total assets ratio (%)	30.99	22.24	24.67	30.55	29.61	29.33
	Long-term capital to property, plants and equipment ratio (%)	442.98	623.55	462.97	420.35	451.02	467.91
Solvency	Current ratio (%)	132.56	148.95	151.55	147.95	166.75	134.58
	Quick ratio (%)	18.76	37.47	39.49	55.74	56.14	16.01
	Interest coverage ratio (%)	1162.35	5894.00	1067.55	(1128.75)	930.98	153.62
Operating ability	Receivables turnover ratio (times)	11.82	12.97	13.63	13.38	12.78	15.92
	Average collection days	30.87	28.14	26.77	27.27	28.56	22.92
	Average inventory turnover (times)	1.48	1.91	1.80	1.99	2.00	1.32
	Payables turnover ratio (times)	29.75	24.15	22.60	22.81	22.90	52.43
	Average inventory turnover days	246.62	191.09	202.77	183.41	182.50	276.51
	Property, plant and equipment turnover ratio (times)	2.68	3.04	2.28	2.81	3.50	2.33
	Total assets turnover (times)	0.39	0.44	0.39	0.48	0.55	0.37
Profitability	Return on assets (%)	2.82	5.97	1.50	(1.77)	1.65	0.13
	Return on equity (%)	3.59	7.69	1.92	(2.72)	2.21	0.07
	Pre-tax income to paid- in capital ratio (%)	4.84	12.97	2.25	(2.77)	2.09	0.09
	Net profit margin (%)	6.80	13.13	3.50	(3.90)	2.74	0.56
	Earnings (losses) per share (NTD)	0.55	1.18	0.22	(0.28)	0.24	0.01
Cash flows	Cash flows ratio (%)	—	3.68	1.19	4.95	44.70	—
	Cash flow adequacy ratio (%)	36.45	43.12	71.52	106.44	63.28	6.54
	Cash flow reinvestment ratio	—	—	0.17	0.90	7.58	—
Lever age	Operation leverage	(11.72)	6.19	(16.81)	(9.12)	(146.79)	284.99
	Financial leverage	0.87	1.02	0.90	0.94	0.57	(0.31)
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: Primarily due to reduced operating profits during the year and a reduction in equity after the recognition of unrealized loss of financial assets. Increase in current liabilities as a result of higher bank loans.
2. Change in solvency: Decrease in interest coverage primarily due to lower operating profits during the year. Sales declined and inventory built up due to slow-moving inventory amid the global economic recession.
3. Change in operating performance: Sales declined and inventory built up due to slow-moving inventory amid the global economic recession.
4. Change in profitability: Primarily due to lower operating profits during the year.
5. Change in cash flow: Primarily due to net cash outflows from operating activities during the year, as well as an increase in issuance of cash dividends over the past five years.
6. Change in leverage: Primarily due to lower sales and during the year and net operating losses caused by the decline of international copper prices starting in the third quarter.

\*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 2022 Business Report, individual financial statements, and profit distribution proposal. The individual financial statements were audited by CPA Yung-Hsiang Chen and CPA Chen-Lung 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

2023 Shareholders' Meeting

First Copper Technology Co., Ltd.

Convener of Audit Committee: Hu Lee-Ren

March 6, 2023

- IV. The most recent annual financial reports: See pages 149~209 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		Difference	
	2022	2021	Amount	%
Current assets	2,336,148	2,336,960	(812)	(0.03)
Non-current financial assets at fair value through other comprehensive profit or loss	2,857,689	4,630,491	(1,772,802)	(38.29)
Investments accounted for using equity method	168	142	26	18.31
Property, plant and equipment	1,070,805	1,067,173	3,632	0.34
Balance of investment property	222,411	225,612	(3,201)	(1.42)
Other assets	64,928	27,481	37,447	136.27
Total assets	6,552,149	8,287,859	(1,735,710)	(20.94)
Current liabilities	1,762,327	1,568,857	193,470	12.33
Non-current liabilities	268,423	274,958	(6,535)	(2.38)
Total liabilities	2,030,750	1,843,815	186,935	10.14
Capital stock	3,596,222	3,596,222		
Retained earnings	523,185	673,028	(149,843)	(22.26)
Other equities	401,992	2,174,794	(1,772,802)	(81.52)
Total equities	4,521,399	6,444,044	(1,922,645)	(29.84)

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. Decrease in the non-current financial assets at fair value through other comprehensive income: primarily due to the recognition of valuation loss of financial assets during the year.
2. Increase in other assets: primarily due to the reduction in net realizable value of inventory and hence inventory write-down caused by declining international copper prices starting in the third quarter. This contributed to an increase in deferred income tax assets. It was also due to the recognition of net defined benefit asset.
3. Decrease in total assets: primarily due to a reduction in the non-current financial assets at fair value through other comprehensive income during the year. Please refer to (1) above for description.
4. Decrease in retained earnings: primarily due to lower operating profits and payout of cash dividends during the year.
5. Decrease in other equity: primarily due to the recognition of valuation loss of

financial assets during the year.

6. Decrease in total equity: primarily due to the reduction in retained earnings and other equity during the year. Please refer to (4) and (5) above for description.

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

(III) Future response plan:

1. Prioritization of supply to domestic customers in semiconductors and LED materials
2. Increase in the supply of tin plated materials for automotive connectors and terminals and promotion of high-end tin plated alloys
3. Promote Corson alloy for the materials of lithium battery for electric vehicles and electric tools.
4. 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	2022	2021	Increase (decrease) amount	Change %
Net operating income	2,895,412	3,218,804	(323,392)	(10.05)
Operating costs	2,943,882	2,896,491	47,391	1.64
Operating gross loss	(48,470)	322,313	(370,783)	(115.04)
Operating expenses	62,609	65,900	(3,291)	(4.99)
Net operating gain (loss)	(111,079)	256,413	(367,492)	(143.32)
Non-operating income and expenses	285,490	210,083	75,407	35.89
Net profit (loss) before tax	174,411	466,496	(292,085)	(62.61)
Income tax expenses (gains)	(22,529)	43,821	(66,350)	(151.41)
Net profit (loss) of the current period	196,940	422,675	(225,735)	(53.41)
Other comprehensive income (net income after tax)	(1,759,962)	1,760,348	(3,520,310)	(199.98)
Total comprehensive income of the current period	(1,563,022)	2,183,023	(3,746,045)	(171.60)

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) Decrease in gross profits: primarily due to lower sales as a result of soften demand for heat sinks, semiconductors and electric vehicles during the year; the fluctuation of international copper prices from the rally starting in the fourth quarter of 2021, decline beginning in the third quarter of 2022 to a steady rebound at the year end. Other factors include delays in marine transportation and higher procurement costs for raw materials. The inventory write-down due to lower international copper prices also contributed to the gross loss.
- (2) Decrease in operating profits: primarily due to lower gross profits during the year. Please refer to (1) above for description.
- (3) Increase in non-operating income: primarily due to higher dividend incomes

during the year.

- (4) Decrease in profit before tax: primarily due to lower gross profits during the year. Please refer to (1) above for description.
  - (5) Decrease in income tax expenses: primarily due to inventory write-down caused by lower net realizable value after the international copper price started to decline in the third quarter. This increased the deferred income tax benefits
  - (6) Decrease in net income: primarily due to lower gross profits during the year. Please refer to (1) above for description.
  - (7) Decrease in other comprehensive income (net of tax): primarily due to the recognition of valuation loss of financial assets during the year.
  - (8) Decrease in total comprehensive income: primarily due to lower net income and other comprehensive income (net of tax) during the year Please refer to (6) and (7) above for description.
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: 12,305 tons/year.
    - (2) Sales estimation basis:
      - ① The demand for reflow plating is growing in the automotive terminal and connector markets.
      - ② High quality red copper electric terminals and heat spreader materials can replace imports.
      - ③ The demand is rising for high-end materials (particularly with high strength and high conductivity).
      - ④ The demand for wireless charging is growing, driven by the stay-at-home economy.
    - (3) Effect on the company's business and financial affairs; responsive measures:
      - ① Prioritization of supply to domestic customers in semiconductors and LED materials. Increase in the supply of tin plated materials for automotive connectors and terminals and promotion of high-end tin plated alloys and copper-nickel-tin alloys for lithium battery packs in automobiles and power tools.
      - ② Enhanced and integrated management of procurement, sales and inventory. Careful use of hedging mechanisms to mitigate the risk associated with raw materials price fluctuation, to reduce the uncertainty with operating profits and to maintain reasonable profits. The pursuit of overall operation is for high end products. More production personnel will be added to boost equipment utilization, quality reliability and competitiveness.

### III. Cash flows:

#### Cash flow analysis

Unit: NTD thousand

Beginning cash balance	Annual net cash inflow from operating activities	Net cash outflows from investing and financing activities	Cash surplus (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
153,821	(6,947)	(60,289)	86,585	—	—

1. Analysis of the changes in cash flows for the current year:
  - (1) Operating activities: Primarily due to an increase in inventory and the resulting cash outflows.
  - (2) Investment activities: Primarily due to the purchase of property, plant and equipment and the resulting cash outflows during the year.
  - (3) Financing activities: Primarily due to the payout of cash dividends and the resulting cash outflows during the 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	Expected net cash outflows from investing and financing activities during the year	Cash surplus (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
86,585	346,326	(328,171)	104,740	—	—

- (1) Analysis of cash flow status in the coming year:
  - ① Operating activities: Primarily due to the anticipated operating profits, lower inventory and the resulting cash inflows.
  - ② Investment activities: Primarily due to the anticipated purchase of property, plant and equipment and the resulting cash outflows.
  - ③ Financing activities: Primarily due to the anticipated payout of cash dividends and the repayment of bank loans and the resulting cash outflows.
- (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						
				2021	2022	2023	2024	2025	2026	2027
Machinery equipment	Equity funds and borrowings	December 31, 2021	104,322	104,322						
Machinery equipment	Equity funds and borrowings	December 31, 2022	78,950		78,950					
Machinery equipment	Equity funds and borrowings	December 31, 2024	127,548			59,998	67,550			

## (II) Expected benefits

1. Phase-out of large screw air compressors with energy-efficient models to reduce energy consumption and carbon emissions. The purpose is to combat climate change and take corporate actions in carbon reduction. This mitigates the climate crisis and contributes to company sustainability.
2. Replacement of the electronic control system for front-end equipment of the manufacturing process, to ensure machine reliability and meet the demand for thick sheets in the EV and green energy market.

## 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. Despite an operating profit, the year 2022 ended with a net loss of NT\$36,464 thousand due to the recognition of valuation loss of financial assets.	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 leading economies around the world focus on suppression of inflation, mostly with a tight monetary policy and rising interest rates. This combined with uncertainties associated with the Russia–Ukraine War and the U.S.–China technology war adds to volatility of the financial markets in different countries and pressure on the global economic activities. The Company's interest rate risks primarily come from payments for materials procurement. Maintaining good relations with banks by leveraging the Company's healthy financials helps to obtain best interest rates. Going forward, the change in interest rates is unlikely to cause significant effects on the Company's overall operations.
  2. Raw materials are mainly imported and denominated in US dollars. Hence, the Company's net position in foreign currencies is mostly liabilities in US dollars. As the forex market is dramatically fluctuating, the Company stays on top of exchange rate movements and market information, in order to adjust the schedule for export bill negotiations accordingly. Exchange rate risks are also mitigated by financing with receivables (in foreign currencies) or purchase of forwards. The exchange gain in 2022 was equivalent to 0.04% of sales. The impact was minimum.
- (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 the transactions of derivatives for risk hedging and cost reduction and in accordance with the Company's Procedures for Asset Acquisitions or Disposals. There is no involvement of speculative transactions of derivatives.

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

Plan designation	Current progress of the plan	Expenses	Time	Primary success factors
R&D on development of red copper alloys with high flatness and low internal stress for etching.	1. Research on the manufacturing processing design. 2. Sample trial production and sampling.	NT\$5 million	December 2023	Manufacturing flows design, parameter control and operational management.

## (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:

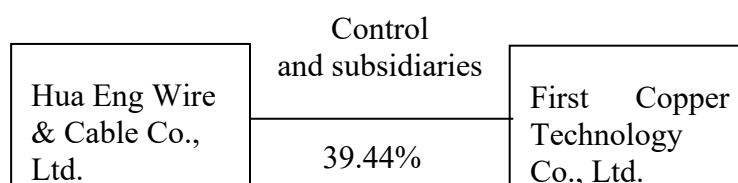
## (I) Affiliated business merger report: None.

(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

2022

## 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 2022 (January 1, 2022 - December 31, 2022) 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: Wang Hong-Ren

March 6, 2023

## CPA's Review Opinion of the Affiliation Report

Recipient: First Copper Technology Co., Ltd.

We, as the attesting CPAs, have reviewed the 2022 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 2022 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 6, 2023.

Based on our review, we did not find the preparation of the 2022 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:

March 6, 2023

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

December 31, 2022; 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	Wang Hong-Ren

### 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	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	12,845	0.44%	19.5% ~ 35.5%	450 ~ 528	1 month	No identical transaction terms available for comparison	1-3 months	—	713	0.42%	None			
Purchase of goods	60,478	2.11%		235 ~ 294	1 month	No identical transaction terms available for comparison	1-3 months	—	—	—				

(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.	2022.01.01 ~ 2022.12.31	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 2022.01.01 to 2022.12.31). The Company paid the management service fee of NT\$19,200 thousand provided in the contract in 2022.

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, 2022 and 2021, 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, 2022 and 2021, 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 of 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 Standard on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standard on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 Yung Hsiang, Chen and Cheng Lung, Hsu.

KPMG

Taipei, Taiwan (Republic of China)  
March 6, 2023

#### **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, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2022		December 31, 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
	\$		\$		\$		\$	
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(a))	86,585	1	153,821	2	2100 Short-term borrowings (note 6(l))		455,026	6
1110 Current financial assets at fair value through profit or loss (note 6(b))	40,770	1	83,067	1	2110 Short-term notes and bills payable (notes 6(l)(m))		799,888	10
1150 Notes receivable (note 6(d))	1,481	-	4,841	-	2150 Notes payable (note 6(p))		2,890	-
1172 Accounts receivable (note 6(d))	168,668	3	313,958	4	Accounts payable		57,512	1
1180 Accounts receivable from related parties (notes 6(d) and 7)	713	-	-	-	Accounts payable to related parties (note 7)		-	-
1200 Other receivables (notes 6(d)(c))	32,536	1	32,247	-	Other payables (note 6(p))		61,887	1
130X Inventories (note 6(f))	1,984,726	30	1,717,097	21	Current tax liabilities		-	-
1470 Other current assets (note 6(k))	20,669	-	31,929	-	Other current liabilities (note 6(n))		25,372	-
<b>Total current assets</b>	<b>2,336,148</b>	<b>36</b>	<b>2,336,960</b>	<b>28</b>	<b>Total current liabilities</b>		<b>1,762,327</b>	<b>27</b>
<b>Non-current assets:</b>					<b>Non-current liabilities:</b>			
1517 Non-current financial assets at fair value through other comprehensive income(note 6(c))	2,857,689	44	4,630,491	56	Deferred tax liabilities (note 6(q))		268,423	4
1550 Investments accounted for using equity method (note 6(g))	168	-	142	-	Net defined benefit liability, non-current (note 6(p))		-	-
1600 Property, plant and equipment (note 6(h))	1,070,805	16	1,067,173	13	<b>Total non-current liabilities</b>		<b>268,423</b>	<b>4</b>
1760 Investment property, net (notes 6(i)(o))	222,411	3	225,612	3	<b>Total liabilities</b>		<b>2,030,750</b>	<b>31</b>
1780 Intangible assets (note 6(j))	132	-	-	-	<b>Equity (note 6(r)):</b>			
1840 Deferred tax assets (note 6(q))	39,995	1	17,118	-	Ordinary share		3,596,222	55
1915 Prepayments for equipment	10,467	-	10,356	-	Retained earnings:			
1920 Refundable deposits (note 6(e))	7	-	7	-	Legal reserve		41,018	1
1975 Net defined benefit asset, non-current (note 6(p))	14,327	-	-	-	Special reserve		262,845	4
<b>Total non-current assets</b>	<b>4,216,001</b>	<b>64</b>	<b>5,950,899</b>	<b>72</b>	Unappropriated retained earnings		219,322	3
					Other equity interest		523,185	8
					<b>Total equity</b>		<b>4,01,992</b>	<b>6</b>
					<b>Total liabilities and equity</b>		<b>4,521,399</b>	<b>69</b>
							<b>6,552,149</b>	<b>100</b>
							<b>8,287,859</b>	<b>100</b>

(English Translation of Financial Statements Originally Issued in Chinese)  
**FIRST COPPER TECHNOLOGY CO., LTD.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

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

		<u>2022</u>		<u>2021</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100	<b>Operating revenues (notes 6(t) and 7)</b>	\$ 2,895,412	100	3,218,804	100
5000	<b>Operating costs (notes 6(f)(p)(u), 7 and 12)</b>	<u>2,943,882</u>	<u>101</u>	<u>2,896,491</u>	<u>90</u>
5900	<b>Gross profit (loss)</b>	(48,470)	(1)	322,313	10
6000	<b>Operating expenses (notes 6(p)(u), 7 and 12)</b>	<u>62,609</u>	<u>2</u>	<u>65,900</u>	<u>2</u>
6900	<b>Operating profit (loss)</b>	<u>(111,079)</u>	<u>(3)</u>	<u>256,413</u>	<u>8</u>
7000	<b>Non-operating income and expenses (notes 6(g)(o)(v)):</b>				
7100	Interest income	182	-	18	-
7010	Other income	329,548	11	165,083	5
7020	Other gains and losses, net	(27,983)	(1)	51,552	2
7050	Finance costs	(16,297)	(1)	(6,616)	-
7060	Share of profit (loss) of associates accounted for using equity method, net	<u>40</u>	<u>-</u>	<u>46</u>	<u>-</u>
		<u>285,490</u>	<u>9</u>	<u>210,083</u>	<u>7</u>
7900	<b>Profit before income tax</b>	174,411	6	466,496	15
7950	Less: Income tax expenses (benefit) (note 6(q))	<u>(22,529)</u>	<u>(1)</u>	<u>43,821</u>	<u>1</u>
8200	<b>Profit</b>	<u>196,940</u>	<u>7</u>	<u>422,675</u>	<u>14</u>
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	16,048	1	(15,612)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(r))	(1,772,802)	(61)	1,772,840	55
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (note 6(g))	1	-	(2)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(q))	<u>3,209</u>	<u>-</u>	<u>(3,122)</u>	<u>-</u>
		<u>(1,759,962)</u>	<u>(60)</u>	<u>1,760,348</u>	<u>55</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>(1,759,962)</u>	<u>(60)</u>	<u>1,760,348</u>	<u>55</u>
8500	<b>Comprehensive income</b>	<u>\$ (1,563,022)</u>	<u>(53)</u>	<u>2,183,023</u>	<u>69</u>
	<b>Earnings per share (note 6(s)):</b>				
9750	<b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ 0.55</u>		<u>1.18</u>	
9850	<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ 0.55</u>		<u>1.17</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, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings			Other equity		Total equity
	Ordinary shares	Legal reserve	Special reserve	Unappropriated retained earnings (Deficit yet to be compensated)	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
\$	3,596,222	-	652,495	(101,952)	401,954	4,548,719
	-	-	-	422,675	-	422,675
	-	(12,492)	-	(12,492)	1,772,840	1,760,348
	-	-	-	410,183	1,772,840	2,183,023
	-	-	(389,650)	389,650	-	-
	-	-	-	(287,698)	-	(287,698)
	<b>3,596,222</b>	-	<b>262,845</b>	<b>410,183</b>	<b>2,174,794</b>	<b>6,444,044</b>
	-	-	-	196,940	-	196,940
	-	-	-	12,840	(1,772,802)	(1,759,962)
	-	-	-	209,780	(1,772,802)	(1,563,022)
	-	41,018	-	(41,018)	-	-
	-	-	-	(359,623)	-	(359,623)
\$	<b>3,596,222</b>	<b>41,018</b>	<b>262,845</b>	<b>219,322</b>	<b>401,992</b>	<b>4,521,399</b>

**Balance at January 1, 2021**

Profit for the year ended December 31, 2021

Other comprehensive income for the year ended December 31, 2021

Total comprehensive income for the year ended December 31, 2021

Appropriation and distribution of retained earnings:

Reversal of special reserve

Cash dividends of ordinary share

**Balance at December 31, 2021**

Profit for the year ended December 31, 2022

Other comprehensive income for the year ended December 31, 2022

Total comprehensive income for the year ended December 31, 2022

Appropriation and distribution of retained earnings:

Legal reserve

Cash dividends of ordinary share

**Balance at December 31, 2022**

(English Translation of Financial Statements Originally Issued in Chinese)  
FIRST COPPER TECHNOLOGY CO., LTD.

**Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 174,411	466,496
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	80,190	69,950
Amortization expense	12	-
Net (gain) loss on financial assets at fair value through profit or loss	22,237	(57,385)
Interest expense	16,297	6,616
Interest income	(182)	(18)
Dividend income	(313,439)	(145,995)
Share of profit of associates accounted for using equity method	(40)	(46)
Gain on disposal of property, plant and equipment	(870)	(1,762)
Loss on disposal of investments	231	668
Provision (reversal) for liabilities	(321)	938
<b>Total adjustments to reconcile loss</b>	(195,885)	(127,034)
<b>Changes in operating assets and liabilities:</b>		
<b>Net changes in operating assets:</b>		
Decrease (increase) in notes receivable	3,360	(2,595)
Decrease (increase) in accounts receivable	145,290	(139,458)
Decrease (increase) in accounts receivable from related parties	(713)	471
Increase in other receivables	(58)	(24,222)
Increase in inventories	(267,629)	(418,105)
Decrease in other current assets	11,260	40,480
<b>Net changes in operating assets</b>	(108,490)	(543,429)
<b>Net changes in operating liabilities:</b>		
Increase (decrease) in notes payable	(1,205)	1,317
Increase (decrease) in accounts payable	(64,183)	26,092
Decrease in accounts payable to related parties	(4,991)	(5,930)
Increase (decrease) in other payable	(37,820)	39,495
Increase (decrease) in other current liabilities	(57,272)	58,446
Decrease in net defined benefit liability	(8,371)	(1,049)
<b>Net changes in operating liabilities</b>	(173,842)	118,371
<b>Net changes in operating assets and liabilities</b>	(282,332)	(425,058)
<b>Total adjustments</b>	(478,217)	(552,092)
Cash outflow generated from operations	(303,806)	(85,596)
Interest received	182	18
Dividends received	313,223	145,995
Interest paid	(9,715)	(2,665)
Income taxes paid	(6,831)	-
Income taxes refund	-	4
<b>Net cash flows from (used in) operating activities</b>	(6,947)	57,756
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from liquidation in equity investment	-	620
Acquisition of financial assets at fair value through profit or loss	(47,457)	-
Proceeds from disposal of financial assets at fair value through profit or loss	67,286	194,594
Acquisition of property, plant and equipment	(78,839)	(104,322)
Proceeds from disposal of property, plant and equipment	944	1,829
Acquisition of intangible assets	(144)	-
Increase in prepayments for equipment	(111)	-
<b>Net cash flows from (used in) investing activities</b>	(58,321)	92,721
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	660,254	316,284
Decrease in short-term notes and bills payable	(306,137)	(103,685)
Increase in guarantee deposits received	196	-
Cash dividends paid	(356,281)	(286,444)
<b>Net cash flows used in financing activities</b>	(1,968)	(73,845)
<b>Net increase (decrease) in cash and cash equivalents</b>	(67,236)	76,632
<b>Cash and cash equivalents at beginning of period</b>	153,821	77,189
<b>Cash and cash equivalents at end of period</b>	\$ 86,585	153,821

See accompanying notes to financial statements.



(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, 2022 and 2021**

**(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 6, 2023 .

**(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. 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, 2022:

- 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”

- (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, 2023, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

(Continued)

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

#### (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).

##### (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(p).

###### (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.

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**Notes to the Financial Statements**

(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.

- (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.

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### Notes to the Financial Statements

(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 which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be 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 basis or settlement date base.

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.

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.

(Continued)

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### Notes to the Financial Statements

#### 2) Financial assets at 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 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) Financial assets at 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 :

(Continued)

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### Notes to the Financial Statements

- 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 cashflows, 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.

#### 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).

(Continued)

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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.

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.

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### Notes to the Financial Statements

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. 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.

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**Notes to the Financial Statements**

(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.

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.

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**Notes to the Financial Statements**

(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 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.

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**Notes to the Financial Statements**

(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	2 to 25 years
3) Other equipment	2 to 15 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.

(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.

(Continued)

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**Notes to the Financial Statements**

(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
- 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.

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### Notes to the Financial Statements

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) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) Amortization

All intangible assets are the cost of the computer software, and is recognized in profit or loss on a straight-line basis over the estimated three-years useful lives, from the date that they are available for use.

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

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(m) 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 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.

(n) 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 product are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) 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.

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

#### 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.

#### 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

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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.

(p) 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.

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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.

(q) 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.

Current taxes comprise the estimated 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 reverse, 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

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## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

(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.

(r) 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.

(s) 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.

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

**Notes to the Financial Statements**

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.

- (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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Cash and cash on hand	\$ 177	111
Checking deposits and demand deposits	86,408	153,710
Cash and cash equivalents in the statement of cash flows	<b>\$ 86,585</b>	<b>153,821</b>

Please refer to note 6(w) 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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stock listed on domestic markets	\$ 40,770	83,067

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

During the years ended December 31, 2022 and 2021, the dividends of \$593 and \$0, respectively, related to mandatorily measured at fair value through profit or loss held on the years then ended, were recognized.

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Equity investments at fair value through other comprehensive income:		
Listed common shares—Hua Eng Wire & Cable Co., Ltd.	\$ 2,857,325	4,630,117
Liquidation receivables of Global Corporation	364	374
Total	<b>\$ 2,857,689</b>	<b>4,630,491</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.

During the years ended December 31, 2022 and 2021, the dividend income of \$312,846 and \$145,995, 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.

No strategic investments were disposed of as of December 31, 2022 and 2021, 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(w).

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)

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Notes receivable from operating activities	\$ 1,481	4,841
Accounts receivable (including related parties)— measured at amortized cost	159,235	296,908
Accounts receivable — measured at fair value through other comprehensive income	10,146	17,050
Less: Loss allowance	-	-
	<b>\$ 170,862</b>	<b>318,799</b>
Classified as:		
Notes receivable	\$ 1,481	4,841
Accounts receivable	168,668	313,958
Accounts receivable from related parties	713	-
	<b>\$ 170,862</b>	<b>318,799</b>

(Continued)

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

**Notes to the Financial Statements**

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:

	<b>December 31, 2022</b>		
	<b>Gross carrying amount of notes and accounts receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Non-overdue	\$ 170,862	-	-
Overdue	-	-	-
	<b>\$ 170,862</b>		<b>-</b>
	<b>December 31, 2021</b>		
	<b>Gross carrying amount of notes and accounts receivable</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Non-overdue	\$ 318,799	-	-
Overdue	-	-	-
	<b>\$ 318,799</b>		<b>-</b>

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

	<b>2022</b>	<b>2021</b>
Balance at January 1 (Balance at December 31)	\$ -	-

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

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

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:

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

December 31, 2022

Purchaser	Amount derecognized	Amount advanced		Amount recognized in other receivables	Range of interest rate	Significant transferring terms
		Unpaid	paid			
Taishin Bank	\$ 9,960	8,964	-	9,960	-	None
CTBC Bank	19,683	17,715	-	19,683	-	None
CTBC Bank	2,521	2,269	-	2,521	-	None
	<u>\$ 32,164</u>		<u>-</u>	<u>32,164</u>		

December 31, 2021

Purchaser	Amount derecognized	Amount advanced		Amount recognized in other receivables	Range of interest rate	Significant transferring terms
		Unpaid	paid			
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
	<u>\$ 78,465</u>		<u>48,114</u>	<u>30,351</u>		

(e) Other receivables (including refundable deposits)

	December 31, 2022	December 31, 2021
Other receivables - factoring accounts receivable	\$ 32,164	30,351
Other receivables - remuneration of directors and supervisors	117	1,882
Other receivables - dividends receivable	231	-
Other receivables - others	24	14
Refundable deposits	7	7
Less: Loss allowance	-	-
	<u>\$ 32,543</u>	<u>32,254</u>
Classified as:		
Other receivables	\$ 32,536	32,247
Refundable deposits	7	7
	<u>\$ 32,543</u>	<u>32,254</u>

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

(f) Inventories

	December 31, 2022	December 31, 2021
Finished goods	\$ 292,688	253,357
Work in progress	935,503	722,442
Raw materials and supplies	756,535	687,412
Inventory in transit	-	53,886
	<u>\$ 1,984,726</u>	<u>1,717,097</u>

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

The details of the cost of sales were as follows:

	<u>2022</u>	<u>2021</u>
Inventory that has been sold	\$ 2,776,263	2,842,880
Write-down of inventories	112,353	3,693
Unallocated production overheads	68,124	56,167
Others	<u>(12,858)</u>	<u>(6,249)</u>
	<u>\$ 2,943,882</u>	<u>2,896,491</u>

The write-down of inventories in 2022 was due to the declining copper price which resulted in a decrease of realizable value. Although the copper price trended upwards in 2021, the write-down of inventories at the end of December 31 resulted in a decrease of realizable value.

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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates	\$ <u>168</u>	<u>142</u>

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

	<u>2022</u>	<u>2021</u>
Attributable to the Company:		
Profit from continuing operations	\$ 40	46
Other comprehensive income	<u>1</u>	<u>(2)</u>
Total comprehensive income	<u>\$ 41</u>	<u>44</u>

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

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(h) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and testing equipment</u>	<u>Total</u>
Cost or deemed cost:						
Balance at January 1, 2022	\$ 515,430	378,205	3,591,405	33,670	1,300	4,520,010
Additions	-	3,123	58,999	5,492	13,081	80,695
Reclassifications	-	-	12,024	-	(12,024)	-
Disposals	-	-	(46,412)	(1,485)	-	(47,897)
Balance at December 31, 2022	<u>\$ 515,430</u>	<u>381,328</u>	<u>3,616,016</u>	<u>37,677</u>	<u>2,357</u>	<u>4,552,808</u>
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	<u>\$ 515,430</u>	<u>378,205</u>	<u>3,591,405</u>	<u>33,670</u>	<u>1,300</u>	<u>4,520,010</u>
Depreciation:						
Balance at January 1, 2022	\$ -	292,408	3,131,586	28,843	-	3,452,837
Depreciation	-	9,686	65,934	1,369	-	76,989
Disposals	-	-	(46,338)	(1,485)	-	(47,823)
Balance at December 31, 2022	<u>\$ -</u>	<u>302,094</u>	<u>3,151,182</u>	<u>28,727</u>	<u>-</u>	<u>3,482,003</u>
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>
Carrying amounts:						
Balance at December 31, 2022	<u>\$ 515,430</u>	<u>79,234</u>	<u>464,834</u>	<u>8,950</u>	<u>2,357</u>	<u>1,070,805</u>
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, 2021	<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(v).

(i) Investment property

The details of investment property were as follows:

	<u>Owned property</u>		<u>Total</u>
	<u>Land and improvements</u>	<u>Building and other</u>	
Cost or deemed cost:			
Balance at January 1, 2022	<u>\$ 174,801</u>	<u>92,045</u>	<u>266,846</u>
Balance at December 31, 2022	<u>\$ 174,801</u>	<u>92,045</u>	<u>266,846</u>
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>
Depreciation:			
Balance at January 1, 2022	\$ -	41,234	41,234
Depreciation for the year	-	3,201	3,201
Balance at December 31, 2022	<u>\$ -</u>	<u>44,435</u>	<u>44,435</u>

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

	<b>Owned property</b>		<b>Total</b>
	<b>Land and improvements</b>	<b>Building and other</b>	
Balance at January 1, 2021	\$ -	38,006	38,006
Depreciation for the year	-	3,228	3,228
Balance at December 31, 2021	\$ -	<b>41,234</b>	<b>41,234</b>
Carrying amount:			
Balance at December 31, 2022	\$ <b>174,801</b>	<b>47,610</b>	<b>222,411</b>
Balance at December 31, 2021	\$ <b>174,801</b>	<b>50,811</b>	<b>225,612</b>
Balance at January 1, 2021	\$ <b>174,801</b>	<b>54,039</b>	<b>228,840</b>
Fair value:			
Balance at December 31, 2022			\$ <b>873,664</b>
Balance at December 31, 2021			\$ <b>736,446</b>

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(o).

As of December 31, 2022 and 2021, 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) Intangible assets

The costs, amortization and impairment of the intangible assets of the Company were as follows:

	<b>Computer software</b>
Cost:	
Balance at January 1, 2022	\$ -
Additions	144
Balance at December 31, 2022	\$ <b>144</b>
Accumulated amortization and impairment loss as:	
Balance at January 1, 2022	\$ -
Amortization for the year	12
Balance at December 31, 2022	\$ <b>12</b>
Carrying amounts:	
Balance at December 31, 2022	\$ <b>132</b>
Balance at December 31, 2021	\$ -

Intangible assets of the Company have not been pledged as collateral or restricted.

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(k) Other current assets

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Prepaid expenses	\$ 587	629
Prepaid raw materials	177	1,912
Excess business tax paid	15,397	16,825
Right to the returned goods	4,458	12,369
Others	<u>50</u>	<u>194</u>
	<b><u>\$ 20,669</u></b>	<b><u>31,929</u></b>

(l) Short-term borrowings

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Letters of credit	\$ 151,280	15,026
Unsecured loans	<u>964,000</u>	<u>440,000</u>
Total	<b><u>\$ 1,115,280</u></b>	<b><u>455,026</u></b>
Unused credit lines	<b><u>\$ 1,654,007</u></b>	<b><u>1,702,584</u></b>
Range of interest rates	<b><u>1.32%~2.09%</u></b>	<b><u>0.79%~1.05%</u></b>

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

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

(m) Short-term notes and bills payable

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Commercial paper payable	<b><u>\$ 499,386</u></b>	<b><u>799,888</u></b>
Range of interest rates	<b><u>1.888%~2.038%</u></b>	<b><u>0.88%~0.89%</u></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(l).

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(n) Other current liabilities

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Contract liabilities-advance sales receipts	\$ 17,453	65,525
Refund liabilities	6,027	14,967
Advance receipts	1,227	1,227
Temporary credits	47	308
Receipts under custody	1	-
Warranty provision	<u>617</u>	<u>938</u>
	<b><u>\$ 25,372</u></b>	<b><u>82,965</u></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>2022</b>	<b>2021</b>
Opening balance	\$ 938	-
Provisions used and reversed during the year	(1,724)	-
Provisions made during the year	<u>1,403</u>	<u>938</u>
Ending balance	<b><u>617</u></b>	<b><u>938</u></b>

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

(o) 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.

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Less than one year	\$ 14,729	14,729
One to two years	4,910	14,729
Two to three years	-	4,910
Total undiscounted lease payments	<b>\$ 19,639</b>	<b>34,368</b>

Rental income from investment property amounted to \$14,730 and \$14,011 in 2022 and 2021, 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 \$2,332 and \$2,414 in 2022 and 2021, respectively, are included in other gains and losses in the statements of comprehensive income.

(p) 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, 2022</b>	<b>December 31, 2021</b>
Present value of the defined benefit obligations	\$ 100,892	110,186
Fair value of plan assets	(115,219)	(100,094)
Net defined benefit liabilities (assets)	<b>\$ (14,327)</b>	<b>10,092</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.

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 \$115,219 as of December 31, 2022. 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.

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

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:

	<u>2022</u>	<u>2021</u>
Defined benefit obligations at January 1	\$ 110,186	98,618
Current service costs and interest	632	653
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	(236)	-
-Actuarial loss (gain) arising from experience adjustments	(7,386)	14,800
Benefits paid by the plan	(2,304)	(6,121)
Defined benefit obligations at December 31	<u>\$ 100,892</u>	<u>110,186</u>

3) Movements in the fair value of plan assets

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

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 100,094	103,089
Interest income	479	497
Remeasurements of the net defined benefit liabilities (assets) :		
-Return on plan assets (excluding interest income)	8,426	1,423
Contribution made	8,524	1,206
Benefits paid by the plan	(2,304)	(6,121)
Fair value of plan assets at December 31	<u>\$ 115,219</u>	<u>100,094</u>

4) Expenses recognized in profit or loss

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

	<u>2022</u>	<u>2021</u>
Current service costs	\$ 106	181
Net interest of net defined benefit liabilities (assets)	47	(25)
	<u>\$ 153</u>	<u>156</u>
Operating costs	\$ 138	138
Operating expenses	15	18
	<u>\$ 153</u>	<u>156</u>

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

5) Actuarial assumptions

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.500 %	0.500 %
Future salary increase rate	2.000 %	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 \$1,053.

The weighted-average lifetime of the defined benefits plans is 8.27 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:

	<u>Influences of defined benefit obligations</u>	
	<u>Increased</u>	<u>Decreased</u>
As of December 31, 2022		
Discount rate (Decreasing or increasing in 0.25%)	\$ (1,461)	1,499
Future salary increasing rate (Decreasing or increasing in 0.25%)	1,436	(1,407)
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)

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 2022 and 2021.

(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.

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

The Company pension costs under the defined contribution method were \$6,795 and \$6,246 for 2022 and 2021, respectively. As of December 31, 2022 and 2021, the payables which had not been contributed to the Bureau of Labor Insurance were \$1,097 and \$1,230 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:

	<u>2022</u>	<u>2021</u>
Operating costs	\$ 6,041	5,710
Operating expenses	754	536
Total	<u>\$ 6,795</u>	<u>6,246</u>

(iii) Short-term benefit obligation

As of December 31, 2022 and 2021, the Company's short-term benefit liabilities for vacation were \$6,055 and \$6,015, respectively, and were recognized as other payables in the balance sheets.

(q) Income taxes

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

	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ -	6,831
Deferred tax expense (benefit)		
Origination and reversal of temporary differences and tax losses	(22,529)	52,764
Change in unrecognized deferred tax assets of deductible temporary differences and tax losses	-	(15,774)
	<u>(22,529)</u>	<u>36,990</u>
Income tax expense (benefit)	<u>\$ (22,529)</u>	<u>43,821</u>

No income tax was recognized directly in equity for 2022 and 2021.

The amounts of income tax (benefit) recognized in other comprehensive income for 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u>\$ 3,209</u>	<u>(3,122)</u>

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

Reconciliation of income tax expense (benefit) and profit before income tax for 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Profit before income tax	\$ 174,411	466,496
Income tax using the Company's domestic tax rate	34,882	93,299
Unrealized losses (gains) on valuation of financial assets	4,447	(11,477)
Dividends income	(62,688)	(29,199)
Changes in unrecognized temporary differences and tax losses	-	(15,774)
Income Basic Tax	-	6,831
Others	155	141
Non-recognized tax losses	675	-
	<u>\$ (22,529)</u>	<u>43,821</u>

(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:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The carryforward of unused tax loss	\$ 488,917	488,917

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, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Year of expiry</u>
2016 (approved)	\$ 281,765	2026
2019 (approved)	207,152	2029
	<u>\$ 488,917</u>	

(Continued)



**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 2022 and 2021 were as follows:

	Defined benefit plans	Land value increment tax provision	Others	Total
<b>Deferred tax liabilities:</b>				
<b>Balance at January 1, 2022</b>	\$ -	264,866	-	264,866
Debit (credit) profit or loss	(326)	-	674	348
Debit other comprehensive income	3,209	-	-	3,209
<b>Balance at December 31, 2022</b>	<u>\$ 2,883</u>	<u>264,866</u>	<u>674</u>	<u>268,423</u>
<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>264,866</u>	<u>-</u>	<u>264,866</u>

	Allowance for inventories losses	Defined benefit plans	Tax loss carry- forward	Unallocated production overheads	Adjustment of difference of useful life of PPE between financial and tax methods	Others	Total
<b>Deferred tax assets:</b>							
<b>Balance at January 1, 2022</b>	\$ 1,396	1,998	-	6,405	4,637	2,682	17,118
Credit (debit) profit or loss	22,471	(1,998)	-	3,148	290	(1,034)	22,877
<b>Balance at December 31, 2022</b>	<u>\$ 23,867</u>	<u>-</u>	<u>-</u>	<u>9,553</u>	<u>4,927</u>	<u>1,648</u>	<u>39,995</u>
<b>Balance at January 1, 2021</b>	\$ 658	-	39,969	5,934	4,043	1,404	52,008
Credit (debit) profit or loss	738	(1,124)	(39,969)	471	594	1,278	(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>6,405</u>	<u>4,637</u>	<u>2,682</u>	<u>17,118</u>

(iii) Assessment of tax

The Company's income tax returns for the years through 2020 were assessed by the tax authorities.

(r) Share capital and other equity

(i) Capital stock

As of December 31, 2022 and 2021, 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.

(Continued)

**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, 2022 and 2021.

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. The balance of special reserve were \$31,094 on December 31, 2022 and 2021.

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

3) Earnings distribution

Earnings distribution for 2021 and 2020 were decided by the general meeting of shareholders held on June 23, 2022 and August 27, 2021. The relevant dividend distributions to shareholders were as follows:

	<b>2021</b>	<b>2020</b>
Dividends distributed to ordinary shareholders per share (in dollars)		
Cash	\$ <u>1</u>	<u>0.80</u>

Earnings distribution for 2022 was proposed by the resolution adopted at the board meeting held on March 6, 2023. The relevant dividend distributions to shareholders was as follows:

	<b>2022</b>
Dividends distributed to ordinary shareholders per share (in dollars)	
Cash	\$ <u>0.40</u>

Related information would be available at the Market Observation Post System website.

(iii) Other equity (net of tax)

	<b>Financial assets measured at fair value through other comprehensive income</b>
Balance at January 1, 2022	\$ 2,174,794
Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	(1,772,792)
Unrealized gains (losses) from receivables	(10)
Balance at December 31, 2022	\$ <u>401,992</u>
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	\$ <u>2,174,794</u>

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(s) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	<b>2022</b>	<b>2021</b>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	\$ <u><u>196,940</u></u>	<u><u>422,675</u></u>
Weighted-average number of common shares outstanding (shares in thousands)	<u><u>359,622</u></u>	<u><u>359,622</u></u>
Basic earnings per share (in dollars)	\$ <u><u>0.55</u></u>	<u><u>1.18</u></u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of company (diluted)	\$ <u><u>196,940</u></u>	<u><u>422,675</u></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>250</u>	<u>347</u>
Weighted-average number of common shares outstanding (shares in thousands) (diluted)	<u><u>359,872</u></u>	<u><u>359,969</u></u>
Diluted earnings per share (in dollars)	\$ <u><u>0.55</u></u>	<u><u>1.17</u></u>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2022</b>	<b>2021</b>
Primary geographical markets:		
Taiwan	\$ 1,606,230	1,778,916
Mainland China	626,268	840,174
Japan	244,477	259,115
Others	<u>418,437</u>	<u>340,599</u>
Total	\$ <u><u>2,895,412</u></u>	<u><u>3,218,804</u></u>
Major products/services lines:		
Manufacture and sale of copper plate	\$ 2,676,772	3,056,431
Processing revenue	137,619	132,153
Others	<u>81,021</u>	<u>30,220</u>
Total	\$ <u><u>2,895,412</u></u>	<u><u>3,218,804</u></u>

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(ii) Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes and accounts receivable (including related parties)	\$ 170,862	318,799	177,217
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><b>\$ 170,862</b></u>	<u><b>318,799</b></u>	<u><b>177,217</b></u>
Contract liabilities—advance sales receipts	<u><b>\$ 17,453</b></u>	<u><b>65,525</b></u>	<u><b>10,698</b></u>

For additional information on notes and 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, 2022 and 2021, and included in the contract liability balance at January 1, 2022 and 2021 were \$65,525 and \$10,698 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 sales receipts in other current liabilities.

(u) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute a minimum of 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, 2022 and 2021, the Company estimated its employee remuneration amounting to \$5,422 and \$14,487, respectively, and directors' remuneration amounting to \$904 and \$1,932, 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 2022 and 2021. 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 2022 and 2021.

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(v) Non-operating income and expenses

(i) Interest income

The details of interest income of the Company were as follow:

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ <u>182</u>	<u>18</u>

(ii) Other income

The details of other income of the Company were as follows:

	<u>2022</u>	<u>2021</u>
Dividend income	\$ 313,439	145,995
Rental income	14,730	14,011
Revenue from sale of scrap	791	819
Revenue from fire insurance indemnification	-	1,464
Directors' and supervisors' remuneration	90	2,480
Others	<u>498</u>	<u>314</u>
	<u>\$ 329,548</u>	<u>165,083</u>

(iii) Other gains and losses

The details of other gains and losses of the Company were as follows:

	<u>2022</u>	<u>2021</u>
Foreign exchange gains, net	\$ 1,142	281
Net gains (losses) of financial assets at fair value through profit and loss	(22,237)	57,385
Net gains on disposal of property, plant and equipment	870	1,762
Depreciation of investment property	(3,201)	(3,228)
Others	<u>(4,557)</u>	<u>(4,648)</u>
	<u>\$ (27,983)</u>	<u>51,552</u>

(iv) Finance costs

The details of finance costs of the Company were as follows:

	<u>2022</u>	<u>2021</u>
Interest expenses		
Bank loans and short-term notes and bills payable	<u>\$ (16,297)</u>	<u>(6,616)</u>

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(w) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$ 40,770	83,067
Financial assets at fair value through other comprehensive income:		
Investment in equity instruments	2,857,325	4,630,117
Accounts receivable	10,146	17,050
Receivables - the distribution of remaining on liquidation	364	374
Subtotal	2,867,835	4,647,541
Financial assets measured at amortized cost:		
Cash and cash equivalents	86,585	153,821
Notes receivable, accounts receivable (including related parties), and other receivables	193,252	336,249
Refundable deposits	7	7
Subtotal	279,844	490,077
Total	<b>\$ 3,188,449</b>	<b>5,220,685</b>

2) Financial liabilities

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$ 1,115,280	455,026
Short-term notes and bills payable	499,386	799,888
Payables (including related parties)	120,657	222,638
Total	<b>\$ 1,735,323</b>	<b>1,477,552</b>

(ii) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**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, 2022 and 2021, one customer accounted for 33.75% and 23.27% 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, 2022 and 2021.

(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, 2022</b>							
Non-derivative financial liabilities							
Bank loans	\$ 1,115,280	1,118,914	1,118,914	-	-	-	-
Short-term notes and bills payable	499,386	500,000	500,000	-	-	-	-
Notes payable	2,890	2,890	2,890	-	-	-	-
Accounts payable (including related parties)	57,512	57,512	57,512	-	-	-	-
Other payables	<u>60,255</u>	<u>60,255</u>	<u>60,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,735,323</u>	<u>1,739,571</u>	<u>1,739,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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	<u>91,857</u>	<u>91,857</u>	<u>91,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,477,552</u>	<u>1,478,090</u>	<u>1,478,090</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.

(Continued)



**FIRST COPPER TECHNOLOGY CO., LTD.**  
**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, 2022			December 31, 2021		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 3,033	30.71	93,156	3,541	27.68	98,007
JPY	3,220	0.2324	748	-	-	-
EUR	77	32.72	2,508	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 43	30.71	1,311	2	27.68	55
JPY	3,220	0.2324	748	-	-	-
EUR	77	32.72	2,508	-	-	-

2) Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables. As of December 31, 2022 and 2021, if the exchange rate of the NTD versus the USD, JPY and EUR had increased or decreased by 1%, given no changes in other factors, the impact were as follows:

	2022		2021	
	Depreciate 1%	Appreciate 1%	Depreciate 1%	Appreciate 1%
	Increase in net profit after tax	Decrease in net profit after tax	Increase in net profit after tax	Decrease in net profit after tax
\$	735	735	784	784

The analysis is performed in the same basis for 2022 and 2021.

3) Exchange gains and losses from monetary items

The exchange gain (losses) (including realized and unrealized) that resulted from monetary were as follows:

	2022		2021	
	Exchange gains (losses)		Exchange gains (losses)	
USD	\$	1,076		245
JPY		55		21
EUR		11		15
\$		1,142		281

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and the interest rate exposure of the Company's financial liabilities.

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:

<b>2022</b>		<b>2021</b>	
<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>	<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>
<b>Decrease in net profit after tax</b>	<b>Increase in net profit after tax</b>	<b>Decrease in net profit after tax</b>	<b>Increase in net profit after tax</b>
\$ <b>2,231</b>	<b>2,231</b>	<b>910</b>	<b>910</b>

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 were performed using the same basis, with all other variables held constant, the influences to other comprehensive income, were as follows:

<b>Prices at reporting date</b>	<b>2022</b>		<b>2021</b>	
	<b>Other comprehensive income after tax</b>	<b>Net income</b>	<b>Other comprehensive income after tax</b>	<b>Net income</b>
Increase by 1%	\$ <b>28,573</b>	<b>408</b>	<b>46,301</b>	<b>831</b>
Decrease by 1%	\$ <b>(28,573)</b>	<b>(408)</b>	<b>(46,301)</b>	<b>(831)</b>

(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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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

	December 31, 2022				
	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>\$ 40,770</u>	40,770	-	-	40,770
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	\$ 2,857,325	2,857,325	-	-	2,857,325
Receivables-the distribution of remaining on liquidation	364	-	364	-	364
Accounts receivable	<u>10,146</u>	-	10,146	-	10,146
Total	<u>\$ 2,867,835</u>				
	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>				

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.

(Continued)

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

The fair value of the equity instruments which do not have any quoted market price 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, 2022, and 2021.

(x) 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.

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.

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

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, and if necessary, requires prepayment by L/C before shipping.

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.

As of December 31, 2022 and 2021, unused credit lines were amounted to \$1,654,007 and \$1,702,584, 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.

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## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

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.

(y) 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.

In 2022, the Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratios at the end of the reporting period as at December 31, 2022 and 2021 were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Total liabilities	\$ 2,030,750	1,843,815
Less: cash and cash equivalents	<u>86,585</u>	<u>153,821</u>
Net debt	1,944,165	1,689,994
Total equity	<u>4,521,399</u>	<u>6,444,044</u>
Capital after adjustment	<u><b>\$ 6,465,564</b></u>	<u><b>8,134,038</b></u>
Debt-to-equity ratio	30.07%	20.78%

The increase in debt-to-equity ratio as of December 31, 2022 is mainly due to the increase in unrealized losses from equity instruments measured at fair value through other comprehensive income, which resulted in a decrease in total equity.

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

(z) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities of the Company was as follows:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes Amortized interest</u>	<u>December 31, 2022</u>
Short-term borrowings	\$ 455,026	660,254	-	1,115,280
Short-term notes and bills payable	799,888	(306,137)	5,635	499,386
Guarantee deposit received (recognized as other payables)	-	196	-	196
Total liabilities from financing activities	<u>\$ 1,254,914</u>	<u>354,313</u>	<u>5,635</u>	<u>1,614,862</u>
	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes Amortized interest</u>	<u>December 31, 2021</u>
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	<u>\$ 1,038,461</u>	<u>212,599</u>	<u>3,854</u>	<u>1,254,914</u>

**(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.

(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:

<u>Name of related party</u>	<u>Relationship with the Company</u>
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:

	<u>2022</u>	<u>2021</u>
Parent company	<u>\$ 12,845</u>	<u>8,071</u>

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
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The transaction 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>2022</b>	<b>2021</b>
Parent company	<b>\$ 60,478</b>	<b>69,016</b>

The price 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, 2022</b>	<b>December 31, 2021</b>
Accounts receivable	Parent company	<b>\$ 713</b>	<b>-</b>

(iv) Payables to Related Parties

The payables to related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Accounts payable	Parent company	<b>\$ -</b>	<b>4,991</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, 2022 and 2021, the management service fees amounted to \$19,200, and were included in operating expenses in the statements of comprehensive income. As of December 31, 2022 and 2021, payables from the above transaction had been settled in full.

(vi) Other

The Company leased part of 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, 2022 and 2021, the rental expenses amounted to \$240 per year and were included in operating expenses in the statements of comprehensive income. As of December 31, 2022 and 2021, payables from the above transaction had been settled in full.

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The amounts of advertising expense paid to other related parties amounted to \$100 in 2022 and 2021, which was included in operating expenses in statements of comprehensive income.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 7,345	9,626
Post-employment benefits	158	152
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	<u>\$ 7,503</u>	<u>9,778</u>

**(8) Pledged assets: None.**

**(9) Commitments and contingencies:**

Major commitments and contingencies were as follows:

(i) Unrecognized contingencies of contracts:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Acquisition of property, plant and equipment	<u>\$ 25,463</u>	<u>24,381</u>

(ii) Unused standby letters of credit:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Purchase of material	<u>\$ 282,791</u>	<u>530,137</u>

**(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	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary and wages	121,956	12,872	134,828	157,428	16,592	174,020
Labor and health insurance	15,568	1,224	16,792	14,407	1,060	15,467
Pension	6,179	769	6,948	5,848	554	6,402
Remuneration of directors	-	2,454	2,454	-	3,481	3,481
Others personnel costs	7,241	2,826	10,067	7,136	3,077	10,213
Depreciation	76,989	-	76,989	66,722	-	66,722
Amortization	12	-	12	-	-	-

(Continued)

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The additional information of number of employees and employee benefits in 2022 and 2021 was as follows:

	<b>2022</b>	<b>2021</b>
Numbers of employees	<b>259</b>	<b>260</b>
Numbers of non-employee directors	<b>6</b>	<b>6</b>
Average employee benefits	<b>\$ 667</b>	<b>811</b>
Average employee salary	<b>\$ 533</b>	<b>685</b>
Adjustment of average employee salary	<b>(22.22%)</b>	
Remuneration to supervisor	<b>-</b>	<b>-</b>

The Company's salary and remuneration policy (including directors, 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.
  - (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 a minimum of 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.

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**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, 2022.

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2022 (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 (%)	
The Company	Taiwan semiconductor Manufacturing Co., Ltd. stock	-	Current financial assets at fair value through profit or loss	84,000	37,674	-	37,674
The Company	VisEra Technologies Co., Ltd. stock	-	Current financial assets at fair value through profit or loss	16,000	3,096	0.01 %	3,096
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	2,857,325	32.96 %	2,857,325

(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.

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

- (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.

(b) Information on investees:

The following is the information on investees for the year 2022 (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, 2022			Net income (losses) of investee	share of profits / losses of investee	Note
				December 31, 2022	December 31, 2021	Percentage of ownership	Carrying value				
The Company	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	165	165	0.29 %	168	13,779	40	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>2022</u>	<u>2021</u>
Copper plate	\$ 2,676,772	3,056,431
Processing revenue	137,619	132,153
Others	81,021	30,220
Total	<u>\$ 2,895,412</u>	<u>3,218,804</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.

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

<b>Geographic information</b>	<b>2022</b>	<b>2021</b>
<b>Revenue from external customers:</b>		
Taiwan	\$ 1,606,230	1,778,916
Mainland China	626,268	840,174
Japan	244,477	259,115
Others	418,437	340,599
Total	<u>\$ 2,895,412</u>	<u>3,218,804</u>
	<b>December 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
<b>Non-current assets:</b>		
Taiwan	<u>\$ 1,303,815</u>	<u>1,303,141</u>

Non-current assets included property, plant and equipment, investment property, intangible assets and other assets, not including financial instruments, net defined benefit assets and deferred tax assets.

(d) Major customer's information

The Company did not have the individual customers that constituted over 10% of the total revenue in the statements of comprehensive income in 2022.

The sales to individual customers that constituted 10% or more of the Company's net sales in the statements of comprehensive income in 2021 were as follows:

<b>Customer</b>	<b>2021</b>	
	<b>Amount</b>	<b>% of net sales</b>
E	<u>\$ 326,378</u>	<u>10.14 %</u>

First Copper Technology Co., Ltd.

Chairman: Wang Hong-Ren