股票代號：1608

華榮電線電纜

FIRST COPPER TECHNOLOGY CO.,LTD.

ANNUAL REPORT

2022

Publication Date: May 11, 2023

Annual Report URL: Market Observation Post System

http://mops.twse.com.tw

ompany Website: http://www.hegroup.com.tw

(I) Names, titles, phone numbers and e-mail addresses of the spokesperson and deputy spokesperson

Spokesperson:
Name: Fang Wu-Nan
Title: General Manager
Tel.: (07) 281-4161 Ext. 300
E-mail: wnfang@hegroup.com.tw
Deputy spokesperson:
Name: Liu Hsiu-Mei
Title: Manager, Accounting Section
Tel.: (07) 281-4161 Ext. 420
E-mail: misherr@hegroup.com.tw

(II) Addresses and phone numbers of the head office, branches and factory

Head Office: Address: No. 170 Zhongzheng 4th Rd, Qianjin District, Kaohsiung City 801
Tel.: (07) 281-4161 (Line 27)
Taipei Branch: Address: 11F, No. 210, Section 3, Nanjing East Road, Zhongshan District, Taipei City 104
Tel: (02) 2771-7611 (Line 5)
Factory: Address: No. 30, Gaonan Highway, Renwu District, Kaohsiung City 814
Tel: (07) 342-6333 (Line 8)

(III) Name, Address, Website and Tel. for Stock Transfer Organization

Name: Hua Eng Wire & Cable Co., Ltd. Stock Affairs Division
Address: 11F, No. 210, Section 3, Nanjing East Road, Zhongshan District, Taipei City 104
Tel: (02) 2771-7611 (Line 5)
Website: www.hegroup.com.tw

(IV) Names of CPAs for the latest financial statements, and the name, address, website and phone number of the CPA firm

Name of CPA: Hsu Chen-Lung, Chen Yung-Hsiang
Name of CPA firm: KPMG Taiwan
Address: Rm. 6,12F, No. 211, Zhongzheng 4th Rd, Qianjin District, Kaohsiung City 801

Tel.: (07) 2130888
Website: www.kpmg.com.tw

(V) Name of any exchange where the Company's securities are traded offshore, and the method to access information on the said offshore securities: None.

(VI) Company website: www.hegroup.com.tw

Table of Contents 2022 Annual Report

I. Business results of the previous year (2022):

(I) Business plan implementation results:

The consolidated operating revenue of the Company and its subsidiaries in 2022 was NTD 10,749,897 thousand; consolidated operating costs were NTD 10,220,776 thousand; consolidated operating expenses were NTD 188,515 thousand; consolidated operating profit was NTD 340,606 thousand; consolidated non-operating losses were NTD 140,550 thousand; consolidated profit before income tax was NTD 200,056 thousand; consolidated income tax expense was NTD 110,308 thousand; consolidated net income was NTD 89,748 thousand; consolidated other comprehensive income was NTD 32,965 thousand; and the total comprehensive income was NTD 122,713 thousand.

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

(III) Revenues, expenses, and profitability analysis:

Item		Percentage
Return on assets		0.86%
Return on equity		1.05%
Percentage in paid-in capital	Operating profit	5.38%
	Profit before tax	3.16%
Net profit margin		0.83%
Earnings per share (NTD)		-0.09

(IV) Research and development status:

1. R&D of high-quality copper materials used for motors of electric vehicles and generators.

2. R&D of thin-diameter slotted core optical fiber cables.
3. Doubling of rubber-filled loose tube optical fiber cable cores.
4. R&D of EV cable used for electric vehicle charging systems.

II. Summary of the business plan for the year (2023)

(I) Business guidelines:

1. We utilize our oxygen-free copper wires to distinguish our products from others on the market and develop high value-added copper wires and profiles (featuring thinness and used for solar power systems, electric vehicles and medical purpose).
2. The Company has developed 345kV ultra high voltage transmission cables and obtained the certification for joint materials. In support of TaiPower's construction plan to enhance the resilience of grids by spending NT$564.5 billion within 10 years, the Company is proactively seeking business opportunities for mid and high voltage cables.
3. The Company has obtained engineering projects from TaiPower for 161kV high voltage transmission cables and equipment and will also support the government's offshore wind power planby meeting the offshore wind industry's need for grid connections. We continue to seek large-scale turnkey projects for transmission cables in order to achieve operational targets.
4. The amended draft of the Renewable Energy Development Act by the Ministry of Economic Affairs adds the clause that solar energy equipment of a certain capacity should be installed on rooftops of new, expanded and reconstructed buildings meeting certain criteria. The Company will actively seek business opportunities in the green energy market for electric cables.
5. Responding to the international and domestic trends of 5G telecommunication, online banking, cloud storage for big data, mobile payment, IoT, IoV, and autonomous vehicles, the Company improves the production capacity of optical fiber cables and successfully develops flat optical fiber cables, low-friction optical fiber cables, micro-tube optical fiber cables, corrugated optical fiber cables, and FTTH indoor bending-resistant G657A optical fiber cables.

6. To meet the domestic demand for large-scale projects such as MRT system and HSR station construction, improvement projects of the Railways Administration, and plant construction in industrial parks, we accepts orders for LSFH cables and heat-resistant/fire-resistant cables.
7. We research and develop the formula of high voltage rubber to bid for the projects of TPC's power plants such as Linkou Power Plant, Dalin Power Plant, Tongxiao Power Plant, Xingda Power Plant, Taichung Power Plant, and Longjian Power Plant and to obtain orders for EPR fire-resistant control cables.
8. To expand our business in the overseas Copper wire and cable market, we have passed certifications in Japan, Thailand and obtained orders.

(II) Expected sales volume and its basis:

Our expected sales volume in 2023: 8,054 tons of copper wires; 40,000 km-c of communication cables; 10,723 tons of power cables; 113,831 km-c of optical fiber cables.

(III) Important production/sales policy:

1. For the sale of products, we focus on the market and balancing production and marketing. Our products are sold primarily in Taiwan and, secondarily, overseas.
2. Our products are sold directly to high-tech industries, listed companies and government agencies. As for other enterprises and businesses, we work with distributors to sell our products.
3. We achieve reasonable production costs, improve the development of new material sources and the production management, adjust the proportion of our products, enhance product quality, reduce the delivery time, and boost the market competitiveness.
4. Pandemic of COVID-19, inflation and military conflict have caused the increase in commodity price, hedging of raw materials (copper, XLPE) are strengthened.
5. We reinforce the distribution network and enhance the operation of the online information system to improve

service efficiency and quality, thereby meeting customers' needs.

III. Future development strategy:

1. Short-term business development plan:
   (1) High-quality oxygen-free copper.
   (2) Engineering project:
      ① ultra-high voltage 161KV Turnkey project and 345KV emergency repair engineering projects.
   (3) Green energy industry:
      ① Efficient rubber cables for thermal power plants.
      ② Medium and high voltage cables for solar and wind power generation.
      ③ Eco-friendly RoHS cables.
   (4) Track and traffic:
      ① Special armored optical fiber cables for the Railways Administration.
      ② LSFH cables for MRT.
   (5) Special armored cables for petrochemical plants.
2. Long-term development plan:
   (1) Further research and develop high value-added products, integrate resources from research institutions such as the ITRI and universities to seek for opportunities in new industries.
   (2) Recruit and train talents to enhance the talent training program implemented together with the academic community on a continuous basis.

IV. Impacts of the external competitive environment, regulatory environment, and overall business environment:

1. The pandemic continued to affect the domestic economy in 2023. This combined with the Russia–Ukraine War means a high level of uncertainties.
2. The monetary policy in the U.S. is another factor. To counter the high inflation, the Fed raised interest rates significantly last year. This caused the appreciation of the US dollar and as many commodities are denominated in US dollars, prices naturally went up.
3. Economists predict that the economic recovery of China after the

end of its zero-COVID policy and the change of the Fed strategy will cause a slight rebound of copper prices this year.

4. The Company plans to explore the feasibility of carbon reduction, to respond to Climate Change Act in Taiwan and Carbon Border Adjustment Mechanism (CBAM) in the European Union, to achieve ESG and corporate sustainability.
5. Both the energy dispatching of electricity companies and the management strategy for cloud IoT of telecommunication operators increase the demand for wires and cables and reduce the delivery time, which will affect the opportunities in the wire and cable market.
6. The Company focuses on strengthening quality management, controlling the operating cost, reducing risks, and actively developing high value-added products.

I. Date of establishment: December 8, 1956.

II. Company history

December 8, 1956	The Company was founded under its original name of "Hua Eng Copper and Iron Industry Co., Ltd.".
1969	We entered into a "technical cooperation" with SWCC Showa Holdings Co., Ltd. of Japan to produce various power cables and communication cables.
1969	First Copper Technology Co., Ltd was founded under its original name of "First Wire & Cable Co., Ltd." and was
1971	Renamed as "First Copper Productions Co., Ltd.". In 1972, it was renamed "First Copper & Iron Co., Ltd." At present, the main business is the manufacturing, processing, trading and export of copper ingots, copper alloy plates and copper products.
1973	We entered into a "technical cooperation" with GE of the US to produce the world's highest quality copper wire--oxygen-free copper wire.
1976	We entered into a "technical cooperation" with SWCC Showa Holdings Co., Ltd. of Japan to produce high-quality cross-linked PE high-voltage cables.
1984	We entered into a "technical cooperation" with SWCC Showa Holdings Co., Ltd. of Japan to produce optical fiber wires and cables and their accessories.
1985	We entered into a "technical cooperation" with SWCC Showa Holdings Co., Ltd. of Japan to produce foamed polyethylene double-layer insulated telephone cables.
1987	We entered into a "technical cooperation" with SWCC Showa Holdings Co., Ltd. of Japan to conduct research and development of various technologies for manufacturing wires and cables.
1987	The Company was renamed "Hua Eng Wire & Cable Co., Ltd.".
July 11, 1988	The Company's stock was listed.
1989	First Copper & Iron Co., Ltd.'s stock was listed.
1990	We entered into a "technical cooperation" with Fujikura Ltd. of Japan to conduct research and development of manufacturing technology for ribbon optical fiber cables, etc.
1990	We invested in the establishment of Hua Ho Engineering Co., Ltd.. Its main business included general electrical engineering, design of communication engineering projects, construction project bidding, and contracting business.
1993	We entered into a "technical cooperation" with Japan Furukawa

	Electric Co., Ltd. to conduct research and development of manufacturing technology for flame-resistant, heat-resistant, and corrosion-resistant EPR insulated cables.
1994	We obtained registration for the International Organization for Standardization (ISO 9001) certification from the Commodity Inspection Bureau of the Ministry of Economic Affairs.
1995	PVC electronic wires passed the CSA and UL certifications. We successfully applied for the CNS Mark for CNS4898 control wires.
1996	We passed Japan’s safety mark product certification; successfully applied for the CNS Mark for CNS3471 pipeline telephone cables.
1997	Flame-resistant and fire-resistant LSFH cables passed the LR certification; 840^0C fire-resistant cables and 380^0C heat-resistant cables were certified by the National Fire Agency.
1998	Category 5 Lan cable type CMR CM CMX cables passed the UL certification; marine cables passed the ABS and DNV certifications; we passed the UL ISO-9001 Quality Assurance System certification.
May 1999	We passed the Taipower ACSR aluminum wire certification.
December 1999	We were qualified to produce 161KV power transmission and distribution cables for Taipower.
April 2000	We passed the ISO14001 Environmental Management System certification.
2000	First Copper & Iron Co., Ltd. was renamed First Copper Technology Co., Ltd..
November 2001	Optical fiber drawing was put into mass production.
August 2002	Category 6 Lan cables passed the UL certification.
February 26, 2003	250V/660V/750V/3.6KV flame-resistant marine cables passed the BV certification.
August 14, 2003	PVC insulated wires passed the inspection by the Commodity Inspection Bureau of the Ministry of Economic Affairs and were registered in the product verification catalog.
December 3, 2003	Our quality management system complying with ISO 9001: 2000 standards passed the UL certification.
July 22, 2004	The Bureau of International Trade issued a certificate of authorization for the Company's 2003 import and export performance.
November 15, 2004	As appraised by CNLA, the length calibration laboratory was certified.
2005	We undertook the Taipower 161KV transmission cable engineering

	project. The project was evaluated as the first-class project in the construction inspection and evaluation of the Ministry of Economic Affairs. 2006 Taipower 345KV XLPE cables were certified in the localization certification underway.
2007	We passed the Malaysian SIRIM certification and Japan’s PSE certification.
2007	We invested in the establishment of First United Engineering Co., Ltd.. The main business included cable installation engineering and communication engineering.
August 20, 2008	We passed the Taipower 345KV UHV XLPE Cable certification.
2008	We successfully bid the Taipower 25KV power submarine cable engineering project in Matsu.
January 17, 2009	Our 25KV high-voltage cross-linked PE weatherproof wires passed the evaluation of Taipower.
March 17, 2009	Our 380^{0}C heat-resistant cables were certified by the National Fire Agency.
July 17, 2009	Our 600V heat-resistant PVC insulated wires and shielded control cables passed the inspection by the Commodity Inspection Bureau and obtained a CNS Mark certificate.
November 5, 2009	Our 600V flame-resistant cables and 600V XLPE flame-resistant cables passed Japan’s PSE certification.
December 14, 2009	Our products passed the certification of Chunghwa Telecom, including non-shielded paired indoor cables, PVC jumpers, self-sustained foamed and enriched polyethylene double-layer insulated rubber-filled cables with laminated sheath, and city cables.
December 15, 2009	The occupational safety and health performance of our Kao-Nan Factory was approved by the Council of Labor Affairs.
June 4, 2010	We passed the UL solar cable certification.
February 10, 2011	69KV XLPE anti-termite cables were certified by Taipower.
April 6, 2011	We passed the TUV certification for solar cables.
2012	We passed the Taipower 600V PVC aluminum weatherproof wire certification.
July 6, 2012	We passed the TUV factory evaluation.
December 28, 2012	Our 12/20KV XLPE/LSFH tinned copper wire braided armored cables passed the ABS certification.
March 20, 2013	We passed Japan’s PSE certification for synthetic resin insulated wires.
	Micro-tube indoor fiber optical cables were developed and put into

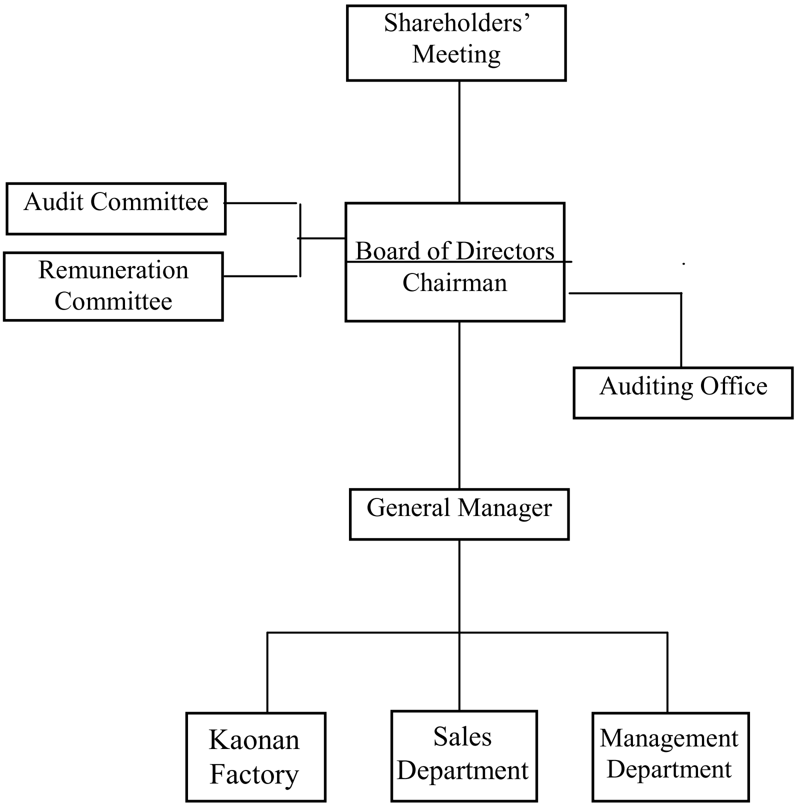
	mass production. HDMI connection optical cables and USB 3.0 electronic cables were developed and put into mass production.
January 24, 2014	We obtained the CNS5747 designation from the Bureau of Standards, Metrology, and Inspection of the MOEA: 600V chlorosulfonated polyethylene insulated cable for lead out (LHH).
January 13, 2015	We obtained the CNS3301 designation from the Bureau of Standards, Metrology, and Inspection of the MOEA: Single multi-core cable with PVC insulation coating.
January 13, 2015	We obtained the CNS10741 designation from the Bureau of Standards, Metrology, and Inspection of the MOEA: Rubber insulated flexible cable.
March 2, 2016	We obtained the designation from the Bureau of Standards, Metrology, and Inspection of the MOEA: 600V LF-V lead-free PVC wire.
April 7, 2016	We obtained the designation from the Bureau of Standards, Metrology, and Inspection of the MOEA: 600V eco-friendly cable.
August 21, 2017	We obtained designations from the Bureau of Standards, Metrology, and Inspection of the MOEA: CNS679, 600V PVC insulated wire (IV); CNS3301, 600V PVC insulation and coating (VV); CNS 15663, “Taiwan RoHS restricted substance marking” commodity verification registration certificate.
November 27, 2017	We obtained designations from the Bureau of Standards, Metrology, and Inspection of the MOEA: CNS10741, 600V rubber insulated flexible cable; CNS8379, 600V heat-resistant PVC insulated wire (HIV); CNS5747, 600V chlorosulfonated polyethylene insulated wire for lead out (LHH); CNS 15663, “Taiwan RoHS restricted substance marking” commodity verification registration certificate.
January 29, 2018	Our quality management system in line with the ISO 9001: 2015 standards and environmental management system complying with the ISO 14001: 2015 standards were certified by a verification agency, DQS Taiwan Inc.
December 14, 2018	We won CSR-related praise as a Chunghwa Telecom supplier and were awarded the “Information Disclosure Performance” price.
December 4, 2019	Hua Eng Wire & Cable won the “Gold Certificate” and “CSR Information Disclosure Performance” awards issued by Chunghwa Telecom.
December 24, 2019	We contracted for the 161kV engineering project with Taipower and won the 19th Executive Yuan Public Works Gold Award and the 13th Golden Security Award.

January 27, 2020	Our occupational safety and health management system in line with the ISO 45001: 2018 standards was certified by a verification agency, DQS Taiwan Inc.
January 31, 2020	Our length and temperature calibration laboratories passed the ISO-IEC 17025(2017)/CNS17025(2018) certifications of the Taiwan Accreditation Foundation (TAF).
May 31, 2021	The Company's "Testing laboratory" received the certificate of ISO IEC17025 TAF testing laboratory, and items accredited are: smoke density, AC withstand voltage, insulation resistance, conductor resistance, tensile strength and elongation, structure inspection, aging test, oil resistance test, heat test, boiling test, vertical combustion test, and fire proof test.
June 24, 2022	Tin coated annealed stranded copper wires received the CNS mark from the Bureau of Standard, Metrology and Inspection, Ministry of Economic Affairs.
September 13, 2022	PV cables passed the EN 50618 and IEC 62930 certification.

I. Organization

(I) Organizational structure

Organization of Hua Eng Wire & Cable Co., Ltd.



(II) Operations of main departments:

1. Management Department: In charge of the Company's accounting, cost, stock affairs, finance, general affairs, procurement, investment evaluation, and computerized operations.
2. Sales Department: In charge of the Company's business, delivery, planning, and trade, as well as business matters in Taipei and Taichung.
3. Kaonan Factory: In charge of the Company's product production plans, manufacturing, inspection, quality assurance, production technology, and R&D of products and materials.

II. Information on directors, supervisors, the general manager, deputy general managers, and managers:

(I) Director information 1.

Unit: Shares; Date: April 23, 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	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Chairman	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	2020.06.17	Three years	1996.06.10 1987.10.05	208,563,824 13,419,455	32.96% 2.12%	208,563,824 13,419,455	32.96% 2.12%	— 17	— 0.00%	— 0	— 0
Director	Mei-Da Co., Ltd. Representative: Wang Yu-Fa	2020.06.17	Three years	1996.06.10 1956.11.10	3,936,732 11,089,162	0.62% 1.75%	3,936,732 11,089,162	0.62% 1.75%	— 22,057,932	— 3.49%	— 0	— 0
Director	First Copper Technology Co., Ltd. Representative: Wang Ming-Jen	2020.06.17	Three years	1996.06.10 2022.03.03	208,563,824 5,411	32.96% 0%	208,563,824 5,411	32.96% 0	— 0	— 0	— 0	— 0
Director	Mei-Da Co., Ltd. Representative: Wang Feng-Shu	2020.06.17	Three years	1996.06.10 2021.03.15	3,936,732 16,137,781	0.62% 2.55%	3,936,732 16,137,781	0.62% 2.55%	— 0	— 0	— 0	— 0
Independent Director	Wu Tong-Shung	2020.06.17	Three years	2017.06.30	0	0	0	0	0	0	0	0
Independent Director	Chang Jinn-Der	2020.06.17	Three years	2017.06.30	0	0	0	0	0	0	0	0
Independent Director	Sun Chin-Feng	2020.06.17	Three years	2020.06.17	0	0	0	0	0	0	0	0

(I) Director information 2.

Date: April 23, 2023

Title	Name	Gender Age Note 2	Nationality or place of registration	Work (academic) experience	Post(s) concurrently held in the Company and other companies	Spouse or relatives within the second degree of kinship or closer acting as other officers, directors, or supervisors			Remarks Note 3
						Title	Name	Relationship	
Chairman	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	Male 66~75 years old	Republic of China	MBA, Lindenwood College, USA	Chairman, First Copper Technology Co., Ltd. Chairman, Hua Ho Engineering Co., Ltd. Chairman, Taiwan Times Co., Ltd.	Director	Wang Yu-Fa Wang Feng-Shu	Second degree of kinship	—
Director	Mei-Da Co., Ltd. Representative: Wang Yu-Fa	Male 86–95 years old	Republic of China	Former Chairman, Hua Eng Wire & Cable Co., Ltd. Honorary Doctorate in Business Administration, Columbia College Honorary Doctorate in Business Administration, Kennedy University	Chairman, Mei-Da Co., Ltd. Chairman, Hua Horng Investment Co., Ltd. Director, Taiwan Times Co., Ltd.	Director	Wang Hong-Ren Wang Feng-Shu	Second degree of kinship	—
Director	First Copper Technology Co., Ltd. Representative: Wang Ming-Jen	Male 66–75 years old	Republic of China	Department of Industrial Engineering, Chung Yuan College of Technology and Science	Director, First Copper Technology Co., Ltd. Director and general manager, Taiwan Times Responsible person, Sheng Feng Corporation.	None	—	—	—
Director	Mei-Da Co., Ltd. Representative: Wang Feng-Shu	Female 56–65 years old	Republic of China	Meihe Nursing College	Director, Hua Horng Investment Co., Ltd. Supervisor, Taiwan Times Co., Ltd.	Director	Wang Yu-Fa Wang Hong-Ren	Second degree of kinship	—

Independent Director	Wu Tong-Shung	Male 76–85 years old	Republic of China	National Chengchi University Department of Accounting and Statistics Founder and senior partner, Deloitte & Touche Taiwan	Chief Adviser, Taishin Financial Holdings Director and Chief Adviser, Taishin International Bank Chairman, Taishin Asset Management Co., Ltd. Director, Taishin Real Estate Management Co., Ltd. Supervisor, Taishin Securities Co., Ltd. Supervisor, Taishin Venture Capital Investment Co., Ltd. Director, Anshin Real Estate Management Co., Ltd. Chairman, Shen-Tung Construction and Development Co., Ltd.	None	–	–	–
Independent Director	Chang Jinn-Der	Male 66–75 years old	Republic of China	PhD in Accounting, Federal International University Doctor of Laws, National Chung Cheng University	Director, Crown & Co., CPAs Independent director, PharmaEssentia Corporation Independent director, Jukao Engineering Corp. Director, Taiwan Institute of Business Adjunct professor, Department of Accounting of Chinese Culture University Adjunct professor, Department of Law of Open University of Kaohsiung Director, Crown Taiwan Japan Business Consulting Ltd. Director, Crown Global Business Consulting Ltd. Director, Concord Securities Co., Ltd.	None	–	–	–

Independent Director	Sun Chin-Feng	Male 56–65 years old	Republic of China	University of Michigan Master of Business Administration (MBA) Master of Materials Science (MS), Wayne University, Michigan State, USA	General anager, SAGA Unitek Ventures Chairman, FiTek Photonics Corporation Independent director, Wonderful Hi Tech Co. Ltd. Independent director, Tah Tong Textile Co., Ltd. Independent director, Chicony Power Technology Co., Ltd.	None	—	—	—

Note 1: The Company's directors did not work in the CPA firm during the said 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: Where the Company's chairman and general manager or personnel with an equivalent position (top manager) are the same person, have a spouse relationship, or are relatives within one degree of kinship to the other, the reason, rationality, necessity, relevant information, and corresponding measures (such as increasing the number of independent directors with a majority of the directors not serving as an employee or manager) should be explained.

Major shareholders of corporate shareholders

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholder (Note 2)
First Copper Technology Co., Ltd.	Hua Eng Wire & Cable Co., Ltd. (39.44%), Wang Yu-Fa (7.98%), Wang-Yang Pi-O (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 Hung-Ren (0.19%)
Mei-Da Co., Ltd.	Wang Yu-Fa (25.26%), Wang Wen-Ling (16.32%), Wang-Yang Pi-O (15.79%), Wang Feng-Chuan (15.79%), Wang Feng-Shu (15.79%), Wang Hung-Ren (5.26%), Wang Hung-Ming (5.26%), ang Yu-Ting (0.53%)

Note 1: When the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be provided.

Note 2: Please provide the names of the major shareholders (the top 10 in shareholding) of the corporate shareholder and their shareholding ratios. When the major shareholder is a juridical person, the following table should be filled in.

Note 3: When a juristic-person shareholder is not a corporate organization, the names of the said shareholders and their shareholding percentages that should be disclosed are the names of the investors or donors (please refer to the announcement inquiries of the Judicial Yuan) and their percentages of capital contribution or donation; when the donor had passed away, please mark – deceased.

Major shareholders of major shareholders who are juridical persons referred to in the above table

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholder (Note 2)
Hua Eng Wire & Cable Co., Ltd.	First Copper Technology Co., Ltd. (32.96%), Hua Horng Investment Co., Ltd. (7.23%), Wang-Yang Pi-O (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-Jung (0.80%), Mei-Da Co., Ltd. (0.62%)
International Shipbreaking Enterprise Co. Ltd.	Wang Yu-Fa (20.27%), Wang-Li Su-Mei (15.13%), Wang Yu-Chen (14.13%), Huang Shang-San (12.53%), Wang Wen-Ling (2.00%), Wang Ying-Hui (1.67%), Hsu Fang-Tung (0.33%), Hsu Wang-Shan (0.33%), Wang Yu-Yun (0.27%); the rest are bearer shares

Note 1: If any of the major shareholders shown in the above table are juridical persons, please provide their names.

Note 2: Please provide the names of the major shareholders (top 10 in shareholding) of the juridical persons and their shareholding ratios.

Note 3: When a juristic-person shareholder is not a corporate organization, the names of the said shareholders and their shareholding percentages that should be disclosed are the names of the investors or donors (please refer to the announcement inquiries of the Judicial Yuan) and their percentages of capital contribution or donation; when the donor had passed away, please mark – deceased.

(I) Director information 3.

1. Information on directors' professional qualification:

Name	Expertise and experience (Note 1)
First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	Mr. Wang Hong-Ren majored in business administration, and was previously Director of Hua Eng Wire & Cable, the 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.
Mei-Da Co., Ltd. Representative: Wang Yu-Fa	Mr. Wang Yu-Fa founded Hua Eng Wire & Cable Co., Ltd. in 1956 and is the founder of Hua Eng Group. He possesses expertise and experience in the copper and iron industry, wire and cable production and business development and leads growth of the Group. He was also granted Honorary Doctorate in Business Administration, Kennedy University to honor Mr. Wang Yu-Fa's achievement in industry and promotion of international understanding. He is not under any of the circumstances set forth in Article 30 of the Company Act.
First Copper Technology Co., Ltd. Representative: Wang Ming-Jen	Mr. Wang Ming-Jen graduated from Chung Yuan College of Technology and Science, majored in Engineering, and has worked for Taiwan Times for more than 30 years as a professional manager. He has experience in plant construction, machinery procurement, and manufacturing, and possesses expertise and experience in machinery engineering and production management. He is not under any of the circumstances set forth in Article 30 of the Company Act.
Mei-Da Co., Ltd. Representative: Wang Feng-Shu	Ms. Wang Feng-Shu serves as the director of Hua Horng Investment Co., Ltd., and has cumulated experience in investment and wealth management with the decision-making ability in business and crisis management, which are expertise and experience required for the Company's business. She is not under any of the circumstances set forth in Article 30 of the Company Act.
Wu Tong-Shung	Mr. Wu Tong-Shung graduated from School of Business of National Chengchi University, majored in Accounting and Statistics and is currently a certified public accountant. His plentiful expertise and work experience in commerce, finance, and accounting include being the founder and senior partner of Deloitte & Touche Taiwan, co-founder of Taishin Group, Chief Adviser of Taishin Financial Holdings, director of Taishin International Bank (from 2019 to today). He is not under any of the circumstances set forth in Article 30 of the Company Act.

Chang Jinn-Der	Mr. Chang Jinn-Der owns a Ph.D. degree in Accounting from Federal International University in the U.S., and J.D. degree from National Chung Cheng University; meanwhile, he is a certified public accountant with professional knowledge in accounting and law. He has over 40 years of experience in teaching and accounting currently as an adjunct professor of the Department of Accounting and Information Technology of National Chung Cheng University and Department of Accounting of Chinese Culture University, and as the director of Crown &Co., CPAs (Over 42 years of experience as a practicing accountant). He is qualified for his rich work experience in business and accounting, and as an adjunct professor in an academic department related to the business needs of the Company in a public or private junior college, college, or university. He is not under any of the circumstances set forth in Article 30 of the Company Act.
Sun Chin-Feng	Mr. Sun Chin Feng received an MBA degree from University of Michigan in the U.S. and has been the general manager of Kuo-Lien Venture Capital Investment and Management Consulting Co., Ltd for about 20 years. He has the work experience in venture capital and ability of macro-management and decision-making necessary for the business of the company. He is not under any of the circumstances set forth in Article 30 of the Company Act.

2. Information on independent directors' independence status:

Name	Independence status (Note 2)	Number of other public companies concurrently serves as independent director
Wu Tong-Shung	All independent directors meet the following conditions during the two years before being elected and during the term of office: (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (However, it is not applicable in the case of an independent director appointed concurrently by the Company and its parent company, a subsidiary, or a subsidiary of the same parent company in accordance with the Act or local laws.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on paragraph 1 or paragraph 2, Article 27 of the Company Law. (However, it is not applicable in the case of an independent director appointed concurrently by the Company and its parent company, a subsidiary, or a subsidiary of the same parent company in accordance with the Act or local laws.) (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company. (However, it is not applicable in the case of an independent director appointed concurrently by the Company and its parent company, a subsidiary, or a subsidiary of the same parent company in accordance with the Act or local laws.) (7) Not the same person or spouse that designated as directors, supervisors or equivalent position of the Company, or as other company's chairman, general manager and employees. (However, it is not applicable in the case of an independent director appointed concurrently by the	None
Chang Jinn-Der		2

Sun Chin-Feng	Company and its parent company, a subsidiary, or a subsidiary of the same parent company in accordance with the Act or local laws.) (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company. (However, it is not applicable in cases where the specified company or institution holding more than 20% but less than 50% of total number of issued shares of the Company, and the person is an independent director of the parent company, any subsidiary, or subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services to the Company or to any affiliate of the Company, or a spouse thereof, and the service provided is an “audit service” or a “non-audit service which total compensation within the recent two years exceeds NT$500,000.” Not applicable in cases where the person is member of Compensation Committee or, Public Tender Offer Committee, or Business Mergers and Acquisitions Committee, that exercise related regulations according to Securities and Exchange Act or M&A Act. (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. (11) Not under any of the circumstances set forth in Article 30 of the Company Act. (12) Not a government agent, juristic person or its representative as defined in Article 27 of the Company Act.	3

Note 2: Independence status of an independent director shall be stated, which includes but is not limited to whether the independent director, his spouse, or relative within the second degree of kinship is a director, supervisor or employee of the Company or any of its affiliates; the number and percentage of the Company’s shares held by the independent director, his or her spouse, relative within second degree of kinship (or held under others’ names); whether he or she is a director, supervisor, or employee of a specified company or institution that has a relationship with the Company (referring to subparagraphs 5–8, paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); amount of compensation received for being a professional individual who provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.

3. Board diversity and Independence:

The Company promotes and respects the board diversity policy, so in accordance with Article 20 of the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” which stipulates that the composition of the board of directors shall be determined by taking diversity into consideration, and based on company’s business operations, operating dynamics, and development needs, it shall formulate the appropriate policy on diversity. In addition to that the number of directors concurrently serving as company officers shall not exceed one-third of the total number of the board members, the Company shall also include gender, age, nationality, professional knowledge and skills while determining the composition of the board of directors. To achieve the ideal goal of corporate governance, the board of directors shall 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 is composed of seven directors, including three independent directors, where the number of independent directors accounts for 43% of the total number of board members. The tenures of office of all independent directors are less than 9 years, and they all meet the requirements with regard to the independent directors set forth in relevant laws and regulations. There has not been any change of status between independent directors and non-independent directors during their term of office. Each director shall perform his or her duties objectively, and a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors in compliance with subparagraph 3, paragraph 3, Article 26 of the Securities and Exchange Act.

Implementation status is as follows:

Title	Name	Nationality	Age	Gender	Years of experience serving as an independent director		Diverse expertise							
					Less than 3 years	3–9 years	Ability to make operational judgments	Ability to perform accounting and financial analysis.	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.
Chairman	Wang Hong-Ren	R.O.C.	66~75 years old	Male	—		✓		✓	✓	✓	✓	✓	✓
Director	Wang Yu-Fa	R.O.C.	86–95 years old	Male	—		✓		✓	✓	✓	✓	✓	✓
Director	Wang Ming-Jen	R.O.C.	66–75 years old	Male	—		✓		✓	✓	✓	✓	✓	✓
Director	Wang Feng-Shu	R.O.C.	56–65 years old	Female	—		✓		✓	✓		✓	✓	✓
Independent Director	Wu Tong-Shung	R.O.C.	76–85 years old	Male		✓	✓	✓	✓	✓		✓	✓	✓
Independent Director	Chang Jinn-Der	R.O.C.	66–75 years old	Male		✓	✓	✓	✓	✓		✓	✓	✓
Independent Director	Sun Chin-Feng	R.O.C.	56–65 years old	Male	✓		✓	✓	✓	✓		✓	✓	✓

Specific goals and implementation status of board diversity policy:

Goals	Implementation status
Directors concurrently serving as company officers shall not exceed one-third of the total number of the board members	Achieved
There shall be at least one female board member.	Achieved
Directors shall not hold more than three consecutive terms of office.	Achieved
Number of independent directors shall not be less than one-fifth of the total number of the board members	Achieved

(II) Information on the general manager, deputy general managers and managers 1.

Unit: Shares; April 23, 2023

Title	Name	Date assumed office	Shareholding		Shares held by spouse and minor children		Shares held in the name(s) of others	
			Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
General Manager	Fang Wu-Nan	2007.11.01	34,482	0.01%	0	0	0	0
Deputy General Manager	Huang Hua-Chih	2005.11.01	0	0	0	0	0	0
Factory Director	Chen Kun-Chin	2011.07.01	1,617	0.00%	6,000	0.00%	0	0
Deputy Foreman	Li Hsien-Chang	March 16, 2023	0	0	0	0	0	0
Manager	Wang Yun-Ming	2001.01.01	0	0	0	0	0	0
Manager	Yang Jen-Cheng	2009.01.01	0	0	0	0	0	0
Manager	Liu Hsiu-Mei	1998.03.16	0	0	0	0	0	0
Manager	Lin Tseng-Mao	2012.03.01	0	0	0	0	0	0
Manager	Chen Chien-An	2020.04.01	5,411	0.00%	0	0	0	0
Manager	Chen Yung-Fu	2020.04.01	0	0	0	0	0	0
Manager	Tsai Shang-Huan	2021.08.16	0	0	0	0	0	0
Manager	Hung Chueh-Chien	2021.08.16	0	0	0	0	0	0
Manager	He Chi-Mei	2021.08.16	5,411	0.00%	0	0	0	0
Manager	Hsu Shou-An	2021.12.01	0	0	0	0	0	0
Manager	Lu Hsiu-Ying	2021.08.16	15	0.00%	0	0	0	0
Manager	Chu Chiung-Yao	June 1, 2022	0	0	0	0	0	0
Accounting Supervisor	Wu Chia-Yu	2011.12.08	0	0	0	0	0	0

(II) Information on the general manager, deputy general managers and managers 2.

April 23, 2023

Title (Note 1)	Name	Gender	Nationality	Work (academic) experience (Note 2)	Post(s) concurrently held in other companies	Spouse or relatives within the second degree of kinship or closer acting as managers			Remarks (Note 3)
						Title	Name	Relationship	
General Manager	Fang Wu-Nan	Male	Republic of China	Machinery major, Kaohsiung Institute of Technology	Director, Hua Ho Engineering Co., Ltd.	None	—	—	—
Deputy General Manager	Huang Hua-Chih	Male	Republic of China	Master's degree, National Taiwan University Chemical Research Institute	None	None	—	—	—
Factory Director	Chen Kun-Chin	Male	Republic of China	Machinery major, Kaohsiung Institute of Technology	None	None	—	—	—
Deputy Factory Director	Li Hsien-Chang	Male	Republic of China	Master's degree, Department of Industrial Management, National Pingtung University of Science and Technology	None	None	—	—	—
Manager	Wang Yun-Ming	Male	Republic of China	Electrical Engineering major, Kaohsiung Institute of Technology	None	None	—	—	—
Manager	Yang Jen-Cheng	Male	Republic of China	Electronics major, Kaohsiung Institute of Technology	None	None	—	—	—
Manager	Liu Hsiu-Mei	Female	Republic of China	Long Island University Master of Accounting	Director, China Ecotek Corporation Director, Wafer Works Corporation Director, Co-Tech Development Corp. Director, Bionime Corporation Supervisor, Hua Ho Engineering Co., Ltd.	None	—	—	—
Manager	Lin Tseng-Mao	Male	Republic of China	Master's degree, Institute of Information Management, National Sun Yat-sen University	None	None	—	—	—
Manager	Chen Chien-An	Male	Republic of China	Enterprise Management Division Night Department, Second Specialty Department, Zhengxiu Technical College	None	None	—	—	—
Manager	Chen Yung-Fu	Male	Republic of China	Master's degree, Department of Business Administration, National Sun Yat-sen University	None	None	—	—	—
Manager	Tsai Shang-Huan	Male	Republic of China	Finance, University of Chicago	None	None	—	—	—
Manager	Hung Chueh-Chien	Female	Republic of China	Economics, Continuing education, Feng Chia University	First Copper Technology Co., Ltd. Finance Manager	None	—	—	—

Manager	He Chi-Mei	Female	Republic of China	Industrial Management, Continuing education, National Kaohsiung University of Applied Sciences	None	None	—	—	—
Manager	Hsu Shou-An	Male	Republic of China	Electrical Engineering, Tungnan College of Technology	None	None	—	—	—
Manager	Lu Hsiu-Ying	Female	Republic of China	Department of Business, National Open University	First Copper Technology Co., Ltd. Corporate Governance Manager	None	—	—	—
Manager	Chu Chiung-Yao	Male	Republic of China	Kun Shan University Evening Program, Department of Business Administration	None	None	—	—	—
Accounting Supervisor	Wu Chia-Yu	Female	Republic of China	Department of Accounting, Tunghai University	First Copper Technology Co., Ltd. Accounting Supervisor Director, Savior Lifetec Corporation Director, Pixon Technologies Corporation Director, International United Technology Co., Ltd.	None	—	—	—

Note 1: It should include the information on the general manager, deputy general managers, managers, and the officers of divisions and branches. Regardless of titles, all positions equivalent to the general manager, deputy general managers, or managers shall be disclosed.

Note 2: The Company's general manager, deputy general managers, and managers did not work in the CPA firm during the said period.

Note 3: If the general manager or personnel with an equivalent position (top manager) and the Chairman are the same person, have a spouse relationship, or are relatives within one degree of kinship to the other, the reason, rationality, necessity, and corresponding measures (such as increasing the number of independent directors with a majority of the directors not serving as an employee or manager) should be disclosed.

III. Remuneration paid to directors, supervisors, the general manager, deputy general managers and the top five management in the most recent year

(1) Remuneration to directors (including independent directors)

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

Title	Name	Director remuneration								Sum of A, B, C, and D and ratio of the sum to net profit after tax (Note 10)		Remuneration to directors who are employees								Ratio of sum of A, B, C, D, E, F, and G to profit after tax (Note 10)		Remuneration received from investees other than subsidiaries or from the parent company (Note 11)
		Compensation (A) (Note 2)		Retirement pension (B)		Director remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses, special allowances, etc. (E) (Note 5)		Retirement pension (		Employee remuneration (G (Note 6)						
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company		All companies in the financial statements (Note 7)		The Company	All companies in the financial statements (Note 7)	
																Cash amount	Stock amount	Cash amount	Stock amount			
Director	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren (Note 12)	1,321	1,951	0	0	69	104	50	170	1,440 -3.95%	2,225 -6.10%	0	0	0	0	0	0	0	0	1,440 -3.95%	2,225 -6.10%	0
	First Copper Technology Co., Ltd. Representative: Liu Chung-Jen (Note 12)	1,669	3,270	0	0	0	0	80	205	1,749 -4.80%	3,475 -9.53%	0	0	0	0	0	0	0	0	1,749 -4.80%	3,475 -9.53%	0
Director	Mei-Da Co., Ltd. Representative: Wang Yu-Fa	0	0	0	0	69	69	120	120	189 -0.52%	189 -0.52%	0	0	0	0	0	0	0	0	189 -0.52%	189 -0.52%	0
Director	Mei-Da Co., Ltd. Representative: Wang Feng-Shu	0	0	0	0	69	69	120	120	189 -0.52%	189 -0.52%	0	0	0	0	0	0	0	0	189 -0.52%	189 -0.52%	0
Director	First Copper Technology Co., Ltd. Representative: Wang Ming-Ren (Note 13)	0	0	0	0	69	69	100	200	169 -0.46%	269 -0.74%	0	0	0	0	0	0	0	0	169 -0.46%	269 -0.74%	0

	First Copper Technology Co., Ltd. Representative: Lin Ming-Shiang (Note 13)	0	0	0	0	0	0	10	20	10 -0.03%	20 -0.05%	41	41	0	0	0	0	0	0	51 -0.14%	61 -0.17%	0
Independent Director	Wu Tong-Shung	0	0	0	0	68	68	360	360	428 -1.18%	428 -1.18%	0	0	0	0	0	0	0	0	428 -1.18%	428 -1.18%	0
Independent Director	Chang Jinn-Der	0	0	0	0	68	68	360	360	428 -1.18%	428 -1.18%	0	0	0	0	0	0	0	0	428 -1.18%	428 -1.18%	0
Independent Director	Sun Chin-Feng	0	0	0	0	68	68	360	360	428 -1.18%	428 -1.18%	0	0	0	0	0	0	0	0	428 -1.18%	428 -1.18%	0

1. Please describe the policy, system, standard and structure of remuneration payment for independent directors and specify the correlation between the remuneration and directors' responsibility, risk, and involvement:
   (1) To meet the needs of independent directors to execute their duties, the Board of Directors has approved a monthly payment to each independent director of a fixed amount of travel allowances for business execution.
   (2) If the Company makes a profit during the year, no more than 2% of the profit shall be allocated for director remuneration. However, the profit shall be first retained for the Company's accumulated losses, if any.
2. In addition to disclosed above, compensation paid to directors for services provided, such as advisory service provided not as an employee to parent company/companies included in the financial statements/investees : None.

Range of Remuneration

Range of remuneration paid to each director of the Company	Name of director			
	Sum of the first 4 remuneration items (A+B+C+D)		Sum of the first 7 remuneration items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial statements (Note 9) I	The Company (Note 8)	All companies in the financial statements (Note 9) I
Less than NTD 1,000,000	Director: Mei-Da Co., Ltd. Representative: Wang Yu-Fa Mei-Da Co., Ltd. Representative: Wang Feng-Shu First Copper Technology Co., Ltd. Representative: Wang Ming-Ren First Copper Technology Co., Ltd. Representative:Lin Ming-Shiang Independent Directors: Wu Tong-Shung Chang Jinn-Der Sun Chin-Feng	Director: Mei-Da Co., Ltd. Representative: Wang Yu-Fa Mei-Da Co., Ltd. Representative: Wang Feng-Shu First Copper Technology Co., Ltd. Representative: Wang Ming-Ren First Copper Technology Co., Ltd. Representative:Lin Ming-Shiang Independent Directors: Wu Tong-Shung Chang Jinn-Der Sun Chin-Feng	Director: Mei-Da Co., Ltd. Representative: Wang Yu-Fa Mei-Da Co., Ltd. Representative: Wang Feng-Shu First Copper Technology Co., Ltd. Representative: Wang Ming-Ren First Copper Technology Co., Ltd. Representative:Lin Ming-Shiang Independent Directors: Wu Tong-Shung Chang Jinn-Der Sun Chin-Feng	Director: Mei-Da Co., Ltd. Representative: Wang Yu-Fa Mei-Da Co., Ltd. Representative: Wang Feng-Shu First Copper Technology Co., Ltd. Representative: Wang Ming-Ren First Copper Technology Co., Ltd. Representative:Lin Ming-Shiang Independent Directors: Wu Tong-Shung Chang Jinn-Der Sun Chin-Feng
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	First Copper Technology Co., Ltd. Representative: Liu Chung-Jen First Copper Technology Co., Ltd. Representative: Wang Hong-Ren		First Copper Technology Co., Ltd. Representative: Liu Chung-Jen First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	

NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)		First Copper Technology Co., Ltd. Representative: Liu Chung-Jen First Copper Technology Co., Ltd. Representative: Wang Hong-Ren		First Copper Technology Co., Ltd. Representative: Liu Chung-Jen First Copper Technology Co., Ltd. Representative: Wang Hong-Ren
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)				
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)				
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)				
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)				
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)				
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)				
Over NTD 100,000,000				
Total	9	9	9	9

Note 1: The names of directors should be listed separately. (For corporate shareholders, the names of the corporations and their representatives should be listed separately.) In addition, directors and independent directors should also be indicated separately with disclosure of the aggregate of payments. If a director concurrently serves as the general manager or a deputy general manager, please fill in this form and the following table (3).

Note 2: It refers to the remuneration (including salaries, responsibility allowances, severance pay, bonuses and incentives) to directors in the most recent year.

Note 3: It refers to the amount of remuneration to directors resolved and distributed by the Board of Directors in the most recent year.

Note 4: It refers to directors' business execution expenses (including traveling allowance, special allowances, allowances, dormitory, vehicles, etc.) 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, cost of petrol, and other payments should be disclosed. In addition, if a personal driver is allocated, please note the relevant remuneration paid by the Company to the driver; but this is not included in the remuneration.

Note 5: It refers to the remuneration that a director receives for concurrently serving as an employee (including the general manager, deputy general manager, and other managers and employees) in the most recent year, such as salaries, responsibility allowances, severance pay, bonuses, incentives, travel allowance, special allowances, allowances, dormitory and vehicles. 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, cost of petrol, and other payments should be disclosed. In addition, if a personal driver is allocated, please note the relevant remuneration paid by the Company to the driver; but this is not included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Based Payments" should also be included in the remuneration, including employee stock option certificates, new restricted employee shares, and subscription of shares for capital increase by cash, etc..

Note 6: It refers to employee remuneration to directors concurrently serving as employees (including the general manager, deputy general managers, and other managers and employees) in the most recent year. The remuneration amount resolved by the Board of Directors for distribution in the most recent year should be disclosed. If the amount cannot be estimated, the amount for distribution this year shall be calculated based on the actual distribution percentage in last year, and Table (4) shall be filled in.

Note 7: The total amount of remuneration paid to the Company's directors by all the companies (including the Company) in the consolidated financial statements should be disclosed.

Note 8: The name of each director should be disclosed in the corresponding remuneration range based on the total amount of remuneration paid to him/her.

Note 9: The total amount of remuneration paid to each of the Company's directors by all the companies (including the Company) in the consolidated financial statements shall be disclosed, and the name of each director shall be disclosed in the corresponding remuneration range.

Note 10: Profit after tax refers to the profit after tax stated in the separate or individual financial statements in the most recent year.

Note 11: a. This column should be clearly filled in with the amount of relevant remuneration received by the directors of the Company from investees other than subsidiaries or from the parent company. (If none, please fill in the column with a "none".)

b. If the directors of the Company receive relevant remuneration from investees other than subsidiaries or from the parent company, the remuneration received by the directors from the investees other than subsidiaries or from the parent company shall be included in column I of the range of remuneration, and the name of the column shall be changed into "or parent company and all investees."

c. Remuneration refers to remuneration, compensation (including remuneration to employees, directors, and supervisors), and business execution expenses that the directors of the Company receive for serving as the directors, supervisors, or managers of investees other than subsidiaries or of the parent company.

Note 12: The former representative of the Company director First Copper Technology Co., Ltd., Mr. Representative: Liu Chung-Jen, resigned. On August 8, 2022, the director appointed Mr. Wang Hong-Ren as the representative and Mr. Wang Hong-Ren was elected by the Board of Directors as Chairman.

Note 13: The former representative of the Company director First Copper Technology Co., Ltd., Mr. Lin Ming-Shiang, passed away. On March 3, 2022, the director appointed Mr. Wang Ming-Ren as the representative.

* The remuneration disclosed in the table is different from the income defined in the Income Tax Act. As such, the purpose of this table is for disclosure of information and not for taxation purpose.

(2) Supervisor remuneration: Not applicable. The Company established the Audit Committee to replace supervisors after the re-election of directors and supervisors at the shareholders' meeting on June 30, 2017.

(3) Remuneration to general manager and deputy general managers

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

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		bonuses, and special allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C, and D and ratio of the sum to net profit after tax (%) (Note 8)		Remuneration received from investees other than subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Fang Wu-Nan	1,591	1,591	98	98	917	922	24	0	24	0	2,630 -7.21%	2,635 -7.23%	0
Deputy General Manager	Lin Min-Shiang	39	39	0	0	12	22	0	0	0	0	51 -0.14%	61 -0.17%	0
Deputy General Manager	Huang Hua-Chih	1,338	1,338	83	83	734	734	20	0	20	0	2,175 -5.96%	2,175 -5.96%	0
Factory Director	Chen Kun-Chin	1,308	1,308	79	79	719	719	20	0	19	0	2,126 -5.83%	2,126 -5.83%	0

* Regardless of titles, all positions equivalent to the general manager or deputy general managers (for example: president, CEO, director, etc.) should be disclosed.

Range of Remuneration

Range of remuneration paid to the general manager and deputy general managers	Name of the general manager and deputy general managers	
	The Company (Note 7)	All companies in the financial statements (Note 8) E
Less than NTD 1,000,000	Lin Min-Shiang	Lin Min-Shiang
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)		
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	Fang Wu-Nan, Huang Hua-Chih, Chen Kun-Chin	Fang Wu-Nan, Huang Hua-Chih, Chen Kun-Chin
NTD 3,500,000 (inclusive) ~ NTD 5,000,000		

(exclusive)		
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)		
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)		
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)		
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)		
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)		
Over NTD 100,000,000		
Total	4	4

Note 1: The names of the general manager and deputy general managers shall be listed separately with disclosure of the aggregate of payments. 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: It refers to the salaries, responsibility allowances, and severance pay for the general manager and deputy general managers in the most recent year.

Note 3: It refers to bonuses, incentives, travel allowance, special allowances, allowances, dormitory, vehicles, and other remuneration 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, cost of petrol, and other payments should be disclosed. In addition, if a personal driver is allocated, please note the relevant remuneration paid by the Company to the driver; but this is not included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 “Share Based Payments” should also be included in the remuneration, including employee stock option certificates, new restricted employee shares, and subscription of shares for capital increase by cash, etc..

Note 4: It refers to employee remuneration (including stocks and cash) to the general manager and deputy general managers resolved by the Board of Directors for distribution in the most recent year. If the amount cannot be estimated, the amount for distribution this year shall be calculated based on the actual distribution percentage in last year, and Table (4) shall be filled in.

Note 5: The total amount of remuneration paid by all companies (including the Company) in the consolidated financial statements to the Company’s general manager and deputy general managers should be disclosed.

Note 6: The name of the general manager and each deputy general manager should be disclosed in the corresponding remuneration range based on the total amount of remuneration paid to him/her.

Note 7: The total amount of remuneration paid by all companies (including the Company) in the consolidated financial statements to the general manager and each deputy general manager of the Company shall be disclosed, and the names of the general manager and deputy general managers shall be disclosed in the corresponding remuneration range.

Note 8: Profit after tax refers to the profit after tax stated in the separate or individual financial statements in the most recent year.

Note 9: a. This column should be clearly filled in with the amount of relevant remuneration received by the general manager and deputy general managers of the Company from investees other than subsidiaries or from the parent company.

b. If the general manager and deputy general managers of the Company receive relevant remuneration from investees other than subsidiaries or from the parent company, the remuneration received by the general manager and deputy general managers from the investees other than subsidiaries or from the parent company shall be included in column E of the range of remuneration, and the name of the column shall be changed into "Parent company and all investees."

c. Remuneration refers to remuneration, compensation (including remuneration to employees, directors, and supervisors), and business execution expenses that the general manager and deputy general managers of the Company receive for serving as the directors, supervisors, or managers of investees other than subsidiaries or of the parent company.

* The remuneration disclosed in the table is different from the income defined in the Income Tax Act. As such, the purpose of this table is for disclosure of information and not for taxation purpose.

(4) Remuneration to the top five management (individual disclosure of names and remuneration) (Note 1)

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

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and special expenses (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C, and D and ratio of the sum to net profit after tax (%) (Note 6)		Remuneration received from investees other than subsidiaries or from the parent company (Note 7)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chairman (Note 8)	Liu Chung-Jen	1,446	2,315	0	0	303	1,160	0	0	0	0	1,749 -4.80%	3,475 -9.53%	0
President	Fang Wu-Nan	1,591	1,591	98	98	917	922	24	0	24	0	2,630 -7.21%	2,635 -7.23%	0
Vice President	Huang Hua-Chih	1,338	1,338	83	83	734	734	20	0	20	0	2,175 -5.96%	2,175 -5.96%	0
Factory Director	Chen Kun-Chin	1,308	1,308	79	79	719	719	20	0	19	0	2,126 -5.83%	2,126 -5.83%	0
Chairman (Note8)	Wang Hong-Ren	953	1,525	0	0	404	551	14	0	45	0	1,371 -3.76%	2,121 -5.82%	0

Note 1: The said “top five management” refers to the Company's managers. The definition of the managers falls within the scope of “managerial officers” as stipulated in the Letter Tai-Cai-Zheng(3) 0920001301 dated March 27, 2003, issued by the former Securities and Futures Commission, Ministry of Finance. The remuneration to the top five management is calculated based on the sum of the salaries, retirement pensions, bonuses, and special allowances that the Company's managers receive from all companies in the consolidated financial statements, as well as the total amount of employee compensation (that is, the sum of A+B+C+D), and then ranked by the highest paid managers. If a director concurrently serves as a manager mentioned above, this table and the above table (1-1) should be filled out.

Note 2: It refers to salaries, responsibility allowances, and severance pay for the top five management in the most recent year.

Note 3: It refers to bonuses, incentives, travel allowance, special allowances, allowances, dormitory, vehicles, and other remuneration provided to the top five management 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, cost of petrol, and other payments should be disclosed. In addition, if a personal driver is allocated, please note the relevant remuneration paid by the Company to the driver; but this is not included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 “Share Based Payments” should also be included in the remuneration, including employee stock option certificates, new restricted employee shares, and subscription of shares for capital increase by cash, etc..

Note 4: It refers to employee remuneration (including stocks and cash) to the top five management resolved by the Board of Directors for distribution in the most recent year. If the amount cannot be estimated, the amount for distribution this year shall be calculated based on the actual distribution percentage in last year, and Table (5) shall be filled in.

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

Note 6: Profit after tax refers to the profit after tax stated in the separate or individual financial statements in the most recent year.

Note 7: a. This column should be clearly filled in with the amount of relevant remuneration received by the top five management of the Company from investees other than subsidiaries or from the parent company. (If none, please fill in the column with a "none".)

b. Remuneration refers to remuneration, compensation (including remuneration to employees, directors, and supervisors), and business execution expenses that the top five management of the Company receive for serving as the directors, supervisors, or managers of investees other than subsidiaries or of the parent company.

Note 8: On August 8, 2022, the former representative of the Company director First Copper Technology Co., Ltd., Mr. Representative: Liu Chung-Jen, resigned as Chairman.The director appointed Mr. Wang Hong-Ren as the representative and Mr. Wang Hong-Ren was elected by the Board of Directors as Chairman.

* The remuneration disclosed in the table is different from the income defined in the Income Tax Act. As such, the purpose of this table is for disclosure of information and not for taxation purpose.

(5) Names of managers entitled to employee remuneration and the amount distributed

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

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Ratio of total amount to profit after tax (%)
Manager	General Manager	Fang Wu-Nan	0	246	246	-0.67%
	Deputy General Manager	Lin Min-Shiang				
	Deputy General Manager	Huang Hua-Chih				
	Factory Director	Chen Kun-Chin				
	Deputy Factory Director	Li An-Min				
	Manager	Wang Yun-Ming				
	Manager	Yang Jen-Cheng				
	Manager	Liu Hsiu-Mei				
	Manager	Lin Tseng-Mao				
	Manager	Li Hsien-Chang				
	Manager	Chen Chien-An				
	Manager	Chen Yung-Fu				
	Manager	Lu Hsiu-Ying				
	Manager	Hung Chueh-Chien				
	Manager	Chu Chiung-Yao				
	Manager	Tsai Shang-Huan				
	Manager	He Chi-Mei				
	Manager	Hsu Shou-An				
	Accounting Supervisor	Wu Chia-Yu				

Note 1: Their names and titles should be disclosed individually, and profit distribution may be disclosed in aggregate.

Note 2: It refers to employee remuneration (including stocks and cash) to managers resolved by the Board of Directors for distribution in the most recent year. If the amount cannot be estimated, the amount for distribution this year shall be calculated based on the actual distribution percentage in last year. Profit after tax refers to the profit after tax in the most recent year; if IFRSs have been adopted, profit after tax refers to the profit after tax stated in the separate or individual financial statements in the most recent year.

Note 3: Pursuant to FSC Letter Tai-Cai-Zheng (3) No. 0920001301 dated March 27, 2003, managerial officers are defined 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 directors, the general manager, and deputy general managers receive employee compensation (including stocks and cash), in addition to Table (1), this table should also be filled out.

(6) Comparison and analysis of the ratio of total remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, general manager, and deputy general managers to the profit after tax stated in the separate financial statements, and explanation of the policy, standard and package for remuneration payment, the procedures for remuneration determination, and their correlation

with business performance and future risks.

Title	2022		2021	
	Ratio of total remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, general manager, and deputy general managers to the profit after tax stated in the separate financial statements		Ratio of total remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, general manager, and deputy general managers to the profit after tax stated in the separate financial statements	
	The Company	All companies in consolidated statements (including the Company)	The Company	All companies in consolidated statements (including the Company)
Director	-13.93%	-21.12%	1.00%	1.16%
Supervisor	Not applicable	Not applicable	Not applicable	Not applicable
General manager and deputy general managers	-19.14%	-19.19%	0.77%	0.78%

Explanation:

1. The Company pays remuneration to its directors, general manager, and deputy general managers based on the Company's remuneration principles and with reference to the remuneration level in the industry, as clearly stipulated in Article 42 of the Company's Articles of Incorporation. The Board of Directors is authorized to determine the remuneration that is then approved by the shareholders' meeting. In addition, remuneration paid to managers is based on the Company's salary standard and the regulations for employee incentive payment.
2. Remuneration to the directors of the Company is determined in consideration of the Company's business performance, after-tax profit, and the proportion as set forth in the Company's Articles of Incorporation. For remuneration to managers, in addition to the aforementioned bases, the managers' personal performance and contributions to the Company are also included as a reference for payment. Therefore, the Company's business performance has a direct impact on the distribution of remuneration.
3. The Company's salary packages for managers include salary, efficiency allowance, food allowance, supervisor allowance, and transportation allowance.
4. The Remuneration Committee of the Company agrees to maintain the Company's current remuneration standards for directors, for manager salaries, and employee bonus system; such remuneration is not related to future risks.

IV. Corporate governance implementation

(I) Operation of the Board of Directors:

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

The Board of Directors held 5 (A) meetings in the most recent year, and directors' attendance is shown as follows:

Title	Name (Note 1)	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) [B/A] (Note 2)	Remarks
Chairman	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	3	0	100.00%	Onboarding on August 8, 2022 (three attendances required)
	First Copper Technology Co., Ltd. Representative: Liu Chung-Jen	2	0	100.00%	Departure on August 8, 2022 (two attendances required)
Director	Mei-Da Co., Ltd. Representative: Wang Yu-Fa	0	5	0.00%	
Director	Mei-Da Co., Ltd. Representative: Wang Feng-Shu	5	0	100.00%	
Director	First Copper Technology Co., Ltd. Representative: Wang Ming-Ren	5	0	100.00%	Onboarding on March 3, 2022 (five attendances required)
	First Copper Technology Co., Ltd. Representative: Lin Min-Shiang	0	0	-	Departure on January 10, 2022 (zero attendance required)
Independent Director	Wu Tong-Shung	5	0	100.00%	
Independent Director	Chang Jinn-Der	5	0	100.00%	
Independent Director	Sun Chin-Feng	5	0	100.00%	

Other matters:

I. The board meeting date, session, proposal content, all independent directors' opinions, and the Company's actions in response to the independent directors' opinions shall be specified if any of the following occurred:

(1) Matters specified in Article 14-3 of the Securities and Exchange Act:

13th Session of the 24th Board of Directors (March 21, 2022)

Approval of the amendment to the Company's Procedures of 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 remunerations of directors

15th Session of the 24th Board of Directors (August 8, 2022)

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

Review and approval of the Company's remunerations to directors

17th Session of the 24th Board of Directors (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) In addition to the aforementioned matters, any resolution made by the Board of Directors with any objection or reservation raised by independent directors and included in records or stated in writing: None.

II. Implementation of directors' recusal from proposals due to conflicts of interest:

1. Board meeting on March 21, 2022: Before discussion of this proposal, Chairman Liu Chung-Jen and Director Wang Ming-Ren declared as concerned parties and proposed recusal from this issue due to conflict of interest of their own. They left the meeting without discussion or voting. In addition, Chairman Liu authorized by Director Wang Yu-Fa did not exercise voting right for the latter either. Chairman Liu appointed Independent Director Chang Jinn-Der 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 cycle and period, scope, method and content of the self-evaluation (or peer evaluation) of the Board of Directors to be disclosed by TWSE/TPEx listed companies:

Report on the performance evaluation of the Board of Directors, individual directors and functional committees

Cycle (Note 3)	Period (Note 4)	Scope (Note 5)	Method (Note 6)	Content (Note 7)
Once a year	2022.1.1.~2022.12.31	Evaluation of the Board of Directors' overall performance	Internal self-evaluation of the Board of Directors (conducted by the agenda working group of the Board of Directors)	Five dimensions are as follows: Involvement in the Company's operation Improvement of the quality of decision-making by the Board of Directors Formation and structure of the Board of Directors Election and continuing education of directors Internal control
		Evaluation of individual board members' performance	(conducted by the board members)	Six dimensions are as follows: Understanding of the Company's goals and tasks Knowledge of directors' duties Involvement in the Company's operation Internal relation maintenance and communication Directors' professional qualification and continuing education Internal control
		Audit Committee's performance evaluation	Internal self-evaluation of functional committees (conducted by the agenda working group of functional committees)	Five dimensions are as follows: Involvement in the Company's operation Knowledge of the responsibilities of functional committees.

		Remuneration Committee's performance evaluation		Improvement of the quality of decision-making by functional committees. Formation and member election of functional committees. Internal control

The Company completed the 2022 board performance evaluation through self-assessment surveys via questionnaire. The surveys were collected and counted by the agenda working group, and the assessment result was subsequently submitted to the first board of directors meeting in 2023 as a reference for further review and improvement. The overall average score for the board performance self-assessment was 4.77 out of 5, and the average score for individual board member performance was 4.80 out of 5, The overall functioning of the Board of Directors is good. Directors fulfill their responsibilities properly. The average score for the self-assessment of Remuneration Committee and Audit Committee was 4.94 and 4.95 out of 5, demonstrating the solid operation of Remuneration Committee and Audit Committee and full implementation of corporate governance that improves the board competency.

IV. Evaluation of objectives and implementation in respect of strengthening the functionality of the Board of Directors in the current and most recent year:

1. The Company's Board of Directors hold at least a meeting per quarter. Each director has professional knowledge, professional skills, and competence required to execute their duties, perform functions and powers in accordance with laws and regulations, the Company's Articles of Incorporation and shareholders' meeting resolutions, provide operating policy, financial planning, and professional technology, and offer effective and specific advice and consultation on business development. If a director or a juristic person that the director represents is an interested party in relation to a proposal and the relationship is likely to prejudice the interest of the Company, the director may not participate in the discussion or voting on such proposal and shall recuse himself/herself from the discussion and voting.
2. The Company has established the "Rules of Procedure for Board of Directors Meetings" based on the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." Furthermore, directors' attendance at board meetings is entered into the Market Observation Post System and major resolutions made by the Board of Directors are disclosed on the Company's website.
3. In order to encourage directors' continuing education, we provides our directors with courses for them to improve their executive competencies and to 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 Taiwan Stock Exchange or Taipei Exchange", the Company has set up the Remuneration Committee and established the "Remuneration Committee Charter". Furthermore, three Remuneration Committee members were appointed to perform remuneration functions and submit their suggestions to the Board of Directors for discussion to implement corporate governance. Their attendances at Remuneration Committee meetings have been entered into in the Market Observation Post System.
5. To improve corporate governance and strengthen the functions of the Board of Directors, we

set up the Audit Committee in compliance with the Securities and Exchange Act and the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies" in 2017 and established the Audit Committee Charter.

The Audit Committee comprises all (3) independent directors, and at least one of whom should have accounting or financial expertise. The Committee shall assist the Board of Directors in performing supervisory duties and be responsible for proper presentation of the Company's financial statements, selection (dismissal) of CPAs and assessment of their independence and performance, effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and control of existing or potential risks faced by the Company. In addition, the Committee shall also submitted proposals to the Board of Directors for resolution to implement corporate governance.

6. The Company has taken out liability insurance for directors every year starting from 2019.
7. The Company conducts the performance evaluation of the board of directors and functional committees once a year on a regular basis according to the Company's "Self-Evaluation or Peer Evaluation of the Board of Directors" approved and established by the Board. The 2022 evaluation result was submitted to the first meeting of the board of directors meeting in 2023.

Note 1: Where directors and supervisors are juristic persons, the names of corporate 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 remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors during his/her term of service and the actual attendance.

(2) If a re-election of directors or supervisors takes place prior to the end of the year, the newly-elected and former directors or supervisors shall be listed, and it shall indicated in the remarks column whether the directors or supervisors are former, newly elected, or reelected, and the day of the re-election shall also be specified. 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 attendance.

Note 3: It refers to the cycle for carrying out the Board of Directors' evaluation, for example: once a year.

Note 4: It refers to the period covered by the Board of Directors' evaluation. The Company implemented the evaluation for the Board of Directors' performance during January 1, 2019 and December 31, 2019.

Note 5: The scope covers the performance evaluation of the Board of Directors, individual directors and functional committees.

Note 6: Evaluation methods include internal self-evaluation of the Board of Directors, self-evaluation and peer evaluation of board members, appointment of external professional institutions or experts, or other appropriate methods.

Note 7: Evaluation contents shall include at least the following items according to the evaluation scope:

(1) Items of the performance evaluation of the Board of Directors: shall include at least the participation in the Company's operation, the Board of Directors' decision quality, formation and structure of the Board of Directors, election and continuing education of directors, and internal control.

(2) Items of the performance evaluation of individual directors: shall include at least the understanding of the Company's goals and tasks, knowledge of directors' duties, involvement in the Company's operation, internal relation maintenance and communication, directors' professional qualification and continuing education, and internal control.

(3) Items of the performance evaluation of functional committees: Involvement in the Company's operation, knowledge of functional committees' duties, functional committees' decision quality, formation and member selection of functional committees, and internal control.

(II) Operation of the Audit Committee

The Company's Audit Committee was formed by the three independent directors in assistance of the board of directors performing its duties in supervising the Company's implementation of accounting, audit and financial reporting procedures, and quality and integrity of financial control. Members' expertise and experience may be found on page 17-18.

The Audit Committee held 4 meetings (A). Independent directors' attendance is shown as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Wu Tong-Shung	4	0	100%	
Independent Director	Chang Jinn-Der	4	0	100%	
Independent Director	Sun Chin-Feng	4	0	100%	

Other particulars:

I. The Audit Committee meeting date, session, proposal content, content of any objection, reservation or major suggestion expressed by independent directors, the results of the Audit Committee's resolutions, and the Company's actions in response to the Audit Committees' opinions shall be specified if any of the following occurred:

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

Date and session	Proposal	Audit Committee's resolution	Company's response to Audit Committee's opinions
March 21, 2022 2nd Board 10th Session	1. Proposal of the 2021 business report, separate financial statements and consolidated financial statements. 2. Amendment to the Company's Procedures of Asset Acquisitions or Disposals 3. Proposal for issuance of the Company's "Internal Control System Statement" for 2021. 4. Removal of non-compete restrictions on the Company's managers 5. Change of the certified public accountants who audit the Company's financial statements as part of the internal rotation of the accounting firm	Passed unanimously by all attending members following consultation by the chair.	Passed unanimously by all attending directors following consultation by the chair.
August 8, 2022 2nd Board 12th Session	1. Report of the consolidated financial statements for the second quarter in 2022. 2. Proposal for amendments to the Company's "Internal Control System for Stock Operations."	Passed unanimously by all attending members following consultation by the chair.	Passed unanimously by all attending directors following consultation by the chair.
November 7, 2022 2nd Board 13th Session	Formulation and approval of the Company's Procedures of Handling Internal Material Information	Passed unanimously by all attending members following consultation by the chair.	Passed unanimously by all attending directors following consultation by the chair.

Any objection, reservation or major suggestion expressed by independent directors for the proposal content: None.

Primary matters for review included:
* Establishment or amendment of the Company's internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
* Evaluation of the effectiveness of the internal control system.
* Annual financial statements and Q2 financial statements required to be audited by CPA.
* Other important matters specified by the Company or the competent authority.

(II) Other than those described above, any matters unapproved by the Audit Committee and passed by more than two-thirds of all directors: None.

II. For implementation of independent directors' recusal from proposals due to conflicts of interest, the name of the independent director, the content of the proposal, the reasons for recusal, and his/her participation in the voting process shall be specified: None.

III. Communication of independent directors with the chief internal auditor and CPAs (e.g. the major issues, methods, and results of communication with regard to the financial and business performance of the Company).

(1) Method of communication of independent directors with the chief internal auditor and CPAs:

1. Internal audit directors' discussions of internal audit systems and amendments of relevant laws and regulations with independent directors in Audit Committee and at communication workshops. The chief internal auditor discusses with independent directors in the Audit Committee meetings the relevant internal control systems and the amendments to related laws and regulations. The internal audit personnel will send the monthly approved audit report to the independent directors for their reference, and the chief internal auditor also reports in the Board of Directors' meeting; therefore, it can be concluded that the implementation status and result of internal audit have been fully communicated. The independent directors may, when it is deemed necessary, directly communicate and inquire with the chief internal auditor via phone or e-mail, or face-to-face.
2. Independent directors' communication with certified public accountants during Audit Remuneration meetings and at communication workshops; Independent directors communicate with CPAs in the Audit Committee's meetings; CPAs would submit a comprehensive written report with respect to the audit or review result of financial statements and proposed audit or review opinions and explain to independent directors. Matters including 1. Declaration of independence; 2. Audit (Review) personnel's responsibilities in the audit (review) of financial statements; 3. Type of audit opinions (review conclusions) issued; 4. Audit (review) scope; 5. Audit (review) findings; 6. Other matters of attention; 7. Annual audit plan; 8. Important updates of laws and regulations are subsequently discussed in the said meetings where accounting manager attends and provides relevant information. The independent directors may, when it is deemed necessary, directly communicate and inquire with CPAs via phone or e-mail, or face-to-face.
3. Communication frequency: At least once Audit Committee meeting each quarter and at least one communication workshop each year for independent directors, audit directors and certified public accountants to communicate.

(II) Communication between independent directors and the chief internal auditor

Date	Focus of communication	Implementation result
March 21, 2022	1. November 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

Date	Focus of communication	Implementation result
August 8, 2022	1. April – June 2022 audit report 2. Amendment to Internal Control System for Shareholders' Services	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
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 review and then to the Board of Directors for approval
November 7, 2022 **Communication workshop**	1. 2022 audit report 2. Disclosure of GHG inventory information	Reporting by auditors on the implementation of annual audits Reporting by auditors on disclosure timetable and plan for GHG inventory information

(III) Communication between independent directors and CPAs:

Date	Focus of communication	Implementation result
March 21, 2022	1. Communication and discussion on the Company's financial report for 2021	Submitted to Audit Committee for review and then to the Board of Directors for approval
May 9, 2022	1. Communication and discussion on the Company's financial report 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 review and then to the Board of Directors for approval
August 8, 2022	1. Communication and discussion on the Company's financial report for the second quarter of 2022	Submitted to Audit Committee for review and then to the Board of Directors for approval
November 7, 2022	1. Communication and discussion on the Company's financial report for the third quarter of 2022	Submitted to Audit Committee for review and 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 be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings during his/her term of service and the actual attendance.

Note 2: If a re-election of independent directors takes place prior to the end of the year, the newly-elected and former independent directors shall be listed, and it shall indicated in the remarks column whether the independent directors are former, newly elected, or reelected, and the day of the re-election shall also be specified. The actual attendance rate (%) is calculated based on the number of Audit Committee meetings during the term of service and the actual attendance.

(III) Implementation of corporate governance, and any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
I. Does the Company establish and disclose its practice principles for corporate governance in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company resolved at the board meeting on November 5, 2018 to establish the "Practice Principles for Corporate Governance" and disclose the same on the reporting website designated by the securities competent authority.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The contents are revised slightly according to the Company's practice; however, our practice principles for corporate governance are consistent with the said Principles.
II. Equity structure and shareholders' equity				
(I) Does the Company have internal operating procedures in place to deal with shareholders' suggestions, doubts, disputes and litigation matters and implement the procedures?	✓		(I) We have appointed a spokesperson and deputy spokesperson to deal with shareholders' suggestions or disputes and provided contact information for stakeholders on the Company's website.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Does the Company have a list of major shareholders who actually control the Company and the persons who have ultimate control over the major shareholders?	✓		(II) We have a list of the Company's major shareholders and their ultimate controllers and report any update on the list in accordance with laws and regulations.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company establish or implement any risk control measures and firewall mechanisms between the Company and its	✓		(III) Approved by the board of directors and reported in the shareholders' meeting, the Company implements the policies of "not providing	We are in compliance with the Corporate Governance

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
affiliates?			endorsements/guarantees for others" and "loaning to others." It also adopted the "regulations for subsidiary monitoring operations," "management rules for related party transaction," and "rules for the acquisition and disposal of assets," as well as established the risk management mechanism between the Company and its affiliates.	Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company have internal regulations to prohibit the insiders of the Company from using undisclosed information in the market to trade securities?	✓		(IV) The Company has establishedManagement Guidelines on Prevention of Insider Trading. Directors, managers and relevant personnel attend external training each year. The shareholders' service division also organizes workshops onlaws and regulations for prevention of insider trading to explain to 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.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
III. Formation and responsibilities of the Board of Directors (I) Does the Board of Directors establish a diversity policy, set specific goals, and implement them accordingly?	✓		(I) According to the diversity policy of the Company's "Corporate Governance Best Practice Principles ", all board members possess the necessary knowledge, skills, and competence required to perform their duties. Through directors' various professional leadership, decision-making ability, management ability, and financial and accounting knowledge, we able to diversify the formation of the Board of Directors and enhance the structure	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
			thereof. For more information, please refer to p.22.	
(II) In addition to establishing the Remuneration Committee and Audit Committee pursuant to laws, does the Company voluntarily set up other functional committees?		✓	(II) The Company resolved at the board meeting on December 5, 2011, to establish the Remuneration Committee and resolved at the shareholders' meeting held on June 30, 2017 to set up the Audit Committee. We have not established any functional committees other than the said 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.
(III) Does the Company establish policies and methods for evaluating the performance of the Board of Directors, conduct regular performance evaluations every year and report the results to the Board of Directors? Does the Company utilize the results as the reference for the individual remuneration and reelection nomination of directors?	✓		(III) The Company formulated regulations methods for evaluating the performance of the Board of Directors on March 23, 2020. The performance evaluation will be completed by the end of the first quarter in next year. The result of the performance evaluation of the Board of Directors in 2022 was reported to the Board of Directors on March 6, 2023, please refer to page 40-41.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company assesses the independence of CPAs periodically？	✓		(IV) The Audit Committee of the Company evaluates the independence and adequacy of CPAs each year. Apart from requesting CPAs to provide the "Statement of Independence" and "AOI," the Company also carry out the evaluation according to the standards in Note 1 and 13 AQIs. As confirmed, apart from certification and taxation expenses, there are no other financial benefits or business relationships between the CPAs and the	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Company. Members 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.
Note 1:CPA independence assessment standard:
<table>
<tr><th>Indicator</th><th>Result</th><th>Compliance of independence</th></tr>
<tr><td>The CPA is not a director of the Company or any of its affiliates.</td><td>Yes</td><td>Independent</td></tr>
<tr><td>The CPA is not a shareholder of the Company or any of its affiliates.</td><td>Yes</td><td>Independent</td></tr>
<tr><td>The CPA does not receive salary from the Company or any of its affiliates.</td><td>Yes</td><td>Independent</td></tr>
<tr><td>The CPA does not charge contingent fees for audit services.</td><td>Yes</td><td>Independent</td></tr>
<tr><td>Does the CPA confirm that his/her CPA firm complies with related independence regulations?</td><td>Yes</td><td>Independent</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>The CPA does not serve as a director manager of the Company or hold any post in the Company allowing him/her to exert significant influence on the audit within one year after he/she leaves his/her office.</td><td>Yes</td><td>Independent</td></tr>
<tr><td>The CPA dose not have kinship with any director or manager of the Company or any personnel who may exert significant influence on the audit.</td><td>Yes</td><td>Independent</td></tr>
<tr><td>The CPAs’ tenure of office is not more than 7 years.</td><td>Yes</td><td>Independent</td></tr>
<tr><td>Does the CPA comply with the independence regulations of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10?</td><td>Yes</td><td>Independent</td></tr>
</table>
</td><td></td></tr>
</table>

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
IV. Does the TWSE/TPEx-listed company designate competent corporate governance personnel in an appropriate number along with a chief corporate governance supervisor responsible for related matters (including but not limited to providing information required for directors and supervisors to perform their duties, assisting directors and supervisors in comply with laws and regulations, handling matters related to the Board of Directors and shareholders' meetings, and preparing minutes of the Board of Directors and shareholders' meetings)?	✓		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; 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 78 for continuing education of Corporate Governance Officer.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
V. Does the Company build communication channels for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), establish a stakeholder section on the Company's website, and duly respond to the CSR issues that the stakeholders are concerned about?	✓		The Company handles stock affairs on its own since its first listing. Matters related to shareholders are all in compliance with relevant laws and regulations, and shareholders' meetings are convened in the legal, effective and safe manner to ensure shareholders' rights and interests.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VI. Does the Company appoint a professional stock agency to handle matters related to		✓	We handle matters related to shareholders' meetings on our own. All shareholders' meetings are held on a legal,	There is no material difference with the

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
shareholders' meetings?			effective and secure basis to ensure shareholders' rights.	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.
VII. Information disclosure				
(I) Does the Company set up a website to disclose information concerning financial affairs and corporate governance?	✓		(I) The Company has set up a website and disclosed relevant information thereon.	Adherence to the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies The company has established the English version of the website for disclosure of basic data, financial and business information. An English website has been established, and our company and business information have been disclosed on it. We are now assessing whether to provide financial and stock affair information in English.
(II) Does the Company use other information disclosure methods (e.g. an English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and posting the videos of investor conferences on the website)?	✓		(II) We have appointed personnel responsible for disclosing and gathering information and have implemented a spokesperson system thoroughly.	

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
(III) Does the Company publicly announce and file the annual financial statements within two months after the close of the year and announce and file Q1, Q2 and Q3 financial statements and the monthly operation status prior to the regulated deadline?		✓	We publicly announce and file the annual financial statements within three months after the close of the year and before the regulated deadline, and Q1, Q2 and Q3 financial statements and the monthly operation status are publicly announced and filed prior to the specified time limit.	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	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
VIII. Is there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education for directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policies, the purchase of liability insurance for the Company's directors and supervisors) that is helpful in understanding the corporate governance operation of the Company?	✓		(I) Employee interests: We have always treated our employees with integrity and ensured their legal interests pursuant to the Labor Standards Act. (II) Employee care: We establish and promote a benefit system that ensure the stability of our employees' life and a complete training system to establish a good and mutual trust relationship with the employees. (For example, we provide group insurance, incentive trips, amusement activities, allowances for birth, weddings and bereavement, scholarship for employees and their children, employee medical check-ups, and park space to support our employees' life.) (III) Investor relation: A spokesperson and a deputy spokesperson are appointed to handle shareholders' questions and suggestions. (IV) Supplier relation: We have maintained a good relationship with our suppliers. Our procurement department is responsible for managing supplier-related affairs. (V) Stakeholders' rights: Our stakeholders can communicate with us and give us advices to maintain their legal rights. (VI) Continuing education of directors in the most recent year:	No major differences.

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	

Title	Name	Date assumed office	Training date		Organizer	Course title	Training hours
			Commencement	Conclusion			
Juristic-person director representative	Wang Hong-Ren	2022/08/08	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
Juristic-person director representative	Wang Feng-Shu	2021/03/15	June 10, 2022	June 10, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
			October 14, 2022	October 14, 2022		2022 Advocacy Workshop on Insider Trading Prevention	3
Juristic-person director representative	Wang Ming-Ren	2022/03/03	June 10, 2022	June 10, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Insider Trading Prevention	3
			July 7, 2022	July 7, 2022		Advocacy Seminar: Sustainability Roadmap for Industries	2
			October 7, 2022	October 7, 2022		2022 Advocacy Seminar for Directors and Supervisors on Exercise of Power by Independent Directors and Audit Committee	3
			October 14, 2022	October 14, 2022		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

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	

Title	Name	Date assumed office	Training date		Organizer	Course title	Training hours
			Commencement	Conclusion			
Independent Director	Wu Tong-Shung	2020/06/17	April 14, 2022	April 14, 2022	Independent Director Association Taiwan	Climate Finance Trends and Sustainable Development	3
			April 22, 2022	April 22, 2022	Taiwan Institute for Sustainable Energy (TAISE)	Taishin 30 – Sustainability and Transformation to Net Zero by 2030	3
			August 11, 2022	August 11, 2022	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Fintech and Money Laundry Prevention	3
			September 8, 2022	September 8, 2022		Corporate Governance Forum: Fair Treatment of Customers	3
Independent Director	Chang Jinn-Der	2020/06/17	November 14, 2022	November 14, 2022	Taiwan Institute of Directors (TWIOD)	Board Governance in the Context of Sustainability	3
			November 14, 2022	November 14, 2022		Cybersecurity Management Trends and Challenges	3
Independent Director	Sun Chin- Feng	2020/06/17	June 29, 2022	June 29, 2022	Taiwan Corporate Governance Association	Response to CFC (Controlled Foreign Corporation) Regulations: Know What You Are Dealing with	3
			November 15, 2022	November 15, 2022		Battle for Control Fight and Analysis on Preventive Strategies	3
			October 19, 2022	October 19, 2022	Securities & Futures Institute	2022 Advocacy Workshop on Compliance of Insider Equity Transactions	3

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
			(VII) Implementation of risk management policies and risk measurement standards: Based on corporate operations, the management team analyzes and categorizes risks into financial risks; supply chain and raw material risks; management risks; market risks; climate change risks; environment, safety and health risks; factory management risks and cybersecurity concerns. Control strategies and measures are formulated, reviewed on a rolling basis and implemented by responsible units. (VIII) Implementation of customer policies: We maintain a good and stable relationship with customers to generate profits for the Company. (IX) Purchase of liability insurance for directors and supervisors: We purchased directors' liability insurance and reported the renewal of the insurance, and reported the renewal of the insurance at the 15th meeting of the 24th Board of Directors on August 8, 2022	No major differences.
IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. According to the results of the Corporate Governance Evaluation released by the Corporate Governance Center of Taiwan Stock Exchange Corporation, the Company's improvements made in 2022 are as follows: 1. Simultaneous release of material information in both Chinese and English. Priority corrective actions and measures against the remaining deficiencies: 1. Change of insider shareholdings during the previous month is disclosed before the 10th of each month via the Market Observation Post System. 2. Three hours of training completed by each director during the first year on board.				

Note 1: Regardless of whether "Yes" or "No" is checked, the implementation should be described in the summary column.

(IV) Where the Remuneration Committee has been set up, its formation, responsibilities and operation shall be disclosed:

1. To improve the Company’s remuneration policies and systems for directors and managers, the Company resolved at the 4 meeting of the 21st Board of Directors on December 5, 2011 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” to establish the Remuneration Committee.
   On June 17, 2020, the Board of Directors approved the appointment of Wu Tong-Shung, Chang Jinn-Der, and Sun Chin-Feng as the members of the 4th Remuneration Committee. Their term of office will expire on June 16, 2023. They elected Chang Jinn-Der from among themselves to act as the convener.
2. Responsibilities of the Remuneration Committee: The Remuneration Committee should faithfully perform its duties with the due care of a good administrator 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 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 about Remuneration Committee members**

April 23, 2023

Conditions Identity	Name	Independence status of expertise and experience	Number of members who are concurrently as compensation and remuneration committees of other public offering
Independent Director (Convenor)	Chang Jinn-Der	Please refer to pages 17–20. (I) Information on directors 3.	2
Independent Director	Wu Tong-Shung		0
Independent Director	Sun Chin-Feng		3

(2) Information on the operation of the Remuneration Committee

I. The Company's Remuneration Committee consists of 3 members.

II. The term of the current members: June 17, 2020 - June 16, 2023. 3 (A) meetings of the Remuneration Committee have been held in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Chang Jinn-Der	3	0	100%	
Member	Wu Tong-Shung	3	0	100%	
	Sun Chin-Feng	3	0	100%	

Other particulars:

I. If the Board of Directors does not adopt or amend the suggestions from the Remuneration Committee, the date and session of the board meeting, the contents of the proposal, the resolution of the Board of Directors, and the Company's response to the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the remuneration suggested by the Remuneration Committee, the differences and reasons thereof should be stated): None.

Date and period	Proposal	Remuneration Committee's resolution	Company's response to Remuneration Committee's opinions
2022.03.21 6th meeting of the fourth Committee	1.Distribution of 2021 employee compensation and directors remuneration. 2. Amendment of the Company's remunerations to directors	Passed unanimously by all attending members following consultation by the chair.	Passed unanimously by all attending directors following consultation by the chair.
2022.08.08 7th meeting of the fourth Committee	1. Review of the Company's remunerations to directors 2. Review of the Company's management remuneration policies, systems, standards, structure, performance, and evaluation methods	Passed unanimously by all attending members following consultation by the chair.	
2022.11.07 8th meeting of the fourth Committee	1. Proposal to increase basic wages and personnel salaries offered by the Company	Passed unanimously by all attending members following consultation by the chair.	

II. If there is any resolution made by the Remuneration Committee with any objection or reservation raised by its members and included in records or stated in writing, the date and session of the Remuneration Committee meeting, the contents of the proposal, all members' opinions, and the response to their opinions should be stated: None.

Note:

(1) If a Remuneration Committee member resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is

calculated based on the number of Remuneration Committee meetings during his/her term of service and the actual attendance.

(2) If a re-election of the Remuneration Committee takes place prior to the end of the year, the newly-elected and former Remuneration Committee members shall be listed, and it shall indicated in the remarks column whether the members are former, newly elected, or reelected, and the day of the re-election shall also be specified. The actual attendance rate (%) is calculated based on the number of Remuneration Committee meetings during the term of service and the actual attendance.

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

Implementation status of the Sustainable Development and the deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is supervised by the Board of Directors? **(TWSE/TPEx-listed companies should describe the implementation status – not "comply or explain")**	✓		Under the authorization from the Company's Board of Directorsand the leadership from President, Sustainable Development & ESG Task Force integrates internal departments, convenes ESG and sustainability meetings, identifies corporate development directions and sustainability issues pertinent to stakeholders and formulates corresponding strategies and guidelines. In addition to information disclosure in ESGreports, a systematic approach to planning and appropriate budgeting are included in annual work plans of respective units. Chair of Sustainable Development & ESG Task Force presents the annual achievements to the Board of Directors, to facilitate the supervision of sustainable operations and assessment of results.	No difference
II. Does the Company establish a unit dedicated to (concurrently engaged in) promoting corporate social responsibilities? Does the Board of Directors authorize the top management to handle the relevant affairs? Does the top management report the handling to the Board of Directors?(Note 2) **(TWSE/TPEx-listed companies should describe the implementation status – not "comply or explain")**	✓		1. The Company prepares sustainability reports.Risk assessment boundaryis the Company's operational performance in Taiwan. 2. To ensure corporate governance, develop a sustainable environment, protect the social welfareand communicate with internal and external stakeholders,material ESG issues are listed for assessment and formulation of relevant risk management strategies as follows:	No difference

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Risk categories</th><th>Potential risks</th><th>Control strategies and measures</th></tr>
<tr><td rowspan="4">Financial risks</td><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
Appropriate borrowing periods and floating/fixed interest rate structures to reduce interest rate risks</td></tr>
<tr><td rowspan="2">Exchange rate changes</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>
<tr><td>Natural hedging of assets and liabilities denominated in foreign currencies and financing with receivables denominated in foreign currencies to mitigate exchange rate risks</td></tr>
<tr><td rowspan="2">Supply chain and raw materials risks</td><td rowspan="2">Components on procurement list out of production and disruption to raw materials supply</td><td>Business intelligence and development trends are collated so that technical and production functions can respond in advance.</td></tr>
<tr><td>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.</td></tr>
</table>
</td><td></td></tr>
</table>

Evaluation item	Implementation (Note 1)					Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary			
					Prioritization of local procurement and flexible response to production requirements.	
			Management risks	Personnel changes	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	
				Labor relations	Regular labor meetings to enhance the communication and promote harmony between the employer and employees	
			Market risks	Imbalance of production and sales	Simulation of a range of production and sales scenarios with forecasts of expected orders, in order to dynamically coordinate production plans.	
				Market responses	Staying on top of industry trends, market developments and customer demands, as a reference to sales strategy.	
				Price fluctuations	Reasonable selling prices based on costs and in reference to industry levels.	
				Product qualification	As part of the government's Forward-Looking Infrastructure Plan for railroad construction, cable manufacturers must obtain accreditation from Taiwan Accreditation Foundation (TAF). The application for TAF lab	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td></td><td></td><td>testing is currently under planning.</td></tr>
</table>
<table>
<tr><td rowspan="3">Climate change risks</td><td rowspan="3">Carbon emission control</td><td>Continuing management in energy efficiency and carbon reduction</td></tr>
<tr><td>The cross-function organizationdiscusses and identifies
climate change related risks and opportunities</td></tr>
<tr><td>Management of consumption of electricity,fossil fueland gas-fired powered mix enhancement of resource utilization efficiency and cost saving</td></tr>
<tr><td rowspan="3">Environment, safety and health</td><td rowspan="3">Environment, safety and health</td><td>Enhancement of training and education in safety and health. Strengthening of occupational safety and health.</td></tr>
<tr><td>Continued drive of plans and implementation of automated inspection</td></tr>
<tr><td>Enhanced occupational safety and health management by implementing ISO 45001</td></tr>
<tr><td rowspan="2">Factory management risks</td><td>Copper wire manufacturing equipment old, tired and not conducive to capacity utilization</td><td>Plan to purchase three high-performance stranded copper wires for replacement</td></tr>
<tr><td>Electronic</td><td>Plan to renew the key control unit</td></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="5">Implementation (Note 1)</th><th rowspan="2">Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th colspan="3">Summary</th></tr>
<tr><td></td><td></td><td></td><td></td><td>control for high-voltage equipment old and tired, increasing the risk of faults</td><td>of PCV161-2 machines</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>Factory went out of production and supply was disrupted during the pandemic</td><td>(1) Importing of copper plates, early procurement of petrochemical materials and stocking
(2) Formulation and implementation of an operation continuity plan for the factory
(3) Anti-COVID measures at the factory such as to mitigate the pandemic
impact on the Company</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>Lack of succession for key manufacturing processes</td><td>Enhanced control on quality of oxygen-free copper (OFC) and reporting on special project R&D to ensure technology succession
.</td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td>Rusting of aerial pipes and iron frames at the factory poses high industrial safety risks.</td><td>Record building for supervision at full scale in order to inspect, repair, strengthen, paint during the year to ensure industrial safety</td><td></td></tr>
<tr><td></td><td></td><td></td><td>Cybersecurity concerns</td><td>Security concerns with IT</td><td>Continuing updates of cybersecurity equipment to protect, manage, monitor</td><td></td></tr>
</table>

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	
			system: systems and network activities Continuing data backups and deployment of redundancy mechanisms Regular drills in disaster recovery Continuing advocacy of the importance of cybersecurity, intellectual property and personal data backups and integrity Please refer to the sustainability reports and the Company's website (Website: www.hegroup.com.tw/)	
III. Environmental issue (I) Does the Company establish environmental management systems suitable for its industrial characteristics? (II) Does the company committe to improve energy efficiency and using recycled materials with low impact on the environment?	✓ ✓ ✓		(1) Hua Eng Wire & Cable has established an environmental management system specific to its industry characteristics by following the ISO14001:2015 standard. The system has been accredited by the DQS and has passed annual reassessments. (2) Design of 3R (reuse, reduce, recycle) process specific to industry characteristics Hua Eng Wire & Cable obtained the ISO 14001:2015 environmental management system certification in 2019. Since then, we have been driving waste classification, recovery and reduction, pollution control and continuous improvements. Improvement for energy efficiency of oxygen-free copper (OFC) furnaces is continued as planned. Traditional boilers running on fuels and energy inefficient are being	No difference No difference

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>replaced across the board with zero-emission liquid nitrogen. Old forklifts with high waste emissions are gradually being phased out.</td><td></td></tr>
<tr><td>(III) Does the Company assess the current and future risks and opportunities that climate change potentially brings to the Company and take measures in response to climate-related issues?</td><td>✓</td><td></td><td>(3) Hua Eng Wire & Cable introduced the Task Force on Climate-related Financial Disclosures (TCFD) framework to counter the effects of climate change.
The Task Force on Climate-related Financial Disclosures (TCFD) framework assesses and discloses the potential risks and opportunities due to climate change. The purpose is to continue risk mitigation, enhance resilience and create sustainable development.
<table>
<tr><th>Governance</th><th>Strategy</th><th>Risk management</th><th>Metrics and targets</th></tr>
<tr><td>Hua Eng Wire & Cable has established the Task Force for Energy Efficiency and Carbon Reduction Management. Main departments involved appointment members to take responsibility</td><td>The cross-function organization discusses and identifies climate change related risks and opportunities, control the electricity dependence on fissile fuels and gas-fired power,</td><td>Use of the TCFD framework to construct the workflow of identifying the Company’s climate risks Integration with the ISO 14001 risk management process to identify</td><td>In support of the government’s target for green energy and carbon reduction, we are committed to continued purchase of green energy each year, to stabilize energy consumptio</td></tr>
</table></td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>in regular meetings and reviews on energy consumption and carbon emissions.</td><td>enhances resource utilization efficiency and reduces costs.</td><td>climate related risks and create the opportunity to improve and address climate issues</td><td>n and to reduce carbon emissions.</td></tr>
</table>
Considering the impact of climate change and the resulting heavy precipitation in summer, the Company intends to initiate engineering works to connect water sewages and regular dredging at the factory in order to prevent disruption caused by flooding of rain on production machinery as part of review and improvement of the drainage system.</td><td></td></tr>
<tr><td>(IV) Does the Company make statistics of its greenhouse gas emissions, water consumption and total waste weight during the previous two years and have policies for energy saving and carbon reduction, reduction of greenhouse gas emissions, reduction of water consumption, or management of other waste?</td><td>✓</td><td></td><td>(4) The Company's water consumption and total waste weight are related to the actual number of orders and the output of our products. We save water, implement waste sorting, reuse water, and decrease waste every year.
Hua Eng Wire & Cable has calculated its GHG emissions, water consumption and waste disposal during the past two years.
(1) GHG emissions
<table>
<tr><th></th><th>2021</th><th>2022</th></tr>
<tr><td>Total CO2e ton</td><td>16,631</td><td>16,863</td></tr>
<tr><td>Production value: million</td><td>5,211</td><td>7,342</td></tr>
<tr><td>Emission intensity</td><td>3.19</td><td>2.3</td></tr>
</table></td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
Note:GHG emission intensity = total GGHG emissions (tons) / production value (NT$ m)
(2) Water consumption Unit: million liters
<table>
<tr><th></th><th>Consumption of running water</th></tr>
<tr><td>2021</td><td>21.918</td></tr>
<tr><td>2022</td><td>22.027</td></tr>
</table>
(3)Total waste weight Unit: ton
<table>
<tr><th></th><th>2021</th><th>2022</th></tr>
<tr><td>General industrial waste</td><td>661.63</td><td>613.418</td></tr>
<tr><td>Hazardous industrial wastes</td><td>5.86</td><td>13.9</td></tr>
</table>
To effectively manage the waste from the production process, Hua Eng Wire & Cable has established Waste Management Regulations. The reusable industrial waste is converted with onsite facilities into raw materials, properly classified and stored, for the factory.
The remaining waste is collected and treated by qualified processors recognized by environmental authorities. Waste processors are required to keep track of the destination of wastes. Audits are conducted to ensure that all wastes are legally and process treated or reused.
</td><td></td></tr>
</table>

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	
IV. Social issue				
(I) Does the Company develop management policies and procedures in accordance with the relevant regulations and international human rights conventions?	✓		(1) Work rules are established and implemented, in accordance with labor laws and regulations promulgated by the government.	No difference
(II) Does the Company establish and implement reasonable employee benefit measures (including remuneration, leave and other benefits)? Is the business performance or results properly reflected in the remuneration for employees?	✓		(2) Wages and holiday rules are determined in accordance with the Labor Standards Act. Employee Welfare Committee is established to distribute benefit money according to laws and regulations, subsidies for weddings and funerals, scholarships for children, gift money for childbirths, travel subsidies and birthday benefits to employees. 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.	No difference
(III) Does the Company provide a safe and healthy work environment to its employees and provide them with safety and health education regularly?	✓		(3) In 2022, a total of 131 workers (for 713 man-hours) participated in external classes on occupational safety and environment protection. Also, a total of 189 employees received annual health checks.	No difference

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	
(IV) Does the Company have effective programs for development and training of employees' career skills?	✓		(4) To address its own needs, each unit within the Company proposes its ownpersonnel development and training plan each year. This includes new hire orientation ,on-the-job training, and management skills. The purpose is to assist colleagues in learning at multiple fronts, enhance capabilities and continue to grow and develop. In 2022, a total of 99 classes were organized for 601 participants and 1,545 man-hours.	No difference
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	✓		(5)All of Hua Eng Wire & Cable's products are clearly labeled according to regulations or customers' requestswith company data, product information, product certification details such as(CNS,UL,product testing & certification by the Standards, Metrology & Inspection, RoHS (Restriction of Hazardous Substances Directive),) so that customers fully understand the supplier information and safety of product use. This facilitates appropriate measures to process end-of-life product, to mitigate the environmental and social impact. The Company complies with the Personal Data Protection Act by establishing "Declaration for Personal Data Policy" as a management measure, to properly protect personal data and customers' privacy. Hua Eng Wire & Cable has put in place	No difference

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>Management Guidelines on Handling of Customers’ Complaints and Goods Returned, in accordance with the ISO 9001 quality management system. Procedures are implemented to protect customers’ rights and process complaints. Communication channels are established for stakeholders. Please visit Hua Eng Wire & Cable’s website →Corporate Sustainability→Communication with Stakeholders. (http://www.hegroup.com.tw/index.php?option=module&lang=cht&task=pageinfo&id=142&index=4)</td><td></td></tr>
<tr><td>(VI) Does the Company have a supplier management policy that requires suppliers to comply with regulations concerning environmental protection, occupational safety and health or labor rights? How is the implementation?</td><td>✓</td><td></td><td>(6) The Company will take an even more proactive attitude to supplier management by fully considering environmental, social and economic aspects and keeping a close eye on significant or potential risks across the supply chain. By exercising our influence, we also urge suppliers to cultivate concepts and management ability in sustainable development. This will foster a positive cycle in the industry.
Since the end of 2018, the procurement unit has been requesting suppliers to sign a Letter of Commitment to Corporate Social Responsibility. A total of 203 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</td><td>No difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>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.</td><td></td></tr>
<tr><td>V. Does the Company refer to international reporting rules or guidelines to publish the Sustainability Report to disclose non-financial information of the Company? Has the said Report acquired third-party verification or statement of assurance?</td><td>✓</td><td></td><td>(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 by TWSE Listed Companies; (SASB) Sustainability Accounting Standards Board standard; and TCFD (Climate-related Financial Disclosures) framework for information disclosure.
(2) This report has not yet been verified by third parties.</td><td>No difference</td></tr>
<tr><td colspan="5">VI. If the Company has established its sustainable development code of practice according to “Listed Companies Sustainable Development Code of Practice,” please describe the operational status and differences:
(1) In November 2018, the Board of Directors formulated and approved the Company’s Practical Guidelines on Corporate Social Responsibility. In</td></tr>
</table>

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and its reasons
	Yes	No	Summary	
May 2022, the Board of Directors approved the amendment to these guidelines and renamed it "Practical Guidelines on Sustainability," to better fulfill corporate social responsibility. The Company regularly reviews the implementation of the guidelines in order to make improvements. There has been no implementation variation to date. (2) The Company has produced a sustainability report. Please refer to the 2021 Sustainability Report for details. The Company has prepared a Sustainability report.For the implementation, please refer to "2022 Sustainability report." No difference				
VII. Other important information to facilitate better understanding of the Company's implementation of sustainable development: Please check the introduction and description of the Company's "CSR" online at http://www.hegroup.com.tw/.				

Note 1: If "Yes" is selected for the execution status, please specify the important policies, strategies and measures and implementations. status; if "No" is checked, please explain the difference and its reason in the column of "Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof"and describe the relevant policy, strategy and measure to be taken in the future. 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: Materiality principle means topics related to environment, social and corporate governance that have material impacts on the Company's investors and other stakeholders.

Note 3: Please refer to the sample of best practices on Taiwan Stock Exchange Corporation's corporate governance center website for method of disclosure.

(VI) Implementation of corporate ethical management and measures taken:

Implementation of corporate ethical management, deviation from the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies and causes thereof

Evaluation item	Implementation (Note 1)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and programs				
(I) Does the Company establish ethical management policies adopted by the Board of Directors? Does the Company clearly specify, in its regulations and external documents, the ethical management policies and practice and the commitment of the Board of Directors and the management to rigorous and thorough implementation of those policies?	✓		(1) To observe laws and regulations and follow ethical standards, in addition to complying with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, etc., we have established our ethical management principles adopted by the Board of Directors, formulated and implemented ethical requirements and policies with our management philosophies of integrity and honesty, fairness and transparency, self-discipline and responsibility, and created good corporate governance and risk control mechanisms to achieve sustainable development.	No difference
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article7 Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for	✓		(2) We have established work rules, discipline rules, ethical management principles and relevant management operations to prevent unethical conduct. We have rules regulating employees' conduct and ethics. For personnel holding posts related to the Company's business, procurement, storage of finished products, or supervision, they are reviewed with the internal control and audit system to prevent	No difference

Evaluation item	Implementation (Note 1)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
TWSE/GTSM Listed Companies"?			misbehavior.	
(III) Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?	✓		(3) The Company has procedures and behavior guidelines for ethical management, the code of ethical conduct, and reporting and compliant systems in place, which are implemented thoroughly, and reviewed and modified.	No difference
II. Implementation of ethical management				
(I) Does the Company assess the integrity records of counterparties? Do contracts between the Company and the counterparties include clear clauses governing ethical conduct?	✓		(1) We assess the integrity record of counterparties according to relevant ethical management regulations, establish the norms of employee conduct and ethics to prevent jobbery, misbehavior, breach of confidentiality or false reports, and prohibit employees from accepting manufacturers' invitation of entertainment and financial gifts.	No difference No difference
(II) Does the Company establish a unit under the Board of Directors dedicated to promoting corporate ethical management and regularly (at least once a year) reporting the ethical management policy, unethical conduct prevention program, and implementation and supervision thereof to the Board of Directors?	✓		(2) Our ethical management promotion team is responsible for ethical management affairs, and our internal audit unit is responsible for reporting any unethical conduct, the actions taken, and any subsequent reviews and corrective measures to the Board of Directors.	No difference
(III) Does the Company have policies against conflicts of interest and provide proper channels through which explanations may be given? Has the Company	✓		(3) We establish public and fair procurement and outsourcing mechanisms to make public tenders through our electronic trading platform and	No difference

Evaluation item	Implementation (Note 1)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
implemented them?			procurement and outsourcing system. We formulate reporting and compliant regulations, provide reporting hotlines, and implement them thoroughly.	
(IV) Does the Company establish an effective accounting system and internal control system to implement ethical management? Does the internal audit unit formulate relevant audit plans based on the results of the unethical conduct risk assessment? Does the unit audit the compliance with the unethical conduct prevention program accordingly or commission CPAs to conduct the audit?	✓		(4) All of our operations are computerized to connect management functions with respect to human resources, finance, operation, production, materials and equipment, and engineering projects. Therefore, the Company's departments are articulated together to perform abnormality management. We also create an independent operational structure for internal audits, conduct audits according to audit plans, and make regular reports to the Board of Directors.	No difference
(V) Does the Company regularly organize internal and external training courses regarding ethical management?	✓		(5) Currently, we perform internal promotion and plan to regularly organize internal and external training courses regarding ethical management.	No difference
III. Operation of the reporting system				
(I) Does the Company have concrete systems for whistleblowing and rewards? Does the Company have convenient channels in place for whistleblowing and are appropriate personnel appointed to deal with reports?	✓		(1) To implement ethical management policies, we have work rules and reporting policies in place, assign a responsible unit to accept and investigate reports, and create convenient channels for whistleblowing.	No difference
(II) Does the Company establish standard operating procedures for investigation of matters reported by whistleblowers, measures to be taken following the conclusion of investigation and relevant mechanisms	✓		(2) For violations of our ethical management rules, we treat reported cases as confidential documents in accordance with the reporting policy. The Company's Auditing Office is	No difference

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation (Note 1)</th><th rowspan="2">Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>for confidentiality?</td><td></td><td></td><td>responsible for accepting and investigating cases. If the investigation indicates that the violation indeed occurred, rewards and punishments are given based on the impact of the violation, and relevant corrective measures are put forth to prevent any recurrence.</td><td></td></tr>
<tr><td>(III) Does the Company take any measures to protect whistleblowers from improper treatment as a result of their whistleblowing?</td><td>✓</td><td></td><td>(3) The Company has the responsibility to maintain the confidentiality of whistleblowers and assure that they will not be mistreated in any way due to whistleblowing.</td><td>No difference</td></tr>
<tr><td>IV. Enhancing information disclosure
Does the Company have the contents of its ethical management principles and the implementation thereof disclosed on the website and MOPS?</td><td>✓</td><td></td><td>The Company has set up a company website to disclose the Company’s products, and basic and financial information. The Company’s information is also disclosed on the MOPS in a timely, open and transparent manner for customers and investors’ reference.</td><td>No difference</td></tr>
<tr><td colspan="5">V. If the Company has established its ethical management practice principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe the difference between its operation and the principles established:
We have formulated our ethical management practice principles and complied with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, relevant regulations for TWSE/GTSM listed companies, and other laws and regulations related to business conduct. Our internal audit unit is responsible for conducting projects and audits.</td></tr>
<tr><td colspan="5">VI. Other information helpful in understanding the Company's ethical management: (For example, the Company’s review and revision of its ethical management practice principles, etc.)
We pay continuous attention to the development of relevant regulations 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.</td></tr>
</table>

Note 1: Regardless of whether “Yes” or “No” is checked, the implementation should be described in the summary column.

(VII) If corporate governance practice principles and relevant regulations have been established, the method to inquire such principles and regulations should be disclosed:

i. Please see them under the Corporate Governance section on the Market Observation Post System at http://mops.twse.com.tw/.

(VIII) Other important information helpful for better understanding the operation of the Company's corporate governance:

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

Title	Name	Training date		Organizer	Course title	Training hours
		Commencement	Conclusion			
Manager	Liu Hsiu-Mei	August 5, 2022	August 5, 2022	Taiwan Investor Relations Institute	ESG – Corporate Challenges in Riding the Wave of Sustainability	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
		November 8, 2022	November 8, 2022	Taiwan Investor Relations Institute	Liabilities of Directors and Supervisors under Civil Codes and Criminal Codes: Case Studies	3
		November 11, 2022	November 11, 2022	Taiwan Corporate Governance Association	Legal Issues and Matters of Attention Regarding Insider Shareholdings and Transactions	3
Manager	Lin Tseng-Mao	November 8, 2022	November 8, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Cybersecurity of TWSE/TPEx-Listed Companies	2
Manager (Corporate Governance Manager)	Lu Hsiu-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 Manager	Wu Chia-Yu	2022/8/18	2022/8/19	Accounting Research and Development Foundation	Continuing education course for accounting manager of an issuer, a securities dealer or a stock exchange	12
IT Assistant Manager	Tsai Kun-Long	November 8, 2022	November 8, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Cybersecurity of TWSE/TPEx-Listed Companies	2

IT Assistant Manager	Chen Chien-Yu	November 8, 2022	November 8, 2022	Taiwan Stock Exchange	2022 Advocacy Workshop on Cybersecurity of TWSE/TPEx-Listed Companies	2
Audit Director	You Bao-Cing	October 24, 2022	October 24, 2022	Institute of Internal Auditors	Interpretation, Analysis and Use of Financial Statements	6
		December 15, 2022	December 15, 2022	Institute of Internal Auditors	"Information Security Protection" and "Cloud Security" Audit Practice Seminar	6

2. Relevant domestic and foreign licenses obtained by the Company’s financial accounting and audit personnel:

1 CPA license, 7 senior securities specialist licenses, and 1 securities broker specialist license.

3. Establishment of code of ethical conduct for employees:

(1) The Company adopted the “Work Rules” for its employees in accordance with relevant regulations, which is enacted after the approval of the board of directors to regulate employee behaviors.

(2) The Company adopted the “Code of ethical conducts” that stipulates penalties for employees using their position to seek illegal benefits, preferential treatment, gift, commission, embezzlement or other forms of illegal benefits to prevent unethical conduct. It also organizes employee training, education and seminars from time to time, and through the audit mechanisms of internal audit unit to prevent any fraudulent behavior.

4. Formulation of procedures for handling internal material information:

(1) On November 7, 2022, the Company formulated and implemented “Procedures of Handling Internal Material Information” upon approval from the Board of Directors.

(2) Handling and disclosure of internal material information are prescribed in the Company’s internal control system – rules for insider trading prevention. Any public information filing shall be first authorized by responsible supervisor and controlled and uploaded by dedicated personnel who has the “certification software” installed in his/her computer along with the encryption key.

(3) A spokesperson system has been established. When the Company has material information to be made public, the Company’s responsible person, spokesperson or deputy spokesperson shall be responsible to make external statements in a unified manner.

(IX) Implementation of the internal control system:

1. Statement on the internal control system

2022 Internal Control System Statement

Indicates that both the design and implementation are effective (A declaration is made on all the laws and regulations for the part that adopts the laws and regulations)

Hua Eng Wire & Cable 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.

Hua Eng Wire & Cable Co., Ltd.
Chairman: signature

General Manager: signature

2. If a CPA is commissioned for auditing the internal audit system, the audit report of the CPA shall be disclosed: None.

(X) Any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the annual report publication date, the main shortcomings, and the condition of improvement: None.

(XI) Material resolutions made by the shareholders' meeting and the Board of Directors in the most recent year up to the publication date of the annual report:

1. Material resolutions of the shareholders' meeting

Date	Meeting type	Material resolution	Implementation
2022.06.16	2022 General meeting of shareholders	1. Recognition of the 2021 business report and financial statements.	The 2021 business report and financial statements were recognized. Resolution was publicly announced on the same date of the general meeting.
		2. Recognition of 2021 earnings distribution.	Implemented as proposed. The Chairman was authorized to set July 15, 2022 as the dividend record date, and cash dividends were distributed from August 11, 2022 (Cash dividend of NT$1.5 per share).
		3. Approval of the amendment to the Company's Procedures of Asset Acquisitions or Disposals	Amended procedures in effect after approval by the 2022 shareholders' meeting and announcement at the Company's website

2. Material resolutions of the Board of Directors

Date	Meeting type	Material resolution
2022.03.21	13th meeting of the 24th Board of Directors	1. Proposal for distribution of the Company's 2021 employee and director remuneration was passed. 2. 2021 business report, separate financial statements and consolidated financial statements were passed. 3. Proposal for 2021 earnings distribution plan was passed. 4. Proposal for amendments to the Company's "rules for the acquisition and disposal of assets" was passed. 5. Proposal for convening the general meeting of shareholders in 2022 was passed. 6. Proposal of the Company's 2022 business budget was passed. 7. Proposal for issuing the "Internal Control System Statement" for 2020 was passed. 8. Proposal for lifting the prohibition on competition for the Company's managers was passed.

Date	Meeting type	Material resolution
		9. Proposal for alternation of CPAs due to internal rotation in the accounting firm was passed. 10. Proposal for amendments to the Company's Organizational Chart was passed. 11. Proposal for increase of the stock trading quota in 2022 was passed. 12. Proposal for adjustment of compensation and remuneration for directors was passed. 13. Proposal of sales credit to vendors was passed.
2022.05.09	14th meeting of the 24th Board of Directors	1. The consolidated financial statements for the first quarter in 2022 were passed. 2. The assessment of the independence of CPAs performing the Company's financial statement audit was passed. 3. Proposal for amendments to the Company's "Corporate Governance Best-Practice Principles" & "Guideline for Corporate Social Responsibility Practices" were passed.
2022.08.08	15th Session of the 24th Board of Directors	1. Approval of the Company's consolidated financial statements for the second quarter of 2022. 2. Approval of the amendment to the Company's Internal Control System for Shareholders' Services. 3. Approval of the proposal for the Company to apply to financial institutions for an increase in credit facilities. 4. Review and approval of the Company's remunerations to directors. 5. Approval of review on the Company's managementremuneration policies, systems, standards, structure, performance, and evaluation methods.
2022.08.08	16th Session of the 24th Board of Directors	1. Approved the election of Chairman.
2022.11.07	17th Session of the 24th Board of Directors	1. Approval of the Company's consolidated financial statements for the third quarter of 2022. 2. Approval of the Company's withdrawal investment in Linkuang Technology Industrial Park. 3. Approval of the Company's closure of Linkuang branch. 4. Approvalof the amendment to the Company's Rules of Procedure for Board Meetings. 5. Formulation and approval of the Company's Procedures of Handling Internal Material Information. 6. Approval of the Company's 2023 audit plan. 7. Approval of the Company's 2023 quota in trading of shares. 8. Approval of the appointment of consultants for 2023. 9. Approval of increase in basic wages and personnel salaries offered by the Company.

Date	Meeting type	Material resolution
		10. Approval of the proposal for the Company to apply to financial institutions for an increase in credit facilities.
2023.03.06	18th Session of the 24th Board of Directors	1. Approval of the distribution of employees' remuneration and directors' remuneration for 2022. 2. Approval of 2022 business report, parent company only financial statements and consolidated financial statements. 3. Approval of the earnings distribution for 2022. 4. Approval of the proposal to re-elect directors (including independent directors). 5. Approval of the removal of non-compete restrictions on the Company's new directors or their representatives. 6. Approval of amendment to the Company's Rules of Procedure for Election of Directors. 7. Approval for convening of the 2023 shareholders' meeting. 8. Approval of the Company's 2023 business budget. 9. Approval of the issued 2021 Statement of Internal Control Systems. 10. Approval of the appointment and remuneration of certified public accountants who audit the Company's 2023 financial reports. 11. Approval of change of the public certified accountants who audit the Company's financial statements as part of the internal rotation of the accounting firm. 12. Approval of the assessment on the independence and the suitability of the certified public accountants who audit the financial reports. 13. Approval of the Company's key personnel change. 14. Approval of the Company's limits on sales to other companies. 15. Approval of the proposal for the Company to apply to financial institutions for credit facilities.
2023.05.10	19th Session of the 24th Board of Directors	1. Approval of the Company's consolidated financial statements for the first quarter of 2023. 2. Nomination of candidates for the 25th session directors (including independent directors) were passed. 3. Approved the formulation of the general principles for pre-approved non-assurance service policies. 4. Approved the amendment to the "internal control system" of the Company.

(XII) Any opinions raised by directors or supervisors against the major resolutions of the Board of Directors and included in records or stated in writing in the most recent year up to the publication date of the annual report: None.

(XIII) Resignation or dismissal of the Company's chairman, general manager, accounting supervisor, financial officer, chief internal auditor, corporate governance supervisor, and R&D supervisor in the most recent year up to the publication date of the annual report:

Resignation and Dismissal of Personnel Related to the Company

April 23, 2023

Title	Name	Date assumed office	Date dismissed from office	Reasons for resignation or dismissal
Chairman	Liu Chung-Jen	2021.01.11	2022.08.08	Personal issues
Finance Manager	Lin Min-Shiang	1992.06.01	2022.01.10	Deceased

Note: The said personnel related to the Company refer to the Company's chairman, general manager, accounting supervisor, financial officer, chief internal auditor, corporate governance supervisor, R&D supervisor, etc..

V. Information on CPA fees:

CPA Audit Fees

Currency unit: NTD thousand

Accounting firm	Name of CPA	CPA's audit period	Audit Fee	Non-audit fee	Total	Remark
KPMG Taiwan	Hsu Chen-Lung, Chen Yung-Hsiang	From January 1, 2022 to December 31, 2022	1,660	405	2,065	Tax audit

Please specify service provided for non-audit fee: (e.g. Tax audit, assurance or other financial advisory service)

Note: If there is any alternation of CPAs or accounting firm of the Company this year, please list the audit period separately and remark the reason of alternation. Information on audit fee and non-audit fee shall be disclosed in order. Service content shall be described in the remark for non-audit fee.

VI. Information on replacement of CPA:

Due to the internal job rotation of the CPA firm, the CPAs for financial statements have been changed from Hsu Chen-Lung, Yang Po-Jen, to Hsu Chen-Lung and Chen Yung-Hsiang since the first quarter of 2022.

(I) Information about former CPAs: Not applicable.

(II) Information about succeeding CPAs: Not applicable.

(III) Former CPAs' reply to matters under Items 1 and 2-3, Subparagraph 6, Article 10 of the "Regulations Governing Information to be Published in Annual Reports of Public Companies": Not applicable.

VII. The Company's chairman, general manager, or any financial and accounting manager who has worked for the CPA firm or any of its affiliates in the most recent year: None.

VIII. Any transfer of equities and change in equities pledged by directors, managers, and shareholders with a stake of more than 10% in the most recent year up to the publication date of the annual report.

(I) Change in directors, managers and major shareholders' equities

Title	Name	2022		Current year, as of April 23, 2023. (The book closure date for 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	First Copper Technology Co., Ltd. (Major shareholder)	0	0	0	0
	Representative: Wang Hong-Ren	0	0	0	0
Director (2 seats)	Mei-Da Co., Ltd.	0	0	0	0
	Representative: Wang Yu-Fa	0	0	0	0
	Representative: Wang Feng-Shu	0	0	0	0
Director	First Copper Technology Co., Ltd. (Major shareholder)	0	0	0	0
	Representative: Wang Ming-Jen	0	0	0	0
Independent Director	Wu Tong-Shung	0	0	0	0
Independent Director	Chang Jinn-Der	0	0	0	0
Independent Director	Sun Chin-Feng	0	0	0	0
General Manager	Fang Wu-Nan	0	0	0	0
Deputy General Manager	Huang Hua-Chih	0	0	0	0
Factory Director	Chen Kun-Chin	0	0	0	0
Deputy Factory Director	Li Hsien-Chang	0	0	0	0
Manager	Wang Yun-Ming	0	0	0	0
Manager	Yang Jen-Cheng	0	0	0	0
Manager	Liu Hsiu-Mei	0	0	0	0

Title	Name	2022		Current year, as of April 23, 2023. (The book closure date for 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
Manager	Lin Tseng-Mao	0	0	0	0
Manager	Chen Chien-An	0	0	0	0
Manager	Chen Yung-Fu	0	0	0	0
Manager	Tsai Shang-Huan	0	0	0	0
Manager	Hung Chueh-Chien	0	0	0	0
Manager	He Chi-Mei	0	0	0	0
Manager	Hsu Shou-An	0	0	0	0
Manager	Lu Hsiu-Ying	0	0	0	0
Manager	Chu Chiung-Yao	0	0	0	0
Accounting Supervisor	Wu Chia-Yu	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.

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

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

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

Information about the Relationships among the Top Ten Shareholders

Unit: Shares

Name (Note 1)	Shares held by the shareholder		Shares held by spouse and minor children		Total shares held in the names of others		The title or name and relation in case of the top ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
First Copper Technology Co., Ltd.	208,569,277	32.96%	—	—	—	—	Wang Yu-Fa, Wang-Yang Pi-O Wang Feng-Shu, Wang Wen-Ling Wang Hung-Ming	Relative within the second degree of kinship	
Chairman: Wang Hung-Ren	13,419,455	2.12%	—	—	—	—			
Hua Horng Investment Co., Ltd.	45,772,000	7.23%	—	—	—	—	Mei-Da Co., Ltd.	Chairmen are the same person	
Chairman: Wang Yu-Fa	11,089,162	1.75%	22,057,932	3.49%	—	—	Wang-Yang Pi-O, Wang Feng-Shu Wang Wen-Ling, Wang Hung-Ren Wang Hung-Ming ,	Relative within the second degree of kinship	
Wang-Yang Pi-O	22,057,932	3.49%	11,089,162	1.75%	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd., Mei-Da Co., Ltd.	Chairman is a relative within the second degree of kinship	
							Wang Yu-Fa, Wang Wen-Ling Wang Feng-Shu, Wang Hung-Ren Wang Hung-Ming ,	Relative within the second degree of kinship	
Wang Feng-Shu	16,137,781	2.55%	—	—	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd., Mei-Da Co., Ltd.	Chairman is a relative within the second degree of kinship	

							Wang Yu-Fa, Wang-Yang Pi-O Wang Wen-Ling, Wang Hung-Ren Wang Hung-Ming ,	Relative within the second degree of kinship	
Wang Wen-Ling	13,941,804	2.20%	2,362,021	0.37%	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd., Mei-Da Co., Ltd.	Chairman is a relative within the second degree of kinship	
							Wang Yu-Fa, Wang-Yang Pi-O Wang Feng-Shu, Wang Hung-Ren Wang Hung-Ming ,	Relative within the second degree of kinship	
Wang Hung-Ren	13,419,455	2.12%	—	—	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd. Mei-Da Co., Ltd.	Chairman of said company Chairman is a relative within the second degree of kinship Chairman is a relative within the second degree of kinship	
							Wang Yu-Fa, Wang-Yang Pi-O Wang Wen-Ling, Wang Feng-Shu Wang Hung-Ming ,	Relative within the second degree of kinship	
Wang Yu-Fa	11,089,162	1.75%	22,057,932	3.49%	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd. Mei-Da Co., Ltd.	Chairman is a relative within the second degree of kinship Chairman of said company Chairman of said company	

							Wang-Yang Pi-O, Wang Wen-Ling Wang Feng-Shu, Wang Hung-Ren Wang Hung-Ming ,	Relative within the second degree of kinship	
Wang Hung-Ming	9,250,905	1.46%	—	—	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd., Mei-Da Co., Ltd.	Chairman is a relative within the second degree of kinship	
							Wang Yu-Fa, Wang-Yang Pi-O Wang Wen-Ling, Wang Feng-Shu Wang Hung-Ren,	Relative within the second degree of kinship	
Chen Kun-Jung	5,083,462	0.80%	—	—	—	—	None	None	
Mei-Da Co., Ltd. Chairman: Wang Yu-Fa	3,936,732	0.62%	—	—	—	—	Hua Horng Investment Co., Ltd.	Chairmen are the same person	
	11,089,162	1.75%	22,057,932	3.49%	—	—	Wang-Yang Pi-O, Wang Wen-Ling Wang Feng-Shu, Wang Hung-Ren Wang Hung-Ming,	Relative within the second degree of kinship	

Note 1: All the top ten shareholders should be listed. For those who are corporate shareholders, the names of the corporate shareholders and their representatives should be listed separately.

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

Note 3: The relationships among the shareholders listed above (including corporate and natural person shareholders) shall be disclosed.

(X) The total number of shares held in any single investee by the Company, its directors, supervisors, managers, and any companies controlled either directly or indirectly by the Company, and the consolidated shareholding ratio.

Consolidated Shareholding Ratio

Date: March 31, 2023; Unit: Shares; %

Investee (Note)	The Company's investment		Investment by directors, supervisors, and managerial officers, or by directly or indirectly controlled enterprises		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
First Copper Technology Co., Ltd.	141,818,196	39.44%	577,253	0.16%	142,395,449	39.60%
Hua Ho Engineering Co., Ltd.	1,726,000	49.31%	10,000	0.29%	1,736,000	49.60%
China Ecotek Corporation	11,843,730	9.57%	0	0.00%	11,843,730	9.57%
Wafer Works Corporation	4,699,013	0.87%	0	0.00%	4,699,013	0.87%
Asia Pacific Telecom Co., Ltd	88,742,877	2.06%	0	0.00%	88,742,877	2.06%
Savior Lifetec Corporation	3,496,402	1.10%	0	0.00%	3,496,402	1.10%
Bionime Corporation	7,395,900	12.19%	0	0.00%	7,395,900	12.19%
Co-Tech Development Corp.	7,812,375	3.09%	0	0.00%	7,812,375	3.09%
Pixon Technologies Corporation	3,461,200	14.13%	0	0.00%	3,461,200	14.13%
International United Technology Co., Ltd.	987,354	6.04%	0	0.00%	987,354	6.04%

Note: It constitutes the Company's primary investment.

I. Capital and share

(I) Equity capital sources

Month/ year	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares	Amount (NTD)	Number of shares	Amount (NTD)	Equity capital sources	Property other than cash used to offset against payments	Others
July 2003	10	632,773,506	6,327,735,060	632,773,506	6,327,735,060	Capitalization of earnings NTD 31,481,270	None	Note

Note: It was approved under the Letter Tai-Cai-Zheng (1) No. 0920130603 dated July 9, 2003.

Type of shares

Type of shares	Authorized capital stock			Remarks
	Listed outstanding shares	Unissued shares	Total	
Registered common shares	632,773,506	0	632,773,506	—

Information concerning the collective filing system: Not applicable.

(II) Shareholder structure

Unit: Shares / Book closure date for the shareholders' meeting, April 23, 2023

Shareholder structure / Quantity	Government Agency	Financial Institution	Other Juristic Person	Individual	Foreign institution and foreigner	Total
Number of shareholders	0	4	64	54,690	63	54,821
Number of shares held	0	168,680	264,752,987	353,571,811	14,280,028	632,773,506
Shareholding ratio	0%	0.03%	41.84%	55.87%	2.26%	100.00%

Note: All companies listing for the first time on TWSE/TPEx are required to disclose Chinese investors' shareholding ratios. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a third region, as defined in Article 3 of the "Regulations Governing the Permission of Investment by Nationals in Mainland Area."

(III) Distribution of equity

Distribution of common shares

Book closure date for the shareholders' meeting, April 23, 2023

Range of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	20,371	4,429,151	0.70%
1,000 to 5,000	25,680	56,820,107	8.98%
5,001 to 10,000	4,706	37,990,256	6.00%
10,001 to 15,000	1,300	16,518,165	2.61%
15,001 to 20,000	974	18,258,705	2.89%
20,001 to 30,000	708	18,346,826	2.90%
30,001 to 40,000	319	11,719,326	1.85%
40,001 to 50,000	197	9,335,384	1.48%
50,001 to 100,000	313	22,568,106	3.57%
100,001 to 200,000	127	17,877,578	2.83%
200,001 to 400,000	62	16,966,323	2.68%
400,001 to 600,000	24	11,599,519	1.83%
600,001 to 800,000	10	7,031,689	1.11%
800,001 to 1,000,000	4	3,751,565	0.59%
1,000,001 or more	26	379,560,806	59.98%
Total	54,821	632,773,506	100.00%

Distribution of preferred stock: Not applicable as the Company does not issue preferred stock.

(IV) List of major shareholders

Book closure date for the shareholders' meeting, April 23, 2023

Shares Name of major shareholder	Number of shares held	Shareholding ratio
First Copper Technology Co., Ltd.	208,569,277	32.96%
Hua Horng Investment Co., Ltd.	45,772,000	7.23%

※Shareholders holding more than 5% of the Company's total shares

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

Year Item		2022	2021	Current fiscal year up to the annual report publication date (Note 8)
Market price per share (Note 1)	Highest	24.25	36.10	17.30
	Lowest	11.45	10.60	13.45
	Average	19.06	24.75	15.55
Net value per share (Note 2)	Before distribution	11.00	12.33	11.58
	After distribution	—	10.83	
Earnings per share	Weighted average number of shares (Note 9)	424,209,682	424,209,682	424,209,682
	Earnings per share (Note 3)	(0.09)	3.27	0.84
Dividend per share	Cash dividend	0.40	1.50	—
	Stock dividends	—	—	—
		—	—	—
	Accumulated unpaid dividends (Note 4)	0	0	—
Analysis of return on investment	P/E ratio (Note 5)	(211.77)	7.57	—
	P/D ratio (Note 6)	47.65	16.50	—
	Cash dividend yield (Note 7)	2.10%	6.06%	—

＊If there are stock dividends from capitalization of earnings or capital reserves, the information on the market price and cash dividend adjusted retrospectively based on the number of shares to be distributed shall be disclosed.

Note 1: The table lists the highest and lowest market prices of common shares in each year, and the annual average market price is calculated with the annual trading value and volume in each year.

Note 2: Please fill in the table based on the number of issued shares at the end of the year and the distribution resolved at the board of directors' meeting or the shareholders' meeting in the following year.

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

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

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

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

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

Note 8: The net value per share and earnings per share columns should be filled in with the data verified (reviewed) by CPAs up to the publication date of the annual report in the most recent quarter; the remaining columns should be filled in with the data of the current year up to the publication date of the annual report.

Note 9: The weighted averages of outstanding shares, from which the Company's shares held by its subsidiaries deemed as treasury stocks were deducted, in 2022, 2021 and the first quarter of 2023 was 208,563,824 shares, 208,563,824 shares and 208,563,824 shares, respectively.

(VI) The Company's dividend policy and implementation

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

If there is a profit in the Company's annual final account, it shall be first used to pay taxes and make up for any accumulated losses, and then 10% of the profit shall be provided for the legal reserve, unless the balance of the legal reserve has accumulated to the same amount as the Company's paid-up capital. The remaining amount of the said profit shall be set aside or reversed as special reserves based on the Company's business needs and as required by law. The balance of the profit (if available) shall, together with the undistributed profits at the beginning of the year, be submitted by the Board of Directors in the form of a proposal for distribution to the shareholders' meeting for resolution.

Amid a still-growing business environment, the Company shall master the economic environment to seek sustainable operation and long-term development. Our 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. Profits for distribution shall account for 50% or more of distributable earnings, and cash dividends for distribution shall not be less than 10% of the total dividends distributed in the current year.

2.Dividend distribution proposed at the shareholders' meeting:

The Board of Directors resolved to distribute cash dividends for shareholders at NTD 0.4 per share, totaling NTD 253,109,402.

3.The Company expects no major changes in the dividend policy.

(VII) Impact of stock dividends proposed at the shareholders' meeting on the Company's business performance and earnings per share:

Not applicable as the earnings in 2022 were not distributed in the form of stock dividends.

(VIII) Remuneration to employees and directors:

1. Percentage or range of remuneration to employees and director as set

out in the Articles of Incorporation:

If the Company makes a profit in the year, it shall appropriate no less than 3% of the profit for employee remuneration and no more than 2% thereof for director remuneration. However, the profit shall be first retained for the Company's accumulated losses, if any.

2. The basis for estimating the amount of employee and director remuneration and for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   The estimated amount of employee remuneration and director remuneration calculated based on the profit before tax of NTD 96,121 thousand in 2022 (the said profit before tax refers to the amount of profit that employee and director remunerations have not been deducted from), with the percentage as set forth in the Company's Articles of Incorporation is NTD 2,884 thousand and NTD 481 thousand, respectively. Any differences (if any) between the amount actually paid in the following year and the amount previously estimated are treated as a change in accounting estimate and recognized in profit/loss of 2023.

3. Remuneration for distribution approved by the Board of Directors

   (1)The amount of remuneration to employees and directors distributed in cash or stocks

   ①The amount of remuneration to employees distributed in cash is NTD 2,883,638.

   ②The amount of remuneration to directors distributed in cash is NTD 480,606.

   ③If there is a difference from the amount estimated in the year in which the expense was recognized, the difference, reasons and treatment shall be disclosed:

   There is no difference between the amount to be distributed approved by the Board of Directors and the expense recognized.

   (2)The amount of employee remuneration distributed in stocks and its proportion to the total of after-tax net profit and employee remuneration stated in the separate financial statements of the current period: None.

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

   (1) The amount of remuneration to employees distributed in cash was NTD 47,916,714.

   (2) The amount of remuneration to directors distributed in cash was NTD

6,388,895.

(3) If there was a difference with the recognized amount of remuneration to employees and directors, the difference, reasons and treatment should be stated:

There was no difference between the amount distributed in the previous year and the estimated amount.

(IX) Repurchase of the Company's shares:

Not applicable as the Company does not repurchase its shares.

II. Issuance of corporate bonds, preferred stock, overseas depositary receipts, employee stock options and restricted employee shares, status of merger and acquisition (including merger, acquisition and division), and implementation of fund utilization plans:

The Company is not subject to any of the above situations.

I. Business item

(I) Business scope:

1. The Company's business activities are as follows:
    - (1) Manufacturing, processing, sales and export of wires and cables, and composite optical fiber cables.
    - (2) Processing, manufacturing, sales and export of electrolytic copper, copper ingots, copper products, copper wires, enameled wires, and copper bars.
    - (3) Design, manufacturing, sales, and construction of photoelectric transmission equipment and photoelectric converters, and manufacturing and sale of optical fibers.
    - (4) Manufacturing and sales of production equipment for wire and cable products.
    - (5) Power and communication engineering design, construction maintenance and technical services.
    - (6) Manufacturing and sales of electrical appliances, power and communication equipment, communication user circuit wiring equipment, communication user circuit testing and maintenance equipment (telephone user loop telemetry interface isolators, user security devices, etc.).
    - (7) Processing, manufacturing, sales and export of 22KV and above-69KV cable joints.
    - (8) Electrical installation business: High and low voltage electrical equipment installation projects and power transmission and distribution line projects outsourced by Taipower Company.
    - (9) Commission of constructors to build residential and commercial buildings for sale and lease.
    - (10) Sale and manufacturing of furniture.
    - (11) Brokerage business related to houses for sale and rental properties.
    - (12) Food, tobacco and alcohol business.
    - (13) Acceptance of rezoning commissions. (with the exception of architectural commissions)
    - (14) Operation of parking lots and supermarkets.
    - (15) Landscape gardening design and construction (with the exceptions of construction and architectural commissions)
    - (16) Manufacturing and sale of ready-mixed concrete.
    - (17) Manufacturing and sale of cement products.

(18) Manufacturing, processing, and sales of stainless steel plates and stain less steel pipes.
(19) Manufacturing and sales of steel plates and steel.
(20) Processing, manufacturing and sale of electronic products.
(21) Operation of bowling alley business.
(22) Provision of technical services for hospital operation and management , and consulting, analysis and advisory services.
(23) Import and export of the said products.
(24) H703010 Rental of factories.
(25) H703020 Rental of warehouses.
(26) H703030 Rental of commercial buildings.
(27) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval

2. Business proportion: (1) Copper wire: 20% (2) Power cable: 43% (3) Communication cable: 1% (4) Optical fiber cable: 2% (5) Copper sheet : 25% (6) Others: 9%

3. The Company's current products:

Item	Product name	Description of the use
1.	Oxygen-free copper wire	Conductors for wires and cables, ultra-thin electric wires (for electrical machinery)
2.	Specific oxygen-free copper materials	Specific copper materials for the wind power generation and electric car industries.
3.	Power cable	Supply of power required for the medium and high voltage transmission lines of Taipower and the medium and low voltage distribution lines
4.	Communication cable	Digital transmission of communication and network information
5.	Optical fiber cable	Transmission for digital high-speed broadband networks and the FTTH service

4. New products planned for development:
   (1) Development of new high-quality oxygen-free copper materials.
   (2) R&D of EV cable used for electric vehicle charging systems.
   (3) Development of slotted core optical fiber cables with a thin diameter.
   (4) Increase in fiber counts for gel-filled loose tubes

(II) Overview of the industry:

1. Current situation and development of the industry:

(1) According to the data from the Taiwan Electric Wire & Cable Industries Association, 109 of its members are wire companies that mainly produce SCR copper wires, copper wires, oxygen-free copper wires, copper bars, hard/soft drawn stranded copper wires, high-, medium-, and low-voltage wires, rubber wires, marine wires, general communication wires, optical fiber wires, enameled wires, electric wires, specific wires and other wires. Evan though their product categories and production equipment still have room for replacement and breakthroughs, there is no significant changes in the production technologies, materials, marketing channels and product characteristics as a whole. The industry is at the maturity stage. We

can meet the demand of domestic and foreign markets for a range of products from upstream bare copper wires to wires and cables with different specifications.

(2) Cables and wires are considered a traditional industry in Taiwan. The export ratio will gradually increase due to limited opportunities in the domestic market. Integration of supply chains from upstream to downstream and division of labor in production and sales for the export market Joint development of key components and materials by domestic industries, academia and government agencies, to eliminate the dependence of critical equipment from foreign countries Introduction of full automation to reduce reliance on entry-level labor Support of the government's gradual harmonization of the CNS standards with the IEC (International Electrotechnical Commission) consistent with decisions by the World Trade Organization (WTO), so as to reduce production cost and enhance industrial upgrade, product quality and competitiveness

2. Correlation among the upstream, middle-stream, and downstream industries:
   (1) Upstream industry: SCR and oxygen-free copper manufacturers such as Hua Eng, Pacific Electric Wire and Cable, Walsin, etc..
   (2) Middle-stream industry: Manufacturers of hard/soft drawn stranded copper wires, high-, medium-, and low-voltage power wires, communication wires, optical fiber wires, electric wires, enameled wires etc., such as Hua Eng, Walsin, Taya, etc..
   (3) Downstream industry: Units using wires and cables, such as Taipower, Chunghwa Telecom, infrastructure, private contractors, etc..

3. Development trends and competition of products:
   (1) Copper wire: Due to the offshoring in the industry, we export our copper wires to Mainland China and Thailand, develop our business in the automobile, electronic medical equipment, solar power, and ultra-thin copper wire markets, maintain the sale of oxygen-free copper, and achieve market segmentation with our advantage of high quality.

   (2) Power cable:

      ①According to "Grid Resilience Strengthening Construction Plan" announced by TaiPower, a total of NT$564.5 billion will be invested over the next ten years. The plan consists of promotion of distributed grids (NT$437.9 billion), enhancement of grids (NT$125.0 billion) and strengthening of system defense capabilities (NT$1.69 billion). The Company seeks to win orders by working with TaiPower's roadmap.

②We improve the special armored cables for petrochemical plants.

③We increase the market share of our niche rubber products.

④We enhance our heat-resistant and eco-friendly RoHS cables.

⑤We reduce the cost of power cables and processing expenses.

(3) Communication cable:

①As the number of communication copper cables used by Chunghwa Telecom has decreased year by year, we increase the number of communication copper cables exported overseas and integrate manufacturing processes to reduce the costs.

②Chunghwa Telecom has promoted the 4G and 5G broadband networks, cloud storage and e-payment, FTTH program, IoV, autonomous driving through 5G and IoT.

(4) Development of Products

①Development of the 345KV ultra-high voltage cable and its splicing materials.

②FTTH optical fiber cables (flat optical fiber cables, indoor optical fiber cables, ow-friction optical fiber cables, and micro-tube optical fiber cables).

③ Introduction of new assembly equipment to produce wire-armored cables in British Standards

④EN 50618 and IEC 62930 certification of PV cables

⑤Coated annealed stranded copper wires received the CNS mark

(5) With the support of the government's localization policy, technologies and R&D in the domestic market have been improved through technical cooperation, thereby progressively enhancing products. In addition to the domestic market, the products have also been exported to overseas markets. Owing to the gradual offshoring of the industry in recent years and the limited room for

future growth in the industry in addition to the opportunity of Taipower's nuclear-free homeland, wire manufacturers currently need to focus on actively investing in the markets in Mainland China and developing countries.

(6) The demand in the copper market grew, driven by investments or capacity expansions of returning Taiwanese businessesand the government's policies for energy transformation. Selling prices went up as manufacturers reflected the significant increase of copper costs. As a result, the production value increased to NT$107.9 billion for domestic copper wires and NT$61.8 billionfor electrical wires and cables.The Company continued to grow.

(7) As long as the government can come up with economic policies that are able to increase domestic demand as appropriate, such as Taipower' nuclear-free homeland, thermal power plants, solar power, wind farms, HSR extension, MRT systems, improvement of railways around Taiwan, forward-looking track construction plans, etc., the investment environment and economy in Taiwan will be improved, thereby having a positive effect on the competitiveness of the industry.

(III) Overview of technologies and R&D

R&D expenses invested and successfully developed technologies or products in the most recent year up to the publication date of the annual report:

Unit: NTD thousand

Year	Research expense	Results
2022	5,720	1. R&D of UV-curing insulating materials for low-voltage cross-linked PE cables. 2. Development of solar cables that meet the IEC standard.
As of the publication date of the annual report	1,683	

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

1. Short-term business development plan:

(1) Develop high-quality oxygen-free copper DIP and expand our business to the markets in Mainland China, Thailand and Japan.

(2) Power engineering project:

①Ultra-high voltage power engineering projects, including 161KV and 345KV projects.

②Submarine cable engineering projects.

③Special armored cables for petrochemical plants.
④Heat-resistant rubber cables for thermal power plants.
⑤Addition of wires specific for stations in the MRT and HSR.
⑥LSFH power cables for large-scale plants in science parks.
⑦Bid for the 161KV project in response to the “Phase I Plan for Grid Enhancement through Offshore Wind Power”, a government's policy for developing offshore wind power generation.

(3) FTTH communication and smart buildings
(4) Expand our business to the power cable markets in Japan and Southeast Asia.

2. Long-term development plan:
   (1) Keep in touch with the ITRI or other research institutions to seek for opportunities in new industries.
   (2) Recruit and train talents to enhance the talent training program implemented together with the academic community on a continuous basis.
   (3) Establish core technical capabilities.

II. Market and sales overview:

(I) Market analysis:

1. 94% of our main products are sold domestically. We mainly supply the products to public or private enterprises in the domestic market, and 6% of these products are exported to Japan, Mainland China, Southeast Asia and Middle East.
2. Market share, and future supply, demand and growth in the market:
   (1) The proportion of our products in the domestic market is as follow: Power wire and cable: 8%; communication wire and cable: 12%; copper wire: 6%.
   (2) The government actively increases domestic demand by promotingthe Phase I Plan for Grid Enhancement through Offshore Wind Power, MRT projects, Taipower's projects for building Linkou, Dalin, Tongxiao, Xingda, Taichung, and Longjian Power Plants, and private petrochemical plants in order to raise the demand for wires and cables.
   (3) Taipower is currently encouraging the development of green energy, including solar power, on-land wind power, offshore wind power, hydraulic power (small hydropower and micro hydropower), geothermal power, community renewable energy projects. In addition, to facilitate the promotion and development of green energy, Taipower has initiated the first phase plan of the

green energy project. It expects to build various facilities for renewable energy by 2024, includinghundreds of electrical substations and long transmission lines. The massive demand for renewal and underground of wires and cables will also drive the demand for large-scale 345KV ultra-high engineering projects with materials provided.

(4) The government allows the privatization of telecom firms and the building of private landline systems. To improve the quality of domestic telecom transmission lines and respond to the digital transformation of network systems, IoT, e-payment and cloud storage, a 5G optical fiber transmission network has been built, thereby progressively increasing the use of optical fiber cables, and categories 5 and 6 network cables.

3. Competitive advantages, favorable and unfavorable factors for future development and countermeasures:

(1) Competitive advantage:

a. We offer precise delivery time, good quality, and R&D of new products.

b. We control technical design, production arrangement, inventory management, distribution and sale, etc. through the MIS information management system to strictly control costs.

c. We have been approved and registered under the International Organization for Standardization (ISO 9001) by the Commodity Inspection Bureau of the Ministry of Economic Affairs and passed the CSA and UL certifications. Our CNS4898, CNS3471, flame-resistant, heat resistant, and LSFH cables have passed the LR certification; the 840^0C fire-resistant cables and 380^0C heat-resistant cables have been certified by the National Fire Agency; the Category 6 Lan cable type CMR CM CMX cables have passed the UL certification; the marine cables have passed the ABS and DNV certifications. We also have passed the Taipower ACSR aluminum wire certification. We are qualified to produce 161KV power transmission and distribution cables for Taipower. We have passed the ISO-9001 Quality Assurance System certification. We have passed Japan's PSE certification for power wires. Eco-friendly RoHS cables. Also, our “Test Laboratory” passed the ISO IEC 17025(2017)TAF laboratory certificate.

d. Through experience and technologies that have been passed on for years, we conduct research, reduce costs and actively develop new products on a continuous basis to enable our products to be more competitive in the market.

(2) Favorable factors for future development:

Looking into the future, the government will continue to promote public safety policies, and the use of high quality wires and cables such as flame-resistant, heat resistant, LSFH and eco-friendly cables will, for sure, thereby significantly increases. The development of projects related to science parks, petrochemical parks, incinerators in cities and counties, the HSR and MRT, private power plants, private telecom operators, landline systems and other major public projects will continuously drive the demand for power, communication and optical fiber cables.

(3) Unfavorable factors for future development:

a. Domestic demand has been reduced by the rapid development of Mainland China and domestic industries moving overseas.

b. As a result of the ambiguity in the architectural industry, the demand for architectural wires has decreased and the cost of materials has risen significantly, thereby lowering the gross profit of products. The number of our business orders shows a tendency to decrease thanks to the reducing demand for domestic plant construction or expansion as industries have moved overseas.

c. Owing to the trend of global trade liberalization, the competition in the wire and cable market becomes more and more intense. Since Taiwan does not join the Association of Southeast Asian Nations, there are tariff barriers for export. Moreover, the competitiveness in the domestic and foreign market has been significantly affected by increasing management costs as a result of the worse investment environment, shortened working hours, increased labor costs, and raised awareness of environmental protection in Taiwan, and the competition has been getting fierce in the industry. Therefore, there is a trend towards a decrease in business profits.

d. The government's orientation for energy policies will affect the sale of cables.

(4) Countermeasures:

a. In response to the government's policies to stop building nuclear power plants and raise the power generation of thermal power plants, solar power, wind power and other green energy sources, which increase the operational capacity of generating units in the thermal power plants and the demand for rubber cables, we have countermeasures in place to strengthen our competitiveness in the cable market.

b. We reduce production costs, enhance product quality, reinforce quality control and actively develop new products to respond to domestic and foreign industrial upgrades and to meet the demand of government agencies, national defense and economic construction so as to gain the most favorable competitive advantage for the Company.

(II) Important uses and production processes of main products:

1. Important uses of main products:
   (1) Oxygen-free copper wire: is a main material for producing wires and cables.
   (2) Power cable: is a main medium for power transmission to supply power mainly to industrial firms.
   (3) Communication cable: is a main appliance for telecommunication transmission and high fidelity telecommunication transmission.
2. Production process:

Copper plate→Oxygen-free copper wire→Drawing and stranding→Laying up→Coating→Finished cable

(III) Supply status of primary raw materials:

1. Electrolytic copper plate: Import from overseas.
2. XLPE ultra-high voltage insulating material: Import from overseas.

(IV) Main suppliers and customers:

1. Suppliers that have accounted for more than 10% of total purchases in any of the most recent two years

Unit: NTD thousand

	2022				2021				As of March 31, 2023 (Note 2)			
Item	Name	Amount	Proportion to annual net purchases %	Relationship with issuer	Name	Amount	Proportion to annual net purchases %	Relationship with issuer	Name	Amount	Proportion to net purchase in current year up to the end of the previous quarter %	Relationship with issuer
1	PAN PACIFIC COPPER CO.,LTD	2,078,802	21.85	None	PAN PACIFIC COPPER CO.,LTD	2,025,265	21.04	None	PAN PACIFIC COPPER CO.,LTD	336,611	15.88	None
2	AWIN RESOURCE INTERNATIONAL PT	1,838,328	19.32	None	AWIN RESOURCE INTERNATIONAL PT	411,296	4.27	None	AWIN RESOURCE INTERNATIONAL PT	353,127	16.66	None
3	Mitsubishi Corporation RtM International	796,346	8.37	None	Mitsubishi Corporation RtM International	1,111,406	11.55	None	Mitsubishi Corporation RtM International	318,948	15.05	None

4	MITSUI & CO., LTD.	646,867	6.80	None	MITSUI & CO., LTD.	1,332,744	13.85	None	MITSUI & CO., LTD.	—	—	—
5	EMPRESA NACIONAL DE MINERIA	439,026	4.61	None	EMPRESA NACIONAL DE MINERIA	1,057,568	10.99	None	EMPRESA NACIONAL DE MINERIA	156,037	7.36	None
6	Others	3,714,753	39.05	—	Others	3,685,978	38.30	—	Others	955,085	45.05	—
	Net purchase	9,514,122	100.00		Net purchase	9,624,257	100.00		Net purchase	2,119,808	100.00	

Note 1: The names of suppliers that have accounted for more than 10% of total purchases in the most recent two years, and their purchase amounts and proportions should be listed. However, the names of the suppliers may be replaced with code names if disclosure of the name of the supplier or counterparty is not allowed due to contractual obligations or if the counterparty is an individual and a non-related party.

Note 2: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed.

Reasons for increase or decrease: Reduction of procurement cost in response to the drastic fluctuations of international copper prices.

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

Unit: NTD thousand

	2022				2021				As of March 31, 2023 (Note 2)			
Item	Name	Amount	Proportion to annual net purchases %	Relationship with issuer	Name	Amount	Proportion to annual net purchases %	Relationship with issuer	Name	Amount	Proportion to annual net purchases %	Relationship with issuer
1	Customer A	2,580,185	24.00	—	Customer A	2,022,406	19.29	—	Customer A	624,669	24.95	—
2	Others	8,169,712	76.00	—	Others	8,462,408	80.71	—	Others	1,879,090	75.05	—
	Net sales	10,749,897	100.00		Net sales	10,484,814	100.00		Net sales	2,503,759	100.00	

Note 1: The names of customers that have accounted for more than 10% of total sales in the most recent two years, and their sales amounts and proportions should be listed. However, the names of the customers may be replaced with code names if disclosure of the name of the customer or counterparty is not allowed due to contractual obligations or if the counterparty is an individual and a non-related party.

Note 2: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed.

Reasons for increase or decrease: None.

(V) Production volume in the most recent two years:

Units: NTD thousand/tons

Year Production volume Main product	2022			2021		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Copper wire	52,800	18,362	5,106,253	52,800	19,233	5,052,634
Power cable	24,000	14,588	3,710,110	24,000	11,532	2,655,900
Communication cable	20	7	3,695	600	54	16,086
Optical fiber cable	500	233	90,061	850	286	102,885
Copper plate	25,870	10,627	2,771,926	26,800	13,358	2,910,480
Others	800	262	111,012	1,500	186	62,439
Total	103,990	44,079	11,793,057	106,550	44,649	10,800,424

Note 1: 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 capacity may be calculated collectively and an explanation shall be given.

(VI) Sales volume in the most recent two years:

Units: NTD thousand/ Tons

Year Sales volume Main product	2022				2021			
	Domestic market		Export		Domestic market		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Copper wire	6,073	1,693,251	1,451	403,362	8,231	2,200,003	1,744	465,474
Power cable	16,391	4,679,054	—	—	13,088	3,375,876	—	—
Communication cable	200	53,778	—	—	276	74,680	1	609
Optical fiber cable	334	189,058	—	—	300	130,053	—	—
Copper plate	4,285	1,374,745	3,874	1,289,182	5,568	1,608,473	5,083	1,439,888
Others	4,728	1,067,467	—	—	5,016	1,189,758	—	—
Total	32,011	9,057,353	5,325	1,692,544	32,479	8,578,843	6,828	1,905,971

III. Employee information

Information on employees in the most recent two years up to the publication date of the annual report

Year		2022	2021	As of March 31, 2023
Number of employees	Management personnel	237	231	230
	Technical personnel	74	75	73
	Construction personnel	359	379	358
	Total	670	685	661
Average age		47.89	47.61	47.80
Average years of service		17.15	16.68	17.15
Education distribution	Ph.D.	1	0	1
	Master's degree	46	43	46
	College and university	305	298	300
	High school	264	276	256
	Below high school	54	68	58

IV. Information on environmental protection expenditures:

(I) There were no violations regarding environmental protection in the most recent year up to the publication date of the annual report.

(II) Future countermeasures and possible expenditures:

1. Future countermeasures or improvements: We observe laws and regulations and make improvements on a continuous basis.
2. Possible expenditures: The expenditure required in 2023 is about NTD 4.0 million.

V. Labor relation:

(I) The Company's employee welfare measures, continuing education, training, retirement systems and their implementation, as well as the agreements between labor and management, and measures for protecting employees' rights.

1. Main 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 congratulations 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. Employee training and continuing education:

(1) We budget for internal training, external training and various continuing education allowances for employees every year to organize skill and knowledge training.

(2) The Company's training expense in 2022 was NTD 223,630. The continuing training for employees is described as follows:

Course title	Session	Total number of persons	Total hours	Expense amount
Management	20	255	479	27,800
Specialized study and training	67	311	845	97,020
Environment, safety and health	12	35	221	98,810
Computer	0	0	0	0
Total	99	601	1,545	223,630

3. Retirement system

To allow our employees to have peace of mind while working and feel protected regarding their retirement life, we have established employee retirement regulations based on the “Labor Standards Act” (hereinafter referred to as “old pension system”) and the “Labor Pension Act” (hereinafter referred to as “new pension system”) to ensure our employees' retirement rights. For employees who choose to use the old pension system, an authorized percentage of the employee’s monthly salary is appropriated for labor pension funds and employee retirement funds every month; for employees who choose to use the new pension system, the Company appropriates no less than 6% of the employee's monthly salary to the individual labor pension account every month.

4. Other important agreements: None.

(II) For any loss sustained as a result of labor disputes in the most recent year up to the publication date of the annual report, the estimated amount of such losses incurred to date or likely to be incurred in the future, and countermeasures shall be disclosed: We have provided complete welfare measures and management policies and maintained a good labor relation in the most recent year up to the publication date of the annual report. There was no labor disputes and relevant losses. We expect that no such incidents will occur in the future.

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

Since our business is a traditional business, there are risks of high temperature, noise and dust hidden in our work environment. Therefore, our employees are protected with construction control and personal protective equipment. For employees performing normal operations, we offer (regular) medical check-ups and health management programs. Every year, we provide special medical check-ups for employees performing tasks with special health hazards (such as tasks involving high temperature, noise, dust, etc.); we arrange evaluation and health education for those whose medical test shows any abnormality and who are subject to the second-level management. Our safety and health system and management measures are as follows:

1. ISO 45001**:** 2018 certification and safety management (valid from January 27, 2023 to January 26, 2026):

   We have passed the certification of the occupational safety and health management system (ISO-45001) certified by the DQS. Through a circulation mechanism with stages of safety and health planning, implementation, review and improvement, we are able to perform comprehensive safety and health management and create a safe and healthy workplace.

2. Appointment of the Company's responsible units and personnel for safety and health, and environmental management:

   (1) We have formed a safety and health management committee with the factory director serving as the head member. The committee holds regular meetings to discuss related issues and establish safety and health management guidelines. The number of labor representatives accounts for more than one third of the members of the committee as required by laws in order to provide an official channel for the management and employees to discuss safety and health issues face to face.

(2) Our safety and health management unit consists of a safety and health supervisor, safety and health administrators and safety and health personnel to handle relevant affairs, and is approved by the competent authority. In terms of environmental protection, we obtained the DQS accreditation of our ISO 14001:2015 environmental management system (valid from January 26, 2023 to January 26, 2026). There is dedicated personnel responsible for environmental protection and management.

3. Promotion of the factory greening program:

In line with the plant environment improvement plan, we have planned to plant trees, flowers, lawns, etc. in the factory with a total area of 25 thousand square meters. We will continue to promote the factory greening program compatible with construction projects.

4. Supplier and contractor management:

The Company has been dedicated to serving as a good corporate citizen and fulfilling the corporate social responsibility. We promise to not only provide a safe workplace for employees, but also work together with suppliers to implement the corporate social responsibility. Therefore, our supplier management policy is oriented towards "requiring our suppliers to follow regulations related to environmental protection, safety and health issues, fully understand relevant information and make adequate communication in order to encourage them to improve their environmental protection, safety and health performance." In practice, we treat our suppliers as our important partners, work together with them to improve safety and protection in the workplace, and further require them to meet requirements in relation to environmental protection so as to fulfill the corporate social responsibility.

In addition to those described above, we also pay close attention to the compliance risk and the following matters of suppliers due to the characteristics of our business to ensure our employees' safety in the workplace:

(1) High-risk tasks are defined to conduct targeted control measures.

(2) Suppliers are required to present professional technician licenses required by laws.

As for the management of contractors, before the proceeding of every outsourced project, we call together the contractor, construction supervisor and safety and health management personnel for a construction safety meeting to inform them with plant safety and health management matters and other matters for attention in the construction site, which are included in records.

5. Important safety and health management works:

(1) In response to the amendment of laws and regulations, we modify our safety and health work rules on a regular basis and establish

management rules and safe operational standards for each machinery equipment in line with the 5S system for employees' reference.

(2) Machinery and equipment: An inspection is carried out per day, week, month, quarter, six months or year as appropriate. We conduct auto inspection for special machinery and equipment, and our hazardous machinery and equipment under supervision are regularly inspected by the competent authority, in order to ensure safe operation of the machinery and equipment.

(3) Operational environment: We improve and manage the work environment for employees through the 5S management system on a continuous basis. For special operational sites, we monitor the operational environment for employees every quarter, every six months and every year as required by laws and record relevant data.

(4) Training: We offer training courses for new personnel, rotated personnel, personnel operating machinery and equipment, personnel conducting auto inspection, personnel carrying out special operations, and supervisors in accordance with laws and require them to obtain relevant licenses.

(5) Medical check-up: Our employees are classified as new personnel, personnel carrying out special operations, and common personnel. They are required to receive medical examination every year for us to know their health conditions that are used as a reference for employees' job rotation and the improvement and management of the operational environment.

(6) Fire safety: Subject to the Fire Services Act, we set up a complete fire safety system to provide protection for the factory and personnel. We also conduct regular inspections, submit reports, perform fire safety training and emergency drills pursuant to 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:

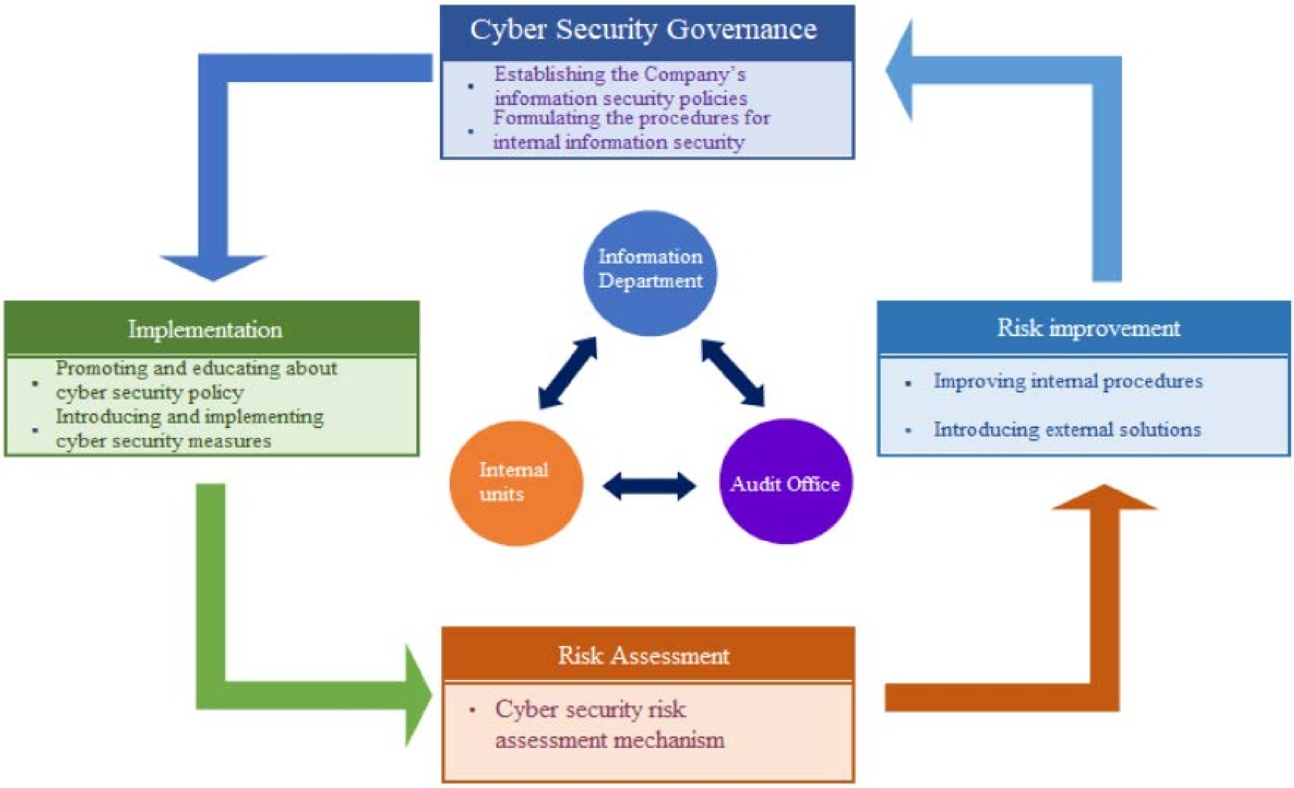
(1) Cyber Security Risk Management:

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.

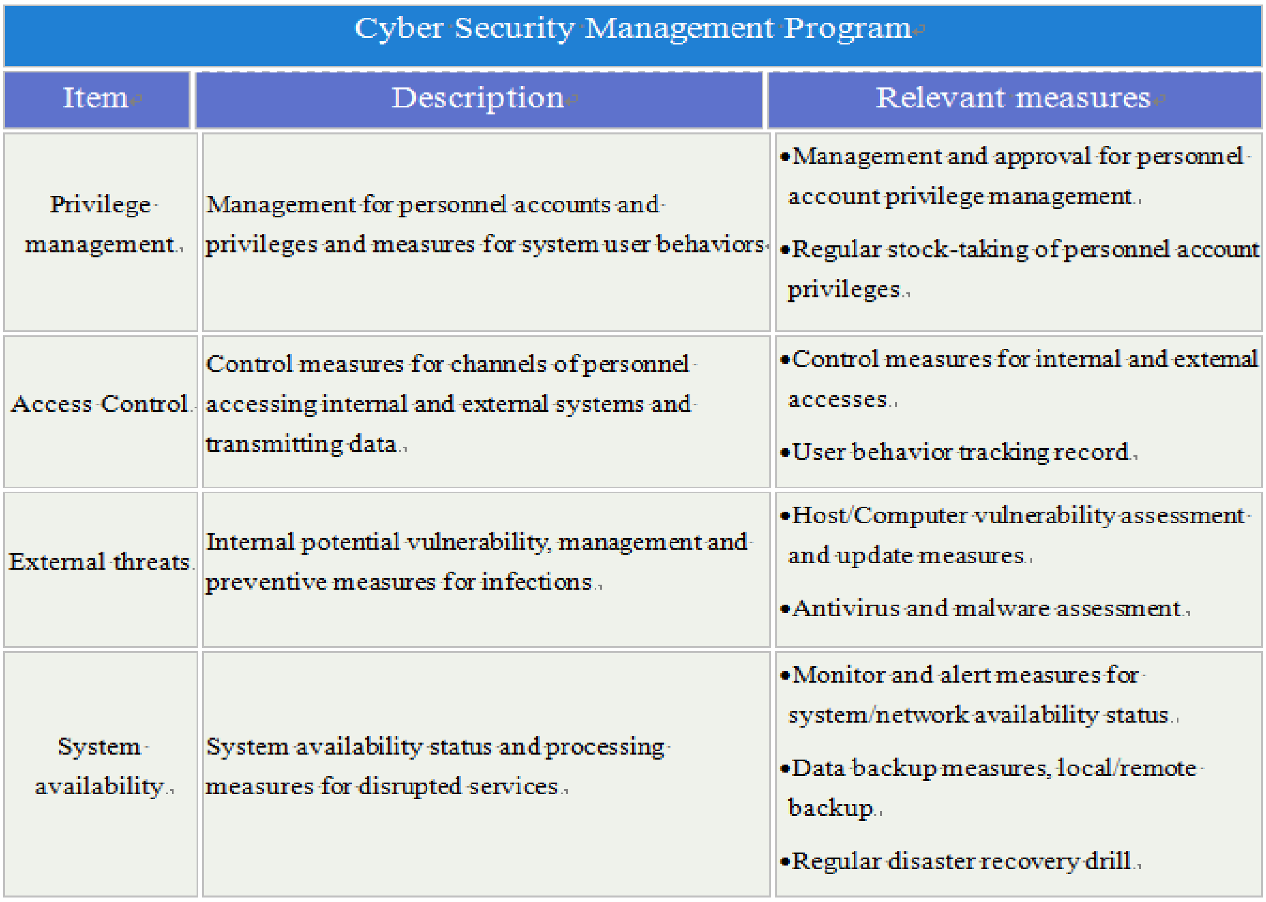
The organizational operation is managed with the PDCA method to ensure the achievement of reliability goal and continual improvement.



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	•Management and approval for personnel account privilege management •Regular stock-taking of personnel account privileges
Access Control	Control measures for channels of personnel accessing internal and external systems and transmitting data	•Control measures for internal and external accesses •User behavior tracking record
External threats	Internal potential vulnerability, management and preventive measures for infections	•Host/Computer vulnerability assessment and update measures •Antivirus and malware assessment
System availability	System availability status and processing measures for disrupted services	•Monitor and alert measures for system/network availability status •Data backup measures, local/remote backup •Regular disaster recovery drill

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 publication date of the annual report or expired in the most recent year, list the parties to supply/sales contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts that are able to affect shareholders' equity, as well as the term of the contracts, the main content, and restrictive clauses.

Nature of contract	Parties	Contract term	Main contents	Restrictive clauses
International technology cooperation	SWCC Showa Holdings Co., Ltd.	2022.03 – 2025.03	Cooperation on ultra-high voltage cable technology	None
Domestic turnkey project	Taiwan Power Company	2013.05 – 2023.09	161KV cable turnkey project at Shanshang District, Tainan	None

I. Condensed balance sheet and statement of comprehensive income for the most recent five years with CPAs' names and audit opinions indicated

(I) Condensed balance sheet

1. Separate Condensed Balance Sheet - IFRSs

Unit: NTD Thousand

Item \ Year		Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2023 (Note 3)
		2022	2021	2020	2019	2018	
Current assets		4,748,089	4,492,044	3,597,158	3,391,304	3,364,949	
Property, plant and equipment		2,139,906	2,083,343	2,107,094	2,120,866	2,107,614	
Intangible assets		425	445	—	—	—	
Other assets		3,506,113	4,087,466	4,047,838	4,137,507	3,292,142	
Total assets		10,394,533	10,663,298	9,752,090	9,649,677	8,764,705	
Current liabilities	Before distribution	2,707,076	2,091,056	2,175,856	2,017,831	2,031,250	
	After distribution	Note 4	3,040,216	2,618,798	2,435,462	2,031,250	
Non-current liabilities		723,847	771,442	775,501	790,274	607,977	
Total liabilities	Before distribution	3,430,923	2,862,498	2,951,357	2,808,105	2,639,227	
	After distribution	Note 4	3,811,658	3,394,299	3,225,736	2,639,227	
Equity attributable to the owner of the parent company		6,963,610	7,800,800	6,800,733	6,841,572	6,125,478	
Capital stock		6,327,735	6,327,735	6,327,735	6,327,735	6,327,735	
Capital reserve		238,719	115,333	57,753	3,463	254,959	
Retained earnings	Before distribution	1,390,511	2,354,052	1,424,698	1,523,846	482,982	
	After distribution	Note 4	1,404,892	981,756	1,106,215	482,982	
Other equities		(24,684)	(27,649)	(40,782)	(44,801)	(27,279)	
Treasury stock		(968,671)	(968,671)	(968,671)	(968,671)	(912,919)	

Item / Year		Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2023 (Note 3)
		2022	2021	2020	2019	2018	
Non-controlling equity		—	—	—	—	—	
Total equity	Before distribution	6,963,610	7,800,800	6,800,733	6,841,572	6,125,478	
	After distribution	Note 4	6,851,640	6,357,791	6,423,941	6,125,478	

＊If the Company prepares separate financial statements, the condensed balance sheet and statement of comprehensive income for the most recent five years shall also be prepared.

＊If the Company has not used IFRS to prepare financial data for more than five years, it shall prepare the financial data separately with Taiwan's Enterprise Accounting Standards.

Note 1: Any data that were not certified or reviewed by CPAs should be indicated.

Note 2: If asset revaluation has been conducted in the current year, the date and the amount of the revaluation increment should be provided.

Note 3: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed. (The Company did not prepare the parent company only financial statements for the first quarter of 2023.)

Note 4: The figures listed above after distribution are based on the resolutions of the board of shareholders' meeting or of the shareholders' meeting in the following year. The 2022 earnings distribution resolved by the Board of Directors has not yet been approved by the general meeting of shareholders in 2023.)

Note 5: If the Company has been noticed by the competent authority to correct or restate financial data, the above sheet should be prepared with the corrected or restated figures, and the correction or restatement and the reasons thereof should be specified.

2. Consolidated Condensed Balance Sheet - IFRSs Unit: NTD Thousand

Year Item		Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2023 (Note 3)
		2022	2021	2020	2019	2018	
Current assets		7,115,405	6,829,616	5,461,277	5,379,111	5,435,161	7,145,307
Property, plant and equipment		3,203,094	3,142,323	3,125,844	2,983,585	2,960,133	3,197,515
Intangible assets		557	445	—	—	—	508
Other assets		3,201,105	3,693,651	3,756,354	3,940,631	3,025,082	3,319,101
Total assets		13,520,161	13,666,035	12,343,475	12,303,327	11,420,376	13,662,431
Current liabilities	Before distribution	4,445,160	3,612,967	3,377,729	3,328,745	3,240,102	4,233,141
	After distribution	Note 4	4,562,127	3,820,671	3,746,376	3,240,102	—
Non-current liabilities		993,508	1,048,062	1,042,663	1,064,695	892,959	985,729
Total liabilities	Before distribution	5,438,668	4,661,029	4,420,392	4,393,440	4,133,061	5,218,870
	After distribution	Note 4	5,610,189	4,863,334	4,811,071	4,133,061	—
Attributable to the Owner of the Parent Company		6,963,610	7,800,800	6,800,733	6,841,572	6,125,478	7,324,590
Capital stock		6,327,735	6,327,735	6,327,735	6,327,735	6,327,735	6,327,735
Capital surplus		238,719	115,333	57,753	3,463	254,959	238,719
Retained earnings	Before distribution	1,390,511	2,354,052	1,424,698	1,523,846	482,982	1,751,187
	After distribution	Note 4	1,404,892	981,756	1,106,215	482,982	—
Other equities		(24,684)	(27,649)	(40,782)	(44,801)	(27,279)	(24,380)
Treasury stock		(968,671)	(968,671)	(968,671)	(968,671)	(912,919)	(968,671)
Non-controlling equity		1,117,883	1,204,206	1,122,350	1,068,315	1,161,837	1,118,971
Total equity	Before distribution	8,081,493	9,005,006	7,923,083	7,909,887	7,287,315	8,443,561
	After distribution	Note 4	8,055,846	7,480,141	7,492,256	7,287,315	—

＊If the Company prepares separate financial statements, the condensed balance sheet and statement of comprehensive income for the most recent five years shall also be prepared.

＊If the Company has not used IFRS to prepare financial data for more than five years, it shall prepare the financial data separately with Taiwan's Enterprise Accounting Standards.

Note 1: Any data that were not certified or reviewed by CPAs should be indicated.

Note 2: If asset revaluation has been conducted in the current year, the date and the amount of the revaluation increment should be provided.

Note 3: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed. (Financial data as of March 31, 2023 have been reviewed by CPAs)

Note 4: The figures listed above after distribution are based on the resolutions of the board of shareholders' meeting or of the shareholders' meeting in the following year. (The 2022 earnings distribution resolved by the Board of Directors has not yet been approved by the general meeting of shareholders in 2023.)

Note 5: If the Company has been noticed by the competent authority to correct or restate financial data, the above sheet should be prepared with the corrected or restated figures, and the correction or restatement and the reasons thereof should be specified.

(II) Condensed statement of comprehensive income

1. Condensed Statement of Comprehensive Income - IFRSs

Unit: NTD thousand

Item / Year	Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Operating revenue	7,926,122	7,341,649	5,211,730	5,344,240	5,528,635	
Operating gross profit	551,718	641,935	357,160	177,594	268,604	
Operating profit	432,139	504,535	246,120	65,173	163,721	
Non-operating revenue and expense	(339,382)	1,038,383	131,185	659,032	(757,555)	
Profit (loss) before tax	92,757	1,542,918	377,305	724,205	(593,834)	
Current net profit (loss) of continuing operations	(36,464)	1,388,143	323,664	792,653	(617,703)	
Loss of discontinued operations	—	—	—	—	—	
Net profit (loss) for the period	(36,464)	1,388,143	323,664	792,653	(617,703)	
Other comprehensive income (after tax) fo r the period	25,048	(2,714)	(1,162)	(24,270)	(18,243)	
Total comprehensive income for the period	(11,416)	1,385,429	322,502	768,383	(635,946)	
Net profit attributable to the owner of parent company	(36,464)	1,388,143	323,664	792,653	(617,703)	
Net profit attributable to non-controlling equity	—	—	—	—	—	
Total comprehensive income attributable to the owner of the parent company	(11,416)	1,385,429	322,502	768,383	(635,946)	
Total comprehensive income attributable to non-controlling equity	—	—	—	—	—	
Earnings (losses) per share (NTD)	(0.09)	3.27	0.76	1.87	(1.46)	

＊If the Company prepares separate financial statements, the condensed balance sheet and statement of comprehensive income for the most recent five years shall also be prepared.

＊If the Company has not used IFRS to prepare financial data for more than five years, it shall prepare the financial data separately with Taiwan's Enterprise Accounting Standards.

Note 1: Any data that were not certified or reviewed by CPAs should be indicated.

Note 2: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed. (The Company did not prepare the parent company only financial statements for the first quarter of 2023.)

Note 3: For the loss of discontinued operations, income tax is deducted from the amount.

Note 4: If the Company has been noticed by the competent authority to correct or restate financial data, the above sheet should be prepared with the corrected or restated figures, and the correction or restatement and the reasons thereof should be specified.

2. Consolidated Condensed Comprehensive Income Statement - IFRSs

Unit: NTD thousand

Year / Item	Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Operating Revenue	10,749,897	10,484,814	7,440,063	7,832,617	8,560,093	2,503,759
Gross Profit	529,121	990,815	347,091	98,059	326,958	209,911
Operating profit (loss)	340,606	784,959	171,863	(76,578)	157,060	163,165
Non-operating income and expenses	(140,550)	1,069,459	255,408	740,402	(703,311)	222,263
Profit (loss) before tax	200,056	1,854,418	427,271	663,824	(546,251)	385,428
Net profit (loss)from continuing operations for the period	89,748	1,652,047	371,697	732,419	(560,649)	359,006
Loss of discontinued operations	—	—	—	—	—	—
Net profit (loss) for the period	89,748	1,652,047	371,697	732,419	(560,649)	359,006
Other comprehensive income (net after tax) for the period	32,965	(10,519)	4,840	(27,584)	(20,589)	3,062
Total comprehensive income for the period	122,713	1,641,528	376,537	704,835	(581,238)	362,068
Net profit attributable to the owner of parent company	(36,464)	1,388,143	323,664	792,653	(617,703)	357,911
Net profit attributable to non-controlling interests	126,212	263,904	48,033	(60,234)	57,054	1,095
Total comprehensive income attributable to the owner of the parent company	(11,416)	1,385,429	322,502	768,383	(635,946)	360,980
Total comprehensive income attributable to non-controlling interests	134,129	256,099	54,035	(63,548)	54,708	1,088
Earnings (losses) per share (NTD)	(0.09)	3.27	0.76	1.87	(1.46)	0.84

＊If the Company prepares separate financial statements, the condensed balance sheet and statement of comprehensive income for the most recent five years shall also be prepared.

＊If the Company has not used IFRS to prepare financial data for more than five years, it shall prepare the financial data separately with Taiwan's Enterprise Accounting Standards.

Note 1: Any data that were not certified or reviewed by CPAs should be indicated.

Note 2: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on

exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed. (Financial da
as of March 31, 2023 have been reviewed by CPAs)

Note 3: For the loss of discontinued operations, income tax is deducted from the amount.

Note 4: If the Company has been noticed by the competent authority to correct or restate financial data, the above sheet should be prepared with the corrected or restated figures, and the correction or restatement and the reasons thereof should be specified.

(III) CPAs and their audit opinions for the most recent five years

Year	Name of CPA firm	CPA	Audit opinion
2018	KPMG Taiwan	Hsu Chen-Lung, Yang Po-Jen	Unqualified opinion
2019	KPMG Taiwan	Hsu Chen-Lung, Yang Po-Jen	Unqualified opinion
2020	KPMG Taiwan	Hsu Chen-Lung, Yang Po-Jen	Unqualified opinion
2021	KPMG Taiwan	Hsu Chen-Lung, Yang Po-Jen	Unqualified opinion
2022	KPMG Taiwan	Hsu Chen-Lung, Chen Yung-Hsiang	Unqualified opinion

II. Financial analysis for the most recent five years

(1) Financial Analysis - Separate (IFRSs)

Year Analysis item		Financial analysis for the most recent five years					for the current fiscal year up to March 31, 2023 (Note)
		2022	2021	2020	2019	2018	
Financial structure	Ratio of liabilities to assets (%)	33.00	26.84	30.26	29.10	30.11	
	Ratio of long-term funds to property, plant, and equipment (%)	359.24	411.46	359.55	359.84	319.48	
Solvency	Current ratio (%)	175.39	214.82	165.32	168.06	165.65	
	Quick ratio (%)	89.47	117.31	95.44	92.99	98.42	
	Times interest earned (%)	583.46	12396.16	2418.72	4759.19	(6787.41)	
Operating capacity	Receivables turnover ratio (times)	6.00	7.61	6.86	6.60	5.96	
	Average collection days	60.83	47.96	53.20	55.30	61.24	
	Inventory turnover ratio (times)	3.42	3.78	3.21	3.61	3.43	
	Payables turnover ratio (times)	18.44	20.71	16.94	16.08	16.94	
	Average sales days	106.72	96.56	113.70	101.10	106.41	
	Property, plant and equipment turnover (times)	3.75	3.50	2.46	2.52	2.62	
	Total asset turnover ratio (times)	0.75	0.71	0.53	0.58	0.59	
Profitability	Return on assets (%)	(0.20)	13.69	3.45	8.72	(6.61)	
	Return on equity (%)	(0.49)	19.01	4.74	12.22	(9.25)	
	Ratio of pre-tax profit to paid-in capital (%)	1.46	24.38	5.96	11.44	(9.38)	
	Net profit margin (%)	(0.46)	18.90	6.21	14.83	(11.17)	
	Earnings (losses) per share (NTD)	(0.09)	3.27	0.76	1.87	(1.46)	
Cash flow	Cash flow ratio (%)	2.93	—	21.99	0.71	40.15	
	Cash flow adequacy ratio (%)	37.47	42.15	77.87	82.59	55.03	
	Cash reinvestment ratio (%)	—	—	0.62	0.13	3.50	
Leverage	Operating leverage	5.01	3.35	5.65	20.32	10.43	
	Financial leverage	1.04	1.02	1.06	1.26	1.04	

Please explain the reasons for changes in financial ratios in the most recent two years. (Analysis is not required if deviation is less than 20%)

1. Change of financial structure: primarily due to increase of bank loans and a reduction in assets as a result of recognition of unrealized losses of financial assets during the year.
2. Change in solvency: primarily due to an increase of bank loans during the year. Interest coverage reduced due to lower profit before tax.
3. Change in operating capability: primarily due tohigher revenue and the resulting accounts receivable during the year.
4. Change in profitability: primarily due to operating losses during the year.
5. Change in cashflows: primarily due to net cash inflows from operating activities during the year.
6. Change in leverage: primarily due to higher sale volumes and revenues during the year.

＊If the Company prepares separate financial statements, a separate financial analysis shall also be prepared. (The Company did not prepare the parent company only financial statements for the first quarter of 2023.)

＊If the Company has not used IFRS to prepare financial data for more than five years, it shall prepare the financial data separately with Taiwan's Enterprise Accounting Standards.

(2) Financial Analysis - Consolidated (IFRSs)

Year Analysis item		Financial analysis for the most recent five years					For the current fiscal year up to March 31, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Financial Structure	Ratio of liabilities to assets (%)	40.22	34.10	35.81	35.70	36.19	38.19
	Ratio of long-term funds to property, plant and equipment (%)	282.39	318.45	285.65	293.99	276.00	293.74
Solvency	Current ratio (%)	160.07	189.03	161.68	161.59	167.74	168.79
	Quick ratio (%)	62.60	84.16	76.05	78.79	83.14	67.41
	Times interest earned (%)	661.34	9102.31	1831.72	2896.70	(2994.83)	2719.46
Operating capacity	Accounts receivable turnover (times)	6.88	8.71	8.13	7.88	7.36	6.40
	Average collection days	53.05	41.90	44.89	46.31	49.59	57.03
	Inventory turnover (times)	2.48	2.89	2.55	2.81	2.68	2.19
	Accounts payable turnover (times)	22.25	23.43	20.10	19.52	20.00	22.21
	Average sales days	147.17	126.29	143.13	129.89	136.19	166.66
	Property, plant and equipment turnover (times)	3.37	3.33	2.40	2.60	2.87	3.11
	Total assets turnover (times)	0.79	0.80	0.60	0.66	0.70	0.73
Profitability	Return on assets(%)	0.86	12.81	3.16	6.32	(4.51)	2.72
	Return on equity (%)	1.05	19.51	4.69	9.63	(7.16)	4.34
	Ratio of pre-tax profit to paid-in capital (%)	3.16	29.30	6.75	10.49	(8.63)	6.09
	Net profit margin (%)	0.83	15.75	4.99	9.35	(6.54)	14.33
	Earnings (losses) per share (NTD)	(0.09)	3.27	0.76	1.87	(1.46)	0.84
Cash Flow	Cash flow ratio (%)	—	—	13.50	2.39	40.49	6.03
	Cash flow adequacy ratio (%)	37.34	42.82	72.90	88.50	53.57	36.12
	Cash reinvestment ratio (%)	—	—	0.63	0.51	6.03	1.50

Leverage	Operating leverage	9.77	4.03	15.22	(33.53)	19.98	6.22
	Financial leverage	1.11	1.02	1.15	0.77	1.11	1.09

Please explain the reasons for changes in financial ratios in the most recent two years. (Analysis is not required if deviation is less than 20%)

1. Change in solvency: primarily due to an increase of bank loans during the year. Interest coverage reduced due to lower profit before tax.
2. Change in operating capability: primarily due tohigher revenue and the resulting accounts receivable during the year.
3. Change in profitability: primarily due to lower operating profits during the year.
4. Change in leverage: primarily due to lower operating profit despite growth in topline during the year.

＊If the Company prepares separate financial statements, a separate financial analysis shall also be prepared.

＊If the Company has not used IFRS to prepare financial data for more than five years, it shall prepare the financial data separately with Taiwan's financial accounting standards.

Note 1: Any data that were not certified or reviewed by CPAs should be indicated.

Note 2: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be analyzed.(Financial data as of March 31, 2023 have been reviewed by CPAs)

Note 3: The following calculation formulas should be listed at the end of the table in the annual report:

1. Financial structure
   1. (1) Ratio of liabilities to assets = Total liabilities / total assets.
   2. (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities) / net property, plant, and equipment.
2. Solvency
   1. (1) Current ratio = Current assets / current liabilities.
   2. (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
   3. (3) Times interest earned = Profit before income tax and interest expenses / interest expenses for the period.
3. Operating capacity
   1. (1) Receivables (including accounts receivable and notes receivable from operation) turnover ratio = Net sales / average receivables (including accounts receivable and notes receivable from operation) balance.
   2. (2) Average collection days = 365 / receivables turnover ratio.
   3. (3) Inventory turnover ratio = Cost of sales / average inventory.
   4. (4) Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average payables (including accounts payable and notes payable from operation) balance.
   5. (5) Average sales days = 365 / inventory turnover ratio.
   6. (6) Property, plant and equipment turnover = Net sales / average net property, plant and equipment.
   7. (7) Total assets turnover ratio = Net sales / average total assets.
4. Profitability
   1. (1) Return on assets = [Profit/loss after tax + interest expense × (1 - tax rate)] / average total assets.
   2. (2) Return on equity = Profit and loss after tax / average total equity.
   3. (3) Net profit margin = Profit and loss after tax / net sales.
   4. (4) EPS = (Profit and loss attributable to the owner of parent company - dividends from preferred stock) / weighted average number of outstanding shares. (Note 4)
5. Cash flow
   1. (1) Cash flow rate = Net cash flow from operating activities / current liabilities.
   2. (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.
   3. (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds). (Note 5)
6. Leverage:
   1. (1) Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit (Note 6).
   2. (2) Financial leverage = Operating profit/ (operating profit - interest expenses).

Note 4: With regard to the aforementioned formula for calculating earnings per share, special attention should be paid to the following matters for measurement:

1. The weighted average number of common shares shall prevail, rather than the number of issued shares at the end of the year.
2. If there is any capital increase by cash or treasury stock trading, the circulation period should be taken into account when calculating the weighted average number of shares.
3. If there is capitalization of retained earnings or capitalization of capital reserves, when calculating the earnings per share for previous years and for six months, they should be adjusted retrospectively according to the proportion of the capital increase, regardless of the period 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 profit after tax, or the loss after tax shall increase. If the preferred stock is non-cumulative, the dividend of the preferred stock shall be deducted from the profit after tax, if any; if there is a loss, no adjustment is necessary.

Note 5: For cash flow analysis, special attention should be paid to the following matters for measurement:

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 from capital investment.
3. The increase in inventory is only included when the ending balance of inventory is greater than the beginning balance. If inventory decreases at the end of the year, the increase in inventory is zero.
4. Cash dividends include cash dividends for common shares and preferred stock.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify 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 the par value per share is not NTD 10, the ratio of the paid-in capital mentioned above will be calculated based on the ratio of the net value.

III. Audit Committee’s audit report on the financial statements for the most recent year

Audit Committee’s Review Report

The Board of Directors prepared the Company's 2022 annual business report and financial statements (including parent company only financial statements and consolidated financial statements) and earnings distribution proposal. Among them, the financial statements have been checked by KPMG Taiwan accountants Hsu Chen-Lung and Chen Yung-Hsiang and an audit report has been issued. The above-mentioned business report, 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 Annual General Meeting of Shareholders of the Company

Hua Eng Wire & Cable Co., Ltd.

Convener of Audit Committee: Chang Jinn-Der

March 6, 2023

IV. Consolidated financial statements certified by CPAs in the most recent year: See pages 156–228 for details.

V. Separate financial statements certified by CPAs in the most recent year: See pages 229–296 for details.

VI. If the Company or any of its affiliates has any financial difficulties in the most recent year up to the publication date of the annual report, the impact thereof on the Company's financial status should be specified: None.

I. Financial status:

Comparative Analysis of Financial Status in the Most Recent Two Years

Unit: NTD thousand

Year / Item	2022	2021	Difference	
			Amount	%
Current assets	7,115,405	6,829,616	285,789	4.18
Financial assets measured at fair value through profit or loss - non-current	1,698,220	2,140,593	(442,373)	(20.67)
Financial assets measured at fair value through other comprehensive income - non-current	73,263	70,603	2,660	3.77
Property, plant and equipment	3,203,094	3,142,323	60,771	1.93
Investment property - net	1,055,729	1,112,396	(56,667)	(5.09)
Other assets	374,450	370,504	3,946	1.07
Total assets	13,520,161	13,666,035	(145,874)	(1.07)
Current liabilities	4,445,160	3,612,967	832,193	23.03
Non-current liabilities	993,508	1,048,062	(54,554)	(5.21)
Total liabilities	5,438,668	4,661,029	777,639	16.68
Capital stock	6,327,735	6,327,735	—	—
Capital reserve	238,719	115,333	123,386	106.98
Retained earnings	1,390,511	2,354,052	(963,541)	(40.93)
Other equities	(24,684)	(27,649)	2,965	10.72
Treasury stock	(968,671)	(968,671)	—	—
Non-controlling equity	1,117,883	1,204,206	(86,323)	(7.17)
Total equity	8,081,493	9,005,006	(923,513)	(10.26)

The main reasons for significant changes in assets, liabilities and shareholders' equity in the most recent two years, the impacts thereof, and future response plans should be described (if the increase/decrease reaches 20% or more, and the amount of the increase/decrease amount reaches NTD 10 million).

(I) Main reason for changes:

1. Decrease in the non-current financial assets at fair value through profit or loss: Primarily due to the recognition of valuation loss of financial assets during the year.
2. Increase in current liabilities: Primarily due to an increase of bank loans during the year.
3. Increase in capital surplus: Primarily due to the adjustment for subsidiaries after distribution of cash dividends during the year.
4. Decrease in retained earnings: Primarily due to the parent company's operating profits and payout of cash dividends during the year.

(II) Impacts: There are no significant impacts on the Company's finance and business.

(III) Future response plans: None.

II. Financial performance:

(I) Operating revenue, net operating profit and profit before tax in the most recent two years

Unit: NTD thousand

Year / Item	2022	2021	Increase (decrease) amount	Change in percentage %
Net operating revenue	10,749,897	10,484,814	265,083	2.53
Operating cost	10,220,776	9,493,999	726,777	7.66
Operating gross profit	529,121	990,815	(461,694)	(46.60)
Operating expense	188,515	205,856	(17,341)	(8.42)
Operating profit (loss)	340,606	784,959	(444,353)	(56.61)
Non-operating revenue and expense	(140,550)	1,069,459	(1,210,009)	(113.14)
Profit before tax	200,056	1,854,418	(1,654,362)	(89.21)
Income tax expense (profit)	110,308	202,371	(92,063)	(45.49)
Net profit for the period	89,748	1,652,047	(1,562,299)	(94.57)
Other comprehensive (loss) income (after tax)	32,965	(10,519)	43,484	413.39
Total comprehensive (loss) income for the period	122,713	1,641,528	(1,518,815)	(92.52)

If operating revenue, operating profit, and pre-tax profit have increased/decreased 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 finance and business and response plans should be described:

1. Main reason for changes:

(1) Decrease in gross profits: Volumes declined during the year due to weaker demand for heat spreaders, semiconductors and electric vehicles. However, revenues grew, driven by the government’s infrastructure projects and the higher demand for electric cables. The international copper price increased significantly in the fourth quarter of 2021, but dropped in the third quarter and then stabilized at the year end. Gross profits declined due to higher raw materials cost caused by international cooper price fluctuations and delays in marine shipment anddue to recognition of inventory write-downs as a result of lower international copper prices.

(2) Decrease in operating profit: Primarily due to lower gross profits during the year. Please refer to (1) above for description.

(3) Increase in non-operating expenses: Primarily due to impairment of the fair value of financial assets during the year.

(4) Decrease in profits before tax: Primarily due to lower gross profits and higher

non-operating expenses during the year. Please refer to (1) and (3) above for description.

(5) Decrease in income tax expenses: Primarily due to lower operating profits during the year.

(6) Decrease in net income: primarily due to lower gross profits and higher non-operating expenses during the year. Please refer to (1) and (3) above for description.

(7) Increase in other comprehensive income (net of tax):primarily due to actuarial gains recognized during the year.

(8) Decrease in total comprehensive income: primarily due to lower net income during the year. Please refer to (6) above for description.

2. There is no changes to the Company's main business activities.
3. Expected sales volume and its basis, possible impact on the Company’s future finance and business, and response plans:

(1) Expected sales volume:

8,064 tons of copper wires; 40,000 KM-C of communication cables, 12,271 tons of electric cables; 122,597 KM-C of fiber optic cables; and 12,305 tons of copper sheets

(2) Basis:

① R&D of high-quality copper wires for market needs and customer segmentation

② Demand for electric cables driven by the government’s Grid Resilience Strengthening Construction Plan and offshore wind power development plan; deployment of solar energy generation equipment; andlarge-scale transmission turnkey projects and construction of factories.Demand for fiber optic cables from 5G infrastructure in Taiwan and indoors Internet of Things (IoT)

③ The demand for reflow plating is growing in the automotive terminal and connector markets.

④ High-quality red copper electric terminals and heat spreader materials can replace imports.

⑤ The demand for wireless charging is growing, driven by the stay-at-home economy.

(3) Possible impact on the Company’s finance and business in the future, and responsive plans:

① Satisfying the customers’ long-term demand for oxygen-free copper (OFC) wires and development of high-quality copper wires to stabilize orders

② To meet the higher demand for electric cables driven by the government’s plans to improve power distribution and promote wind power, the Company is developing new products and enhancing quality control for greater competitiveness.

③ 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.

④ Procurement of raw materials and inventory control and adjustments based on annual projects of production and sales. 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.

III. Cash flow:

Analysis of cash flow in the most recent year

Unit: NTD thousand

Beginning cash balance	Annual net cash inflow from operating activities	Net cash outflows from investing and financing activities for the year.	Cash surplus (deficiency) amount	Remedial measures for cash shortage	
				Investment plan	Financing plan
353,381	(161,454)	(12,764)	179,163	—	—

1. Analysis of changes in cash flow in the current year:
   (1) Operating activities: Primarily due to an increase in inventory and the resulting cash outflows.
   (2) Investing activities: Primarily due to cash outflows for purchase of property, plant and equipment and cash inflows with disposal of financial assets and investment properties during the year.
   (3) Financing activities: Primarily due to cash inflows from increase of bank loans and cash outflows due to repayments of commercial papers and payout of cash dividends during the year.
2. Remedial measures and liquidity analysis for cash shortage: Not applicable as there is no cash shortage.

3. Analysis of cash flow for the coming year:

Unit: NTD thousand

Beginning cash balance	Net cash inflow from operating activities for the year	Investing activities and financing activities for the year.	Cash surplus (shortage) amount	Remedies for cash shortage	
				Investment Plan	Investment Plan
179,163	1,253,386	(1,179,259)	253,290	—	—

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

① Operating activities: Primarily due to the anticipated cash inflows from operating profits, payment collections and lower inventory.

② Investing 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 repayment of bank loans and payout of cash dividends and the resulting cash outflows.

(2) Remedies and liquidity analysis for expected cash shortage: Not applicable.

IV. Impacts of material capital expenditure on the finance and business in the most recent year:

(I) Use of major capital expenditure and sources of funds

Unit: NTD Thousand

Planned item	Actual or expected 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 and plant	Private funds and loans	2021.12.31	180,759	180,759						
Machinery Equipment and plant	Private funds and loans	2022.12.31	226,668		226,668					
Machinery Equipment and plant	Private funds and loans	2024.12.31	391,526			251,246	140,280			

Note: Explanation shall be given if it is expected that there will be significant changes in the relative capital cost of borrowing and capital increase in the future or in the policy of borrowing and capital increase.

(II) Expected benefits

1. Renewal of old and inefficient equipment for production of copper materials and electric cables. This is expected to increase equipment utilization and capacity.
2. Relocation of PVC pellet production equipment and renewal of the electronic control system, consistent with the plan for production line adjustments. This boosts the quality of pellets and the operability of equipment and reduces the storage of raw materials and energy

consumption during the transportation process.

3. 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, take corporate actions in carbon reduction and mitigates the climate crisis.
4. 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. Investment policies, main reasons for gains or losses from investments in the most recent year, improvement plans, and investment plans for the coming year:

1. Investment policy: We have selected promising industries as targets of investment, such as the communication industry, semiconductor industry and electric machinery industry
2. Main reason for profits or losses of investees

(1) First Copper Technology Co., Ltd: It is an exchange-listed company and a significant subsidiary of the Company. The company is engaged in the production, sale and processing of copper products and copper plates. Operating losses widened in 2022 due to weaker demand from the electric vehicle industry and the semiconductors industry and the adverse effects on procurement cost as a result of international copper price fluctuations and marine transportation delays. Net income was contributed by the cash dividend issued by the parent company. Net income was NT$196,940 thousand in 2022, translating to an earnings per share of NT$0.55.

(2) China Ecotek Corporation: It is an exchange-listed company and a subsidiary of China Steel Corporation. The company is engaged mainly in the planning, design, installation, maintenance and environmental impact assessment of environmental protection engineering equipment, cogeneration engineering equipment, and engineering equipment for the steel industry. In addition, in line with the government's policies, it is also dedicated to the promotion of energy saving and carbon reduction measures and the circular economy to actively develop its

green energy generation and reclaimed water businesses. Thanks to stable growth in revenues, the net income in 2022increased from 2021. Net income was NT$520,519 thousand in 2022, translating to an earnings per share of NT$4.21.

(3) Asia Pacific Telecom Co., Ltd.: It is an exchange-listed company and a domestic Comprehensive elecom operator. The company is engaged in the fixed network telecommunication business, such as local call, international call, long-distance call, line rental, broadband exchange, and data exchange services, and mobile communication business including mobile phone voice services, data services, and value-added services. Net loss in 2022 was a result of high operating expenses despite growth in revenues. Net loss was NT$5,357,738 thousand in 2022,translating to a loss per share of NT$1.26.

(4) Wafer Works Corporation: It is an OTC-listed company. It is mainly engaged in R&D, design and production of semiconductors and related materials; design, process, import and export, and after-sales service of semiconductor silicon wafer materials, wafer processing machinery and components. Net income grew significantly in 2022 from 2021 due togrowth in sales, a reduction in operating costs and an increase in non-operating income. Net income was NT$2,164,939 thousand in 2022, translating to an earnings per share of NT$4.

(5) Co-Tech Development Corp.: It is an OTC-listed company. The company is mainly engaged in copper smelting, metal surface treatment and electronic components production, as well as the manufacture and sale of single product, electronic-grade copper foil. Net income was reduced in 2022 due to declining revenues. Net income was NT$967,212 thousand in 2022,translating to an earnings per share of NT$3.83.

3. Improvement plan and investment plan for the coming year: None.

VI. Risks:

(I) Impacts of changes in interest rate and exchange rate, and inflation on the Company's profit/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 risk mainly arises from the repayment of procurement loans. We actively maintain good relationships with banks and financial strength to obtain better interest rates. It is expected that future changes in interest rates will not cause significant impacts on the Company’s overall operation.
2. We import materials mainly denominated in US dollars from overseas, and thus, our foreign currency net position consists mostly of liabilities in US dollars. When there are drastic fluctuation of foreign exchange rates, the Company pays full attention on the trend of exchange rates to grasp market information, adjusts the export negotiation schedule, and hedges foreign exchange risk by means of factoring accounts receivable in foreign currencies or buying forward exchange contracts. In 2022, its gains on foreign exchanges accounted for 0.01% of the operating income with a minor impact.

(II) Policies for engagement in high-risk, high-leverage investments, loan of funds to others, making guarantee/endorsement, and derivative trading, the main reason for the gain or loss, and future countermeasures:

1. The Company does not engage in high-risk, high-leverage investments.
2. The Company does not loan funds to others or make endorsements/guarantees for others.
3. The Company engages in derivative trading for the purposes of hedging risks and reducing costs, and conduct transactions in accordance with the Company’s “Rules for the Acquisition and Disposal of Assets.” It does not conduct transactions of derivatives for speculation purposes.

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

Name of plan	Current progress of plan	Expense	Time	Primary success factors
Planning of introduction of industry 4.0 in manufacturing processes	Two sets of smart IV production machines purchased and currently under installation	NTD 40 million	2020–2023	How to introduce industry 4.0 technologies in the manufacturing processes of wires
R&D of thin-diameter slotted core optical fiber cables	Trial operation ongoing	NTD 3 million	2020–2023	(1) How to obtain thin-diameter slotted ribbons? (2) How to successfully embed parallel bands in slotted ribbons?

(IV) Impacts of important domestic and foreign policies and legal changes on the Company's finance and business, and countermeasures:

1. Trading policy: Countries become members of free trade agreements, such as RCEP, CPTPP, FTA, one after another.
   (1) Impacts: Market competition has become more and more fierce.
   (2) Countermeasures:
   ①We assess the advantages and disadvantage of our technology costs to adopt strategies for expanding advantages and avoiding threats.
   ②We expand the business of our high-technical products in line with the southbound policy.
2. Energy policy: We follow the government's energy saving and carbon reduction regulations.
   (1) Impacts: The government promotes power distribution plans with respect to solar power and wind power generation and thereby create a competitive advantage for the wire and cable market.
   (2) Countermeasures:
   ①We actively undertake engineering projects in line with the progress of Taipower’s power transmission and distribution plans and the implementation of the 161KV and 345KV engineering projects of Taipower.
   ②The impacts of the electricity price on the cost are controlled.
3. Transportation policy:
   (1) Impacts: Convenient high speed railway and urban MRT systems have brought promising business opportunities to manufacturers.
   (2) Countermeasures: The use of LSFH cables can facilitate the promotion of future businesses. We will pass the quality certification of TAF as soon as possible.
4. We appropriate a certain percentage of employees’ salaries to the labor pension account of the Central Trust of China every month in accordance with the Labor Pension Act that was put into practice on July 1, 2005.

(V) Impacts of technological changes (including cyber security risk) and industrial changes on the Company's finance and business, and countermeasures:

1. Technological change:
   (1) Impacts: Changes in the electric vehicle technology enhance the strength of competitors in the industry. The competitors progressively dominate the channels and market through improvement of their equipment and technologies.
   (2) Countermeasures: Our marketing strategies and product policies are oriented towards increasing the demand of the automobile industry for high-quality oxygen-free copper, raising the market share in other niche product markets, differentiating channels, and further establishing a point of sale information system.
2. Impact of cyber security risk on the Company's financial and business performance and responsive measures:
   (1) Impact: The Company's network communication is mainly applied in its internal operational control procedures and does not directly connect to its upstream or downstream supply chain. Specific management measures include that antivirus software has been installed in the corporate intranet terminal and all servers; uninterruptible power system is installed in the server room; high availability is set for major servers; daily backup and remote back, etc. The Company has signed the maintenance contracts with professional cyber security providers, terminal maintenance vendor and information integration vendor for prompt support on any cyber security issues. For the connection to and transmission with specific external financial institutes or authorities, the Company follows the regulated transmission protocol and executes in compliance with the procedures of authorization. In conclusion, cyber security risk has minor impact on the Company's financial and business performance.
   (2) Countermeasures: Although all kinds of cyber security threats are unpredictable and vary continually, the Company keeps monitoring the risk with the existing protective system, implements cyber security management measures, and closely cooperates with supporting partners to fortify its information security protection technology.
3. Industrial change:
   (1) Impacts: Taipower's nuclear-free homeland, and thermal power, wind power, solar power generation construction plans have been outsourced by implementing the turnkey approach. The contractors must be able to conduct planning, design, civil engineering construction, the manufacturing of wire and cable materials, cabling, and connection.

(2) Countermeasures: We arrange tie-ups with other industries and strategic alliances and improve our adaptability to jointly seek for projects and sales opportunities with team effort.

(VI) Impacts of changes in the Company’s image on its crisis management and countermeasures:

1. Impacts: In recent years, to improve the Company's profits, we continuously develop high value-added niche products, enhance the implementation of corporate governance, and create a good corporate image.
2. Countermeasures: We strengthen the management ability regarding team communication/integration and decision monitoring. Internal control, risk management and spokesperson systems have been established to timely deal with crises in a hierarchical model and have adequate response strategies.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures: The Company does not have plans for mergers or acquisitions.

(VIII) Expected benefits and possible risks of plant expansion and countermeasures: The Company does not have plans for plant expansion.

(IX) Risks and countermeasures with regard to concentrated purchases or sales:

We purchase from world-class famous suppliers that have a long-term collaboration with us. In addition, we implement decentralized procurement to easily purchase good without risks.

Most of our customers are public sectors, and therefore, the sales risk is low.

(X) Impacts and risks from any major transfer of shares held by directors, supervisors, or major shareholders holding more than 10% of the Company’s shares, and response measures: There is no major transfer of shares held by the Company's directors, supervisors or major shareholders whose shareholding exceeds 10%.

(XI) Impacts and risks from the change of the management right, and response measures: Since there is no major transfer of shares held by the Company's directors, supervisors or major shareholders whose shareholding exceeds 10%, the risk of the change of the management right is low.

(XII) Litigation or non-litigation events involving the Company and its directors, supervisors, general manager, de facto responsible person, major shareholders whose shareholding ratio exceeds 10%, and affiliates:

1. Major litigation, non-litigation or administrative disputes that have been resolved or are still in process: None.

2. Main parties involved, facts and handling status: None.

(XIII) Other important risks and countermeasures:

Explanation of information security risk assessment and analysis:

1. Prevention of computer viruses and malware
   We install antivirus software in our computers to scan computer systems and data storage media and automatically update virus pattern files. Operating systems and software fix programs are regularly updated to effectively prevent computer virus and malware.
2. Safety of computer media, data and documents
   Once reusable data storage media are no longer being used, all contents stored therein will be deleted. We back up data stored in computer media regularly and perform off-site backups to ensure the safety of important media and data relevant to the Company's operation and management. Moreover, we adopt protective measures when conducting electronic data interchange with external units to prevent data damage and unauthorized data access and alteration.
3. Network system safety
   We implement rigorous identification operations and use firewall to record and control online behavior. The highest system permission is managed by reliable personnel after careful assessment by the responsible supervisor. Once personnel resign (or are suspended) from their posts, their access to the Company's network is canceled according to the information safety regulations and procedures. We prepare a backup host for the main host server in our network system to continue important system operations when the main operating host is unable to work normally. UPS systems are used for our network hardware equipment in case of abnormal power outages.

After assessing the important items mentioned above, we believe that the information security risk is not significant.

VII. Other important matters: None.

I. Information on affiliates:

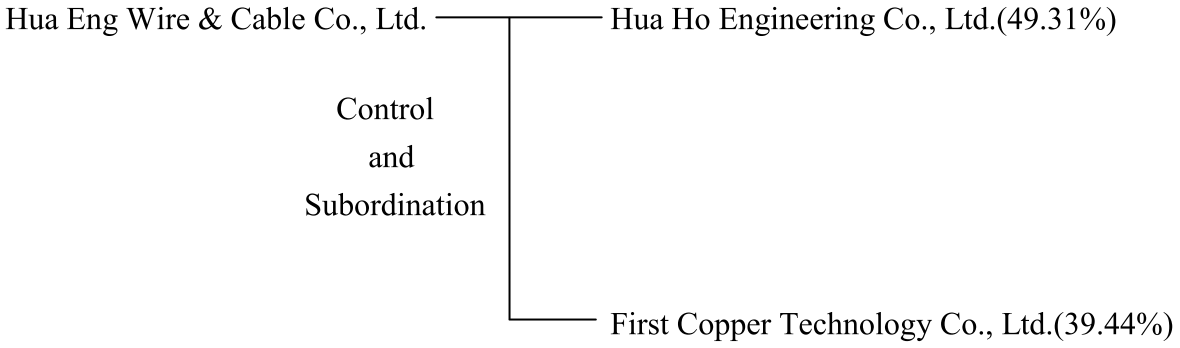
(I) Affiliated business merger report

1. Organization chart of affiliates

Hua Eng Wire & Cable Co., Ltd.

Organization Chart of Affiliates

2022



Note: Controlling company and subordinate relationships

Substantial control: An enterprise that can directly or indirectly control its personnel, finance or business.

①Hua Ho Engineering Co., Ltd.

②First Copper Technology Co., Ltd.

2. Basic information on affiliates

December 31, 2022 Units: NTD thousand

Company name	Date of establishment	Address	Paid-in capital	Main business or production items
Hua Eng Wire & Cable Co., Ltd.	1956.12.08	No. 170, Zhongzheng 4th Rd, Qianjin District, Kaohsiung City	6,327,735	Wire and cable
Hua Ho Engineering Co., Ltd.	1990.08.03	2F, No. 170, Zhongzheng 4th Rd, Qianjin District, Kaohsiung City	35,000	Wire and cable construction
First Copper Technology Co., Ltd.	1969.07.28	4F, No. 170, Zhongzheng 4th Rd, Qianjin District, Kaohsiung City Factory address: No. 479, Yanhai 1st Road, Xiaogang District, Kaohsiung City	3,596,222	Copper products

3. Entities presumed to have a controlling and subordinate relation according to Article 369-3 of the Company Act: None.

4. Industries covered by the business of the affiliates as a whole: Manufacturing and sales of wires/cables and copper products, and relevant engineering projects.

If the business operations among affiliates are related to each other, the dealings and division of work among the affiliates should be explained: Hua Eng Wire & Cable Co., Ltd. subcontracts contracted cabling and equipment installation projects to Hua Ho Engineering Co., Ltd.

5. Information on the directors and general managers of affiliates

As of December 31, 2022

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Hua Eng Wire & Cable Co., Ltd.	Chairman	Representative of First Copper Technology Co., Ltd.: Wang Hong-Ren	208,563,824	32.96%
	Director	Representative of Mei-Da Co., Ltd.: Wang Yu-Fa	3,936,732	0.62%
	Director	Representative of First Copper Technology Co., Ltd.: Wang Ming-Ren	208,563,824	32.96%
	Director	Representative of Mei-Da Co., Ltd.: Wang Feng-Shu	3,936,732	0.62%
	Independent Director	Wu Tong-Shung	0	0%
	Independent Director	Chang Jinn-Der	0	0%
	Independent Director	Sun Chin-Feng	0	0%
	General Manager	Fang Wu-Nan	34,482	0.01%
Hua Ho Engineering Co., Ltd.	Chairman	Representative of Hua Eng Wire & Cable Co., Ltd.: Wang Hong-Ren	1,726,000	49.31%
	Director	Representative of Hua Eng Wire & Cable Co., Ltd.: Fang Wu-Nan	1,726,000	49.31%
	Director	Representative of SWCC Showa Holdings Co., Ltd: Otake Kiyoshi	1,750,000	50.00%
	Director	Representative of SWCC Showa Holdings Co., Ltd: Harayama Takahiro	1,750,000	50.00%
	Supervisor	Representative of First Copper Technology Co., Ltd.: Liu Hsiu-Mei	10,000	0.29%
	General Manager	Harayama Takahiro	0	0%
First Copper Technology Co., Ltd.	Chairman	Representative of Hua Eng Wire & Cable Co., Ltd.: Wang Hong-Ren	141,818,196	39.44%
	Director	Representative of Hua Eng Wire & Cable Co., Ltd.: Liu Chung-Jen	141,818,196	39.44%
	Director	Representative of Hua Eng Wire & Cable Co., Ltd.: Wang Ming-Ren	141,818,196	39.44%
	Director	Representative of Hua Eng Wire & Cable Co., Ltd.: Wang Feng-Chuan	141,818,196	39.44%
	Independent Director	Hu Li-Jen	0	0%
	Independent Director	Cheng Tiao-Hsiang	0	0%
	Independent Director	Huang Chen-Tsung	0	0%
	General Manager	Hung Mao-Yang	2,265	0%

6. Overview of the operation of each affiliate

December 31, 2022; Units: NTD Thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Hua Eng Wire & Cable Co., Ltd.	6,327,735	10,394,533	3,430,923	6,963,610	7,926,122	432,139	(36,464)	(0.09)
Hua Ho Engineering Co., Ltd.	35,000	123,829	66,105	57,724	106,013	16,937	13,779	3.94
First Copper Technology Co., Ltd.	3,596,222	6,552,149	2,030,750	4,521,399	2,895,412	(111,079)	196,940	0.55

(II) Consolidated financial statements of affiliates:

(Same as the consolidated financial statements of the parent company and subsidiaries, please see pages 156 to 228).

Statement on No Separate Preparation of Consolidated Financial Statements of Affiliates

Statement

The companies to be included in the consolidated financial statements of affiliates in 2022 (January 1, 2022 - December 31, 2022) pursuant to the "Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10 recognized by the Financial Supervisory Commission. Further, the related information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the said consolidated financial statements of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliates separately.

The Statement is hereby presented.

Company Name: Hua Eng Wire & Cable Co., Ltd.

Chairman: Wang Hong-Ren

Date: March 6, 2023

II. Private placement of securities in the most recent year up to the publication date of the annual report: None.

III. Holding or disposal of the Company’s shares by its subsidiaries in the most recent year up to the publication date of the annual report:

Unit: NTD thousand; shares; %

Name of subsidiary (Note 1)	Paid-in capital	Sources of funds	The Company’s shareholding ratio	Date of acquisition or disposal	Acquisition (Note 2)		Disposal (Note 2)		Investment gains and losses	Holding as of the publication date of the annual report (Note 3)		Pledge status (Note 4)	Amount of endorsements/guarantees made by the Company for subsidiaries	Amount of funds loaned by the Company to subsidiaries
					Number of shares	Amount	Number of shares	Amount		Number of shares	Amount			
First Copper Technology Co., Ltd.	3,596,222	Private	39.44%	2022.01~ 2023.04	—	—	—	—	—	208,563,824	2,456,063	None	None	None

Impacts on the Company's operating results and financial status: None.

Note 1: Please list the name of subsidiaries separately.
Note 2: The amount refers to the actual amount of the acquisition or disposal.
Note 3: The holding and disposal status should be listed separately.
Note 4: The impact on the Company's operating results and financial status should be explained.

IV. Other necessary supplementary explanations: None.

Nine. Any Matter That Has A Significant Impact on Shareholders’ Equity or the Price of Securities as Specified in Sub-paragraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act in the Most Recent Year up to the Publication Date of the Annual Report: None.

Independent Auditors’ Report

To the Board of Directors HUA ENG WIRE & CABLE CO., LTD.

Opinion

We have audited the consolidated financial statements of HUA ENG WIRE & CABLE CO., LTD. (“the Company”) and subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated 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 Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

Valuation of inventory

Please refer to Note 4(h) 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(g) of the consolidated financial statements.

Description of key audit matter:

The Group's inventories are wire, cable and 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.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group 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 Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’ 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 Group’ 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 consolidated 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 Cheng Lung, Hsu and Yung Hsiang, Chen.

KPMG

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

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ audit report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 179,163	1	353,381	3
1110	Current financial assets at fair value through profit or loss (note 6(c))	739,994	6	957,989	7
1140	Current contract assets (note 6(x))	158,187	1	176,809	1
1136	Current financial assets at amortized cost (note 6(b))	2,900	-	-	-
1150	Notes receivable (note 6(e))	40,888	-	64,353	-
1172	Accounts receivable (note 6(e))	1,593,300	12	1,426,254	11
1200	Other receivables (notes 6(e)(f))	68,526	1	61,991	-
130X	Inventories (note 6(g))	4,268,597	32	3,743,408	28
1470	Other current assets (note 6(n))	63,850	-	45,431	-
	Total current assets	7,115,405	53	6,829,616	50
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(c))	1,698,220	13	2,140,593	16
1517	Non-current financial assets at fair value through other comprehensive income (note 6(d))	73,263	1	70,603	1
1550	Investments accounted for using equity method (note 6(h))	-	-	11,145	-
1600	Property, plant and equipment (note 6(j))	3,203,094	23	3,142,323	23
1755	Right-of-use-assets (note 6(k))	274,073	2	296,913	2
1760	Investment property, net (note 6(l))	1,055,729	8	1,112,396	8
1780	Intangible assets (note 6(m))	557	-	445	-
1840	Deferred tax assets (note 6(u))	58,191	-	38,160	-
1915	Prepayments for equipment	10,468	-	14,539	-
1920	Refundable deposits (note 6(f))	288	-	428	-
1975	Non-current net defined benefit asset (note 6(t))	21,999	-	-	-
1990	Other non-current assets, others (note 6(n))	8,874	-	8,874	-
	Total non-current assets	6,404,756	47	6,836,419	50
	Total assets	$ 13,520,161	100	13,666,035	100

	Liabilities and Equity	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(o))	$ 2,951,392	22	1,596,128	12
2110	Short-term notes and bills payable (notes 6(o)(p))	619,329	5	999,866	7
2130	Current contract liabilities (note 6(x))	49,936	-	75,831	1
2150	Notes payable (notes 6(t))	8,800	-	10,162	-
2170	Accounts payable	445,302	3	446,474	3
2180	Accounts payable to related parties (note 7)	109	-	105	-
2200	Other payables (note 6(t))	255,651	2	299,136	2
2230	Current tax liabilities	86,127	1	147,429	1
2280	Current lease liabilities (note 6(r))	16,418	-	16,181	-
2300	Other current liabilities (note 6(q))	12,096	-	21,655	-
	Total current liabilities	4,445,160	33	3,612,967	26
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(u))	791,530	6	786,256	6
2580	Non-current lease liabilities (note 6(r))	197,273	1	213,691	2
2640	Non-current net defined benefit liability (note 6(t))	1,206	-	42,410	-
2645	Guarantee deposits received	3,499	-	5,705	-
	Total non-current liabilities	993,508	7	1,048,062	8
	Total liabilities	5,438,668	40	4,661,029	34
	Equity attributable to owners of parent (note 6(v)):				
3110	Ordinary share	6,327,735	46	6,327,735	46
3200	Capital surplus	238,719	2	115,333	1
3300	Retained earnings:				
3310	Legal reserve	234,075	2	96,845	1
3320	Special reserve	884,911	7	884,911	6
3350	Unappropriated retained earnings	271,525	2	1,372,296	10
		1,390,511	11	2,354,052	17
3400	Other equity	(24,684)	-	(27,649)	-
3500	Treasury shares	(968,671)	(7)	(968,671)	(7)
	Total equity attributable to owners of parent:	6,963,610	52	7,800,800	57
36XX	**Non-controlling interests (note 6(i))**	1,117,883	8	1,204,206	9
	Total equity	8,081,493	60	9,005,006	66
	Total liabilities and equity	$ 13,520,161	100	13,666,035	100

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	**%**	**Amount**	**%**
4100	**Operating revenues (note 6(x))**	$ 10,749,897	100	10,484,814	100
5000	**Operating costs (notes 6(g)(t)(y), 7 and 12)**	10,220,776	95	9,493,999	91
5900	**Gross profit**	529,121	5	990,815	9
6000	**Operating expenses (notes 6(t)(y), 7 and 12)**	188,515	2	205,856	2
6900	**Net operating income**	340,606	3	784,959	7
7000	**Non-operating income and expenses (notes 6(c)(h)(j)(l)(q)(r)(s)(z) and 7):**				
7100	Interest income	386	-	53	-
7010	Other income	344,499	3	213,994	2
7020	Other gains and losses, net	(449,601)	(4)	874,813	8
7050	Finance costs	(35,509)	-	(18,929)	-
7060	Share of profit (loss) of associates accounted for using equity method, net	(325)	-	(472)	-
		(140,550)	(1)	1,069,459	10
7900	**Profit before income tax**	200,056	2	1,854,418	17
7950	Less: Income tax expenses (note 6(u))	110,308	1	202,371	2
8200	**Profit**	89,748	1	1,652,047	15
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans	37,696	-	(35,710)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,808	-	13,161	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(u))	7,539	-	(12,030)	-
8300	**Other comprehensive income (after tax)**	32,965	-	(10,519)	-
8500	**Comprehensive income**	**$ 122,713**	**1**	**1,641,528**	**15**
	Profit attributable to:				
8610	Owners of parent	$ (36,464)	-	1,388,143	12
8620	Non-controlling interests (note 6(i))	126,212	1	263,904	3
		$ 89,748	**1**	**1,652,047**	**15**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ (11,416)	-	1,385,429	13
8720	Non-controlling interests (note 6(i))	134,129	1	256,099	2
		$ 122,713	**1**	**1,641,528**	**15**
	Earnings per share (note 6(w)):				
9750	**Basic earnings per share (in New Taiwan Dollars)**	**$ (0.09)**		**3.27**	
9850	**Diluted earnings per share (in New Taiwan Dollars)**	**$ (0.09)**		**3.25**	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings			Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2021	**$ 6,327,735**	**57,753**	**64,997**	**1,039,697**	**320,004**	**(40,782)**	**(968,671)**	**6,800,733**	**1,122,350**	**7,923,083**
Profit for the year ended December 31,2021	-	-	-	-	1,388,143	-	-	1,388,143	263,904	1,652,047
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(15,847)	13,133	-	(2,714)	(7,805)	(10,519)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,372,296	13,133	-	1,385,429	256,099	1,641,528
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	31,848	-	(31,848)	-	-	-	-	-
Reversal of special reserve	-	-	-	(154,786)	154,786	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(442,942)	-	-	(442,942)	-	(442,942)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	57,580	-	-	-	-	-	57,580	-	57,580
Cash dividends to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(174,243)	(174,243)
Balance at December 31, 2021	**6,327,735**	**115,333**	**96,845**	**884,911**	**1,372,296**	**(27,649)**	**(968,671)**	**7,800,800**	**1,204,206**	**9,005,006**
Profit (loss) for the year ended December 31,2022	-	-	-	-	(36,464)	-	-	(36,464)	126,212	89,748
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	22,234	2,814	-	25,048	7,917	32,965
Total comprehensive income for the year ended December 31, 2022.	-	-	-	-	(14,230)	2,814	-	(11,416)	134,129	122,713
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	137,230	-	(137,230)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(949,160)	-	-	(949,160)	-	(949,160)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	123,386	-	-	-	-	-	123,386	-	123,386
Cash dividends to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(220,452)	(220,452)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(151)	151	-	-	-	-
Balance at December 31, 2022	**$ 6,327,735**	**238,719**	**234,075**	**884,911**	**271,525**	**(24,684)**	**(968,671)**	**6,963,610**	**1,117,883**	**8,081,493**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before tax	$ 200,056	1,854,418
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	207,750	191,740
Amortization expense	132	30
Net loss (gain) on financial assets at fair value through profit or loss	587,827	(888,104)
Interest expense	35,509	18,929
Interest income	(386)	(53)
Dividend income	(280,590)	(153,695)
Share of loss of associates accounted for using equity method	325	472
Gain on disposal of property, plant and equipment	(1,182)	(1,907)
Gain on disposal of investment properties	(150,166)	-
Loss on disposal of investments	411	3,784
Gain on disposal of accounted for using equity method	(370)	-
Provision (reversal) for liabilities	(62)	445
Total adjustments to reconcile profit (loss)	399,198	(828,359)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in contract assets	18,622	(100,862)
Decrease (increase) in notes receivable	23,465	(52,586)
Increase in accounts receivable	(167,046)	(521,979)
Increase in other receivables	(3,903)	(21,798)
Increase in inventories	(525,189)	(932,139)
Decrease (increase) in other current assets	(18,419)	35,695
Total net changes in operating assets	(672,470)	(1,593,669)
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	(25,895)	53,886
Increase (decrease) in notes payable	(1,362)	1,847
Increase (decrease) in accounts payable	(1,172)	98,637
Increase in accounts payable to related parties	4	103
Increase (decrease) in other payable	(89,712)	122,022
Increase (decrease) in other current liabilities	(9,497)	4,020
Decrease in net defined benefit liabilities	(25,507)	(8,717)
Total net changes in operating liabilities	(153,141)	271,798
Total net changes in operating assets and liabilities	(825,611)	(1,321,871)
Total adjustments	(426,413)	(2,150,230)
Cash outflow generated from operations	(226,357)	(295,812)
Interest received	361	53
Dividends received	280,359	153,695
Interest paid	(21,911)	(13,543)
Income taxes (paid) refund	(193,906)	4
Net cash flows used in operating activities	(161,454)	(155,603)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(47,457)	(10,701)
Proceeds from disposal of financial assets at fair value through profit or loss	119,587	1,101,264
Acquisition of financial assets at amortized cost	(2,900)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	148	-
Proceeds from disposal of accounted for using equity method	11,190	-
Proceeds from liquidation in equity investments	-	2,480
Acquisition of property, plant and equipment	(226,668)	(178,215)
Proceeds from disposal of property, plant and equipment	1,280	3,515
Increase in refundable deposits	(2,236)	(29,064)
Acquisition of intangible assets	(244)	(475)
Acquisition of investment property	-	(794)
Proceeds from disposal of investment property	201,192	-
Increase in prepayments for equipment	-	(1,750)
Net cash flows from investing activities	53,892	886,260
Cash flows used in financing activities:		
Increase in short-term borrowings	1,355,264	607,336
Decrease in short-term notes and bills payable	(386,894)	(804,709)
Increase (decrease) in guarantee deposits received	(829)	2,387
Payment of lease liabilities	(19,266)	(13,923)
Cash dividends paid	(794,479)	(388,325)
Cash dividends to non-controlling interests	(220,452)	(174,243)
Net cash flows used in financing activities	(66,656)	(771,477)
Net decrease in cash and cash equivalents	(174,218)	(40,820)
Cash and cash equivalents at beginning of period	353,381	394,201
Cash and cash equivalents at end of period	**$ 179,163**	**353,381**

See accompanying notes to financial statements.

(1) Company history:

Hua Eng Wire & Cable Co., Ltd. ("the Company") was incorporated on December 8, 1956, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 170, Chung Cheng 4th Road, Kaohsiung, Taiwan R.O.C. The Company and subsidiaries (together referred to as the "Group") is engaged in the processing, manufacture, sale and construction of wire, cable and copper products.

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

The consolidated 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group 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 consolidated 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 Group 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 consolidated 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 consolidated financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the presented periods in the consolidated financial statements.

(a) Statement of compliance

These consolidated 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 Financial Supervisory Commission, ROC.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated 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 liability (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(q).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of Investor	**Name of Subsidiary**	**Business Activity**	**December 31, 2022**	**December 31, 2021**	**Description**
The Company	First Copper Technology Co., Ltd.	Processing, manufacture and sale of copper wire and copper plate	39.44 %	39.44 %	The Company accounted for 4 of the 7 directors of First copper Technology Co., Ltd, who can, directly or indirectly, control its personnel, finance or business activities. (Note1)
The Company	Hua Ho Engineering Co., Ltd.	Design, bidding and construction of general electrical engineering and communication engineering	49.31 %	49.31 %	The Company accounted for 2 of the 4 directors of Hua Ho Engineering Co., Ltd, who can, directly or indirectly, control its personnel, finance or business activities. (Note2)
First Copper Technology Co., Ltd.	Hua Ho Engineering Co., Ltd.	Design, bidding and construction of general electrical engineering and communication engineering	0.29 %	0.29 %	(Note 2)

Note 1: Significant subsidiary.

Note 2: Non-significant subsidiary.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities 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.

(e) 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 (construction usually longer than one year);

(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 its normal operating cycle (construction usually longer than one year);

(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.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The 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 are reclassified as cash equivalents.

(g) 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 Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

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

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

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the management' s strategy focuses on earning contractual 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;

(Continued)

- how the performance of the portfolio is evaluated and reported to the Group' 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 Group'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 Group 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 Group 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 Group' s claim to cash flows from specified assets (e.g. non-recourse features).

6) Impairment of financial assets

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

(Continued)

- 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 Group 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 Group 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 Group’s historical experience and informed credit assessment, as well as forward-looking information.

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

The Group 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 Group 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 Group is exposed to credit risk.

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

At each reporting date, the Group 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 asset 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group 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 Group’s procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreements 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) Treasury shares

The consolidated subsidiary holds the shares of the Company when preparing the consolidated financial report, it is treated as treasury stock processing.

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) 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.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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.

6) 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 Group 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.

(h) 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.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their consolidated 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 consolidated financial statements include the Group’ s share of their profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group from the date on which significant influence commences until the date on which significant influence ceases. The Group 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 in influence.

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

When the Group’ 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 Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) 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 lives, 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.

(k) 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 Group.

(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 55 years
2)	Machinery and equipment	2 to 25 years
3)	Other equipment	2 to 20 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.

(l) Lease

At inception of a contract, the Group 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.

(i) As a lessee

The Group 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 Group' s incremental borrowing rate. Generally, the Group 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 Group'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 modifications

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

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group 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 Group 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 Group has elected not recognize right-of-use assets and lease liabilities for short-term leases of office space and equipment that have a lease term of 12 months or less. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(ii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

(m) Intangible assets

(i) Recognition and measurement

Other Intangible assets that are acquired by the Group 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 to five 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.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, 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.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group 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.

Provision for onerous contracts

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

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

(p) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

1) Sale of goods

The Group 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 provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group grants its customers the right to return the product within a period. Therefore, the Group 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 Group 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 Group has a right to an amount of consideration that is unconditional.

2) Construction contracts

The Group enters into contracts to constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule, for some variable considerations, accumulated experience is used to estimate the amount of variable consideration, using the expected value method; for other variable considerations, the Group estimates the amount of variable consideration using the most likely amount. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

The Group 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 Group 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 Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group 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 Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group 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 Group can specifically identify;
- the costs generate or enhance resources of the Group 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 Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(q) 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 Group’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 Group, 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 Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group 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 Group 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.

(r) Income taxes

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

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

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Group discloses the 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 bonus not yet resolved by the shareholders.

(t) Operating segments

An operating segment is a component of the Group 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 Group). Operating results of the operating segment are regularly reviewed by the Group'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 consolidated 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 Group’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(g) for further description of the valuation of inventories.

The Group’s accounting policies and disclosing include measuring financial and non-financial assets at fair value.

The Group'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 or a liability, the Group 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

	December 31, 2022	December 31, 2021
Cash and cash on hand	$ 555	417
Checking deposits and demand deposits	159,005	352,964
Time deposits	19,603	-
Cash and cash equivalents in the consolidated statement of cash flows	**$ 179,163**	**353,381**

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

(b) Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Time deposits maturing in excess of three months	$ 2,900	-
Less: Loss allowance	-	-
Total	**$ 2,900**	**-**

The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

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

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

	December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss：		
Non-derivative financial assets		
Publicly traded stocks	$ 2,338,798	2,971,683
Non-publicly traded stocks	99,416	126,899
	$ 2,438,214	**3,098,582**
Classified as：		
Current	$ 739,994	957,989
Non-current	1,698,220	2,140,593
	$ 2,438,214	**3,098,582**

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

The Group did not provide above financial assets at fair value through profit or loss as collateral or restricted.

(Continued)

During the years ended December 31, 2022 and 2021, the dividends of $87,462 and $60,858, respectively, related to mandatorily measured at fair value through profit or loss holds on the years then ended, were recognized.

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

		December 31, 2022	**December 31, 2021**
Equity investments at fair value through other comprehensive income：			
Non-publicly traded stocks - International United Technology Co., Ltd.	$	11,967	6,526
Non-publicly traded stocks - Pack & Proper Co., Ltd.		17,116	16,327
Non-publicly traded stocks - United Electronics Industrial Co., Ltd.		15,805	17,569
Non-publicly traded stocks - Taiwan Sugar Corporation		26,918	28,518
Non-publicly traded stocks - Taiwan Submarine Cable Co., Ltd.		-	168
Subtotal		71,806	69,108
Liquidation receivables of Global Corporation		1,457	1,495
	$	**73,263**	**70,603**

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

During the years ended December 31, 2022 and 2021, the dividends of $3,668 and $4,422, respectively, related to equity investments as fair value through other comprehensive income held on the years then ended, were recognized.

During the years ended December 31, 2022, the Group with the objective of investment and financial management had sold financial assets at fair value of $148, and accumulated loss on disposal of investments was $151, which had been reclassified from other equity interest to retained earnings.

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

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

(e) Notes and accounts receivable

		December 31, 2022	**December 31, 2021**
Notes receivable from operating activities	$	40,888	64,353
Accounts receivable—measured as amortized cost		1,583,154	1,409,204
Accounts receivable-measured at fair value through other comprehensive income		10,146	17,050
Less: Loss allowance		-	-
	$	**1,634,188**	**1,490,607**

(Continued)

The Group 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 Group 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:

	December 31, 2022		
	Gross carrying amounts of notes and accounts receivable	**Weighted-average loss rate**	**Loss allowance provision**
Non-overdue	$ 1,634,188	-	-
Overdue	-	-	-
	$ 1,634,188		**-**

	December 31, 2021		
	Gross carrying amounts of notes and accounts receivable	**Weighted-average loss rate**	**Loss allowance provision**
Non-overdue	$ 1,490,607	-	-
Overdue	-	-	-
	$ 1,490,607		**-**

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

	2022	**2021**
Balance at January 1 (Balance at December 31)	**$ -**	**-**

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

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

The Group 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 Group 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 receivable upon the derecognition of those accounts receivable. The Group sold its accounts receivable without recourse as follows:

(Continued)

December 31, 2022

Purchaser	Amount derecognized	Amount advanced		Balance of factoring accounts receivable	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
	$ 32,164		-	32,164		

December 31, 2021

Purchaser	Amount derecognized	Amount advanced		Balance of factoring accounts receivable	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
	$ 78,465		48,114	30,351		

(f) Other receivables (including refundable deposits)

	December 31, 2022	December 31, 2021
Other receivables-factoring accounts receivable	$ 32,164	30,351
Other receivables-dividends	231	-
Other receivables-others	3,706	1,591
Refundable deposits	32,713	30,477
Less: Loss allowance	-	-
	$ 68,814	62,419
Classified as:		
Other receivables	$ 68,526	61,991
Refundable deposits	288	428
	$ 68,814	62,419

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

(g) Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 1,344,953	1,208,963
Work in progress	1,450,715	1,185,128
Raw materials and supplies	1,051,720	1,162,306
Merchandise	125,521	133,125
Inventory in transit	295,688	53,886
	$ 4,268,597	3,743,408

The details of the cost sales were as follows:

	2022	2021
Inventory that has been sold	$ 9,852,635	9,200,183
Write-down of inventories (reversal of write-downs)	114,490	(5,704)
Unallocated production overheads	118,715	115,318
Construction cost	166,441	209,915
Others	(31,505)	(25,713)
	$ 10,220,776	**9,493,999**

The write-down of inventories in 2022 was due to the declining copper price which resulted in a decrease of realizable value. The reversal of write-down of inventories in 2021 was due to the increase in copper price.

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

(h) Investments accounted for using equity method

(i) A summary of the Group's financial information for associates accounted for using the equity method at the reporting date is as follows:

	December 31, 2022	December 31, 2021
Associates	**$ -**	**11,145**

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

	2022	2021
Attributable to the Group:		
Loss from continuing operations	$ (325)	(472)
Other comprehensive income	-	-
Total comprehensive income	**$ (325)**	**(472)**

(iii) Collateral

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

(iv) During the years ended December 31, 2022, due to disposal of Chung-Tai Technology Development Engineering Corporation, the net price was $11,190, resulting in the disposal gain of $370, is included in other income in the statements of comprehensive income.

(i) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Percentage of non-controlling interests	
Subsidiaries	**Main operation place**	**December 31, 2022**	**December 31, 2021**
First Copper Technology Co., Ltd.	Taiwan	60.56 %	60.56 %
Hua Ho Engineering Co., Ltd.	Taiwan	50.58 %	50.58 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the regulations governing the preparation of financial reports by securities issuers. Included in this information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

(i) First Copper Technology Co., Ltd.'s collective financial information:

		December 31, 2022	**December 31, 2021**
Current assets	$	2,336,148	2,336,960
Non-current assets		4,216,001	5,950,899
Current liabilities		(1,762,327)	(1,568,857)
Non-current liabilities		(268,423)	(274,958)
Net assets	**$**	**4,521,399**	**6,444,044**
Non-controlling interests	**$**	**1,088,791**	**1,179,560**

		2022	**2021**
Operating revenues	**$**	**2,895,412**	**3,218,804**
Profit	$	196,940	422,675
Other comprehensive income (loss)		(1,759,962)	1,760,348
Comprehensive income (loss)	**$**	**(1,563,022)**	**2,183,023**
Profit, attributable to non-controlling interests	**$**	**119,267**	**255,973**
Comprehensive income, attributable to non-controlling interests	**$**	**127,037**	**248,435**

		2022	**2021**
Net cash flows from (used in) operating activities	$	(6,947)	57,756
Net cash flows from (used in) investing activities		(58,321)	92,721
Net cash flows used in financing activities		(1,968)	(73,845)
Net increase (decrease) in cash and cash equivalents	**$**	**(67,236)**	**76,632**
Paid cash dividends of non-controlling interest	**$**	**217,806**	**174,243**

(Continued)

(ii) Hua Ho Engineering Co., Ltd.'s collective financial information:

		December 31, 2022	December 31, 2021
Current assets	$	120,278	77,154
Non-current assets		3,550	3,005
Current liabilities		(64,866)	(29,595)
Non-current liabilities		(1,239)	(1,662)
Net assets	**$**	**57,723**	**48,902**
Non-controlling interests	**$**	**29,092**	**24,646**

		2022	2021
Operating revenues	**$**	**106,013**	**77,779**
Profit	$	13,779	15,615
Other comprehensive income (loss)		292	(408)
Comprehensive income	**$**	**14,071**	**15,207**
Profit, attributable to non-controlling interests	**$**	**6,945**	**7,931**
Comprehensive income, attributable to non-controlling interests	**$**	**7,092**	**7,664**

		2022	2021
Net cash flows from (used in) operating activities	$	33,721	(8,735)
Net cash flows used in investing activities		(4,155)	(833)
Net cash flows used in financing activities		(5,276)	(8)
Net increase (decrease) in cash and cash equivalents	**$**	**24,290**	**(9,576)**
Paid cash dividends of non-controlling interest	**$**	**2,646**	**-**

(j) Property, plant and equipment

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

		Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:							
Balance at January 1, 2022	$	2,056,148	1,656,407	6,015,979	139,728	23,474	9,891,736
Additions		-	14,694	100,650	17,060	107,734	240,138
Reclassifications		-	5,000	29,696	-	(34,696)	-
Disposals		-	(145)	(57,268)	(7,282)	-	(64,695)
Balance at December 31, 2022	**$**	**2,056,148**	**1,675,956**	**6,089,057**	**149,506**	**96,512**	**10,067,179**
Balance at January 1, 2021	$	2,056,148	1,446,143	6,004,285	130,111	392,597	10,029,284
Additions		-	12,084	59,022	10,382	97,424	178,912
Reclassifications		-	202,163	262,206	2,178	(466,547)	-
Disposals		-	(3,983)	(309,534)	(2,943)	-	(316,460)
Balance at December 31, 2021	**$**	**2,056,148**	**1,656,407**	**6,015,979**	**139,728**	**23,474**	**9,891,736**

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and testing equipment	Total
Depreciation and impairment loss:						
Balance at January 1, 2022	$ -	1,228,732	5,401,971	118,710	-	6,749,413
Depreciation	-	56,644	116,465	6,160	-	179,269
Disposals	-	(145)	(57,194)	(7,258)	-	(64,597)
Balance at December 31, 2022	**$ -**	**1,285,231**	**5,461,242**	**117,612**	**-**	**6,864,085**
Balance at January 1, 2021	$ -	1,180,243	5,606,218	116,979	-	6,903,440
Depreciation	-	52,472	103,737	4,674	-	160,883
Disposals	-	(3,983)	(307,984)	(2,943)	-	(314,910)
Balance at December 31, 2021	**$ -**	**1,228,732**	**5,401,971**	**118,710**	**-**	**6,749,413**
Carrying amounts:						
Balance at December 31, 2022	**$ 2,056,148**	**390,725**	**627,815**	**31,894**	**96,512**	**3,203,094**
Balance at December 31, 2021	**$ 2,056,148**	**427,675**	**614,008**	**21,018**	**23,474**	**3,142,323**
Balance at January 1, 2021	**$ 2,056,148**	**265,900**	**398,067**	**13,132**	**392,597**	**3,125,844**

The property, plant and equipment of the Group 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(z).

(k) Right- of- use assets

Information about leases land for which the Group as a lessee was presented below:

	Land
Cost:	
Balance at January 1, 2022	$ 365,896
Balance at December 31, 2022	**$ 365,896**
Balance at January 1, 2021	$ 369,153
Reduction	(3,257)
Balance at December 31, 2021	**$ 365,896**
Accumulated depreciation:	
Balance at January 1, 2022	$ 68,983
Depreciation for the year	22,840
Balance at December 31, 2022	**$ 91,823**
Balance at January 1, 2021	$ 46,144
Depreciation for the year	22,839
Balance at December 31, 2021	**$ 68,983**

(Continued)

		Land
Carrying amount:		
Balance at December 31, 2022	$	**274,073**
Balance at December 31, 2021	$	**296,913**
Balance at January 1, 2021	$	**323,009**

(l) Investment property

The details of investment property were as follows:

		Owned property		
		Land and improvements	**Buildings and others**	**Total**
Cost or deemed cost:				
Balance at January 1, 2022	$	996,627	252,800	1,249,427
Disposals		-	(113,024)	(113,024)
Balance at December 31, 2022	$	**996,627**	**139,776**	**1,136,403**
Balance at January 1, 2021	$	996,627	253,983	1,250,610
Additions		-	794	794
Disposals		-	(1,977)	(1,977)
Balance at December 31, 2021	$	**996,627**	**252,800**	**1,249,427**
Depreciation and impairment loss:				
Balance at January 1, 2022	$	-	137,031	137,031
Depreciation		-	5,641	5,641
Disposals		-	(61,998)	(61,998)
Balance at December 31, 2022	$	**-**	**80,674**	**80,674**
Balance at January 1, 2021	$	-	130,932	130,932
Depreciation		-	8,018	8,018
Disposals		-	(1,919)	(1,919)
Balance at December 31, 2021	$	**-**	**137,031**	**137,031**
Carrying amount:				
Balance at December 31, 2022	$	**996,627**	**59,102**	**1,055,729**
Balance at December 31, 2021	$	**996,627**	**115,769**	**1,112,396**
Balance at January 1, 2021	$	**996,627**	**123,051**	**1,119,678**
Fair value:				
Balance at December 31, 2022				$ **1,940,622**
Balance at December 31, 2021				$ **1,899,302**
Balance at January 1, 2021				$ **1,782,457**

(Continued)

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

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 Group. The recurring fair value measurement for the investment property based on the inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

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

For the net gain or loss on disposal of the investment property, please refer to note 6(z).

(m) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group were as follows:

	Computer software
Cost:	
Balance at January 1, 2022	$ 475
Additions	244
Balance at December 31, 2022	**$ 719**
Balance at January 1, 2021	$ -
Additions	475
Balance at December 31, 2021	**$ 475**
Accumulated amortization and impairment losses:	
Balance at January 1, 2022	$ 30
Amortization for the year	132
Balance at December 31, 2022	**$ 162**
Balance at January 1, 2021	$ -
Amortization for the year	30
Balance at December 31, 2021	**$ 30**
Carrying amounts:	
Balance at December 31, 2022	**$ 557**
Balance at December 31, 2021	**$ 445**
Balance at January 1, 2021	**$ -**

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

(Continued)

(n) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

	December 31, 2022	December 31, 2021
Prepaid expenses	$ 5,566	4,552
Prepaid raw materials and construction	28,108	7,760
Excess business tax paid and refundable tax	25,282	20,240
Right to the returned goods	4,458	12,369
Others	9,310	9,384
	$ 72,724	**54,305**
Current	$ 63,850	45,431
Non-current	8,874	8,874
	$ 72,724	**54,305**

(o) Short-term borrowings

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

	December 31, 2022	December 31, 2021
Letters of credit	$ 1,020,392	269,128
Unsecured loans	1,931,000	1,327,000
Total	**$ 2,951,392**	**1,596,128**
Unused credit lines	**$ 4,098,291**	**4,443,939**
Range of interest rates	**1.32%~2.09%**	**0.70%~1.15%**

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

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

(p) Short-term notes and bills payable

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

	December 31, 2022	December 31, 2021
Commercial paper payable	**$ 619,329**	**999,866**
Range of interest rates	**1.888%~2.038%**	**0.88%~0.89%**

The Group 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(o).

(q) Other current liabilities

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

		December 31, 2022	December 31, 2021
Advance receipts	$	5,056	5,062
Provision		942	1,004
Refund liabilities		6,027	14,967
Temporary credits		66	612
Others		5	10
	$	**12,096**	**21,655**

The movement of provisions was as follows:

		Onerous contracts	Provision for warranties	Total
Balance at January 1, 2022	$	66	938	1,004
Provisions used and reversed during the year		(7,522)	(1,724)	(9,246)
Provisions made during the year		7,781	1,403	9,184
Balance at December 31, 2022	$	**325**	**617**	**942**
Balance at January 1, 2021	$	559	-	559
Provisions used and reversed during the year		(1,300)	-	(1,300)
Provisions made during the year		807	938	1,745
Balance at December 31, 2021	$	**66**	**938**	**1,004**

The movement of provisions of onerous contracts was included in other gains or losses of non-operating income and expense in the consolidated statements of comprehensive income.

The provision for warranties, which relates mainly to copper products and copper sold in 2022, is expected to be settled in the following year based on the estimates calculated using the historical warranty data associated with the Group.

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

(r) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

		December 31, 2022	December 31, 2021
Current	$	**16,418**	**16,181**
Non-current	$	**197,273**	**213,691**

For the maturity analysis, please refer to note 6(aa) financial instruments.

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ **3,085**	**3,319**
Expenses relating to short-term leases	$ **1,840**	**1,985**

The amounts recognized in the statement of cash flows for the Group were as follows:

	2022	2021
Total cash outflow for leases	$ **21,106**	**19,227**

(i) Real estate leases

The Group leases land from Taiwan Sugar Corporation for its plant. The leases of plant typically run for a period of 40 years.

Leases provide for additional rent payments that are based on changes in declared land price.

(ii) Other leases

The Group also leases some office space and equipment. These leases are short-term with a lease term of less than one year. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(s) Operating lease

Leases as lessor

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

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

	December 31, 2022	December 31, 2021
Less than one year	$ 57,597	42,448
One to two years	39,221	30,590
Two to three years	15,142	13,368
Three to four years	9,049	1,260
Four to five years	6,259	-
Total undiscounted lease payments	$ **127,268**	**87,666**

In 2022 and 2021, the rental income for investment property amounting to $56,538 and $50,549, respectively, is included in other income in the consolidated statements of comprehensive income.

The direct expenses including repairs and maintenance arising from income-generating investment property amounting to $4,699 and $5,288 in 2022 and 2021, respectively, are included in other gains and losses in the consolidated statements of comprehensive income.

(t) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	**December 31, 2021**
Present value of the defined benefit obligations	$ 409,591	437,321
Fair value of plan assets	(430,384)	(394,911)
Net defined benefit (assets) liabilities	**$ (20,793)**	**42,410**

Classified as:	**December 31, 2022**	**December 31, 2021**
Net defined benefit assets	$ (21,999)	-
Net defined benefit liabilities	1,206	42,410
	$ (20,793)	**42,410**

The Group makes defined benefit plan contributions to the labor pension fund account and manager pension fund account, respectively, 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 Group 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 balance of the Group's pension reserve accounts for labor and managers in Bank of Taiwan amounted to $430,384 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

		2022	2021
Defined benefit obligations at January 1	$	437,321	432,722
Current service costs and interest		3,628	3,862
Remeasurement of the net defined benefit liabilities (assets) :			
–Actuarial loss (gain) arising from change in financial assumptions		(936)	-
–Actuarial loss (gain) arising from change in demographic assumptions		-	9,820
–Actuarial loss (gain) arising from experience adjustments		(3,966)	31,497
Benefits paid by the plan		(26,456)	(40,580)
Defined benefit obligations at December 31	**$**	**409,591**	**437,321**

3) Movements in the fair value of plan assets

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

		2022	2021
Fair value of plan assets at January 1	$	394,911	417,305
Interest income		1,934	2,041
Remeasurements of the net defined benefit liabilities (assets):			
-Return on plan assets (excluding interest income)		32,794	5,606
Contributions made		27,201	10,539
Benefits paid by the plan		(26,456)	(40,580)
Fair value of plan assets at December 31	**$**	**430,384**	**394,911**

4) Expenses recognized in profit or loss

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

		2022	2021
Current service costs	$	1,509	1,770
Net interest of net defined benefit liabilities		185	51
	$	**1,694**	**1,821**
Operating costs	$	1,521	1,592
Operating expenses		173	229
	$	**1,694**	**1,821**

(Continued)

5) Actuarial assumptions

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

	December 31, 2022	**December 31, 2021**
Discount rate	1.500%	0.500%
Future salary increase rate	2.000%	1.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $16,038.

The weighted-average lifetime of the defined benefits plans is 7.68 years to 8.91 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:

		Influences of defined benefit obligations	
		Increased	**Decreased**
As of December 31, 2022			
Discount rate (Decreasing or increasing in 0.25%)	$	(7,205)	7,408
Future salary increasing rate (Decreasing or increasing in 0.25%)		7,153	(6,994)
As of December 31, 2021			
Discount rate (Decreasing or increasing in 0.25%)	$	(8,290)	8,538
Future salary increasing rate (Decreasing or increasing in 0.25%)		8,257	(8,058)

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 Group 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 Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group recognized the pension costs under the defined contribution method amounting to $18,921 and $17,893 for 2022 and 2021, respectively. The payment was made to the Bureau of Labor Insurance. As of December 31, 2022 and 2021 the payables which had not been contributed to the Bureau of Labor Insurance were $3,157 and $3,536, respectively, and they were recognized as notes payable and other payables in the consolidated balance sheets.

(iii) Short-term benefit obligation

As of December 31, 2022 and 2021, the Group's short-term benefit liabilities for vacation were $20,023 and $20,297, respectively, and were recognized as other payables in the consolidated balance sheets.

(u) Income taxes

(i) The amount of income tax expense was as follows:

	2022	**2021**
Current tax benefit		
Current period	$ 132,604	147,429
Deferred tax expense (benefit)		
Origination and reversal of temporary differences and tax losses	(22,296)	72,175
Change in unrecognized deferred tax assets of deductible temporary differences and tax losses	-	(17,233)
	(22,296)	54,942
Income tax expense	**$ 110,308**	**202,371**

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

The amount of income tax expense recognized in other comprehensive income for 2022 and 2021 was as follows:

	2022	**2021**
Items not reclassified to profit or loss：		
Remeasurements of the defined benefit plans	**$ 7,539**	**(12,030)**

(Continued)

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

	2022	2021
Profit before income tax	$ 200,056	1,854,418
Income tax using the Company's domestic tax rate	40,011	370,884
Unrealized losses (gains) on valuation of financial assets	117,565	(177,621)
Dividends income	(56,118)	(30,739)
Non-recognized tax losses	675	-
Effect of investment losses (gains) under equity method	65	104
Changes in unrecognized temporary differences and tax losses	-	(16,798)
Additional tax on undistributed earnings	7,937	-
Income basic tax	-	54,498
Others	173	2,043
	$ 110,308	202,371

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets of the Group have not been recognized in respect of the following items:

	December 31, 2022	December 31, 2021
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 Group 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 Group's unused tax losses for which no deferred tax assets were recognized are as follows:

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

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Adjustment of difference of useful life of PPE between financial and tax method	Unrealized foreign exchange gains	Land value increment tax provision	Defined benefits plan	Others	Total
Deferred tax liabilities:						
Balance at January 1, 2022	$ 8	-	786,248	-	-	786,256
Debit (credit) profit or loss	(1)	-	-	5,910	674	6,583
Debit (credit) other comprehensive income	-	-	-	(1,309)	-	(1,309)
Balance at December 31, 2022	**$ 7**	**-**	**786,248**	**4,601**	**674**	**791,530**
Balance at January 1, 2021	$ 9	26	786,248	1,093	108	787,484
Credit profit or loss	(1)	(26)	-	(1,093)	(108)	(1,228)
Balance at December 31, 2021	**$ 8**	**-**	**786,248**	**-**	**-**	**786,256**

	Tax loss carry-forward	Defined benefits plan	Allowance for inventories losses	Others	Total
Deferred tax assets:					
Balance at January 1, 2022	$ -	8,035	2,370	27,755	38,160
Credit (debit) profit or loss	-	813	22,898	5,168	28,879
Credit (debit) other comprehensive income	-	(8,848)	-	-	(8,848)
Balance at December 31, 2022	**$ -**	**-**	**25,268**	**32,923**	**58,191**
Balance at January 1, 2021	$ 54,833	-	3,512	23,955	82,300
Credit (debit) profit or loss	(54,833)	(3,995)	(1,142)	3,800	(56,170)
Credit (debit) other comprehensive income	-	12,030	-	-	12,030
Balance at December 31, 2021	**$ -**	**8,035**	**2,370**	**27,755**	**38,160**

(iii) Assessment of tax

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

(v) Capital and other equity

(i) Capital stock

As of December 31, 2022 and 2021, the authorized shares capital of the Company were both $6,327,735, comprising 632,774 thousand shares, with a par value $10. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Treasury share transactions	$ 235,256	111,870
Difference arising from subsidiary's share price and its carrying value	3,463	3,463
	$ **238,719**	**115,333**

According to the R.O.C Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) 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

According to Securities and Futures Bureau (SFB, former SFC) regulations, the investment income resulting from the sale of long-term equity investment in First Copper Technology Co., Ltd. in 1988 should be treated as unrealized gain, and such gain cannot be distributed until such long-term equity investment is resold. As of December 31, 2022 and 2021, the amount of the unrealized gain was both $95,408.

(Continued)

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. According to regulations, the increase in retained earnings amounted to $888,766. It exceeded the increase in retained earnings occurring before the date of first-time adoption of IFRSs amounting to $776,576. 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.

In accordance with the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRS and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022 and 2021, the balance of special reserve was both $12,927.

3) Earnings distribution

Earnings distribution for 2021 and 2020 were decided by the general meeting of shareholders held on June 16, 2022 and August 24, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021	**2020**
Dividends distributed to ordinary shareholders per share (in dollars):		
Cash	$ 1.50	0.70

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:

	2022
Dividends distributed to ordinary shareholders per share (in dollars):	
Cash	$ 0.4

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

(Continued)

(iv) Treasury stock

First Copper Technology Co., Ltd, controlled by the Company, held the Company's common stocks for finance management. Such shares are treated as treasury stock in preparation of financial statements. As of December 31, 2022 and 2021, the investee, First Copper Technology Co., Ltd., held 208,564 thousand shares of the Company's common stock, and their market values amounted to $2,857,325 and $4,630,117, respectively. The total amount which the Company recognized as treasury stock was both $968,671.

(v) Other equity (net of tax)

	Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	$ (27,649)
–Changes of the Group	2,814
–Disposal of investments in equity instrument at fair value through other comprehensive income	151
Balance at December 31, 2022	**$ (24,684)**
Balance at January 1, 2021	$ (40,782)
–Changes of the Group	13,133
Balance at December 31, 2021	**$ (27,649)**

(w) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2022 and 2021, were as follows (excluding 208,564 thousand shares, of common stock outstanding held by the Company's subsidiaries as treasury stock):

	2022	2021
Basic earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company	**$ (36,464)**	**1,388,143**
Weighted-average number of common shares outstanding (shares in thousands)	**424,210**	**424,210**
Basic earnings per share (deficit) (in dollars)	**$ (0.09)**	**3.27**

(Continued)

	2022	2021
Diluted earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company (After adjusting to dilutive potential ordinary share effect)	$ (36,464)	1,388,143
Weighted-average number of common shares outstanding (shares in thousands)	424,210	424,210
Effect of dilutive potential ordinary shares		
Effect of employee share bonus (shares in thousands)	-	2,352
Weighted-average number of common shares outstanding (shares in thousands) (After adjusting to dilutive potential ordinary share effect)	424,210	426,562
Diluted earnings per share (deficit) (in dollars)	$ (0.09)	3.25

For the year ended December 31, 2022, the effects of common shares were not included in the calculation of the diluted earnings per share, due to their anti-dilutive impact on earnings per share.

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022				
	Wire	Cable	Copper	Other	Total
Primary geographical markets:					
Taiwan	$ 1,865,685	5,340,913	1,593,385	257,370	9,057,353
Mainland China	385,420	-	626,268	-	1,011,688
Others	17,942	-	662,914	-	680,856
Total	$ 2,269,047	5,340,913	2,882,567	257,370	10,749,897
Major products/services lines:					
Oxygen free copper wire	$ 2,096,613	-	-	-	2,096,613
Wire and cable	-	4,921,890	-	-	4,921,890
Copper plate	-	-	2,663,927	-	2,663,927
Processing revenue	628	3,127	137,619	-	141,374
Construction contract revenue	-	-	-	222,603	222,603
Others	171,806	415,896	81,021	34,767	703,490
Total	$ 2,269,047	5,340,913	2,882,567	257,370	10,749,897

(Continued)

	2022				
	Wire	**Cable**	**Copper**	**Other**	**Total**
Timing for revenue recognition:					
Products transferred at a point in time	$ 2,269,047	5,340,913	2,882,567	34,767	10,527,294
Construction transferred over time	-	-	-	222,603	222,603
Total	**$ 2,269,047**	**5,340,913**	**2,882,567**	**257,370**	**10,749,897**

	2021				
	Wire	**Cable**	**Copper**	**Other**	**Total**
Primary geographical markets:					
Taiwan	$ 2,371,211	4,125,228	1,770,846	311,558	8,578,843
Mainland China	420,996	609	840,174	-	1,261,779
Others	44,478	-	599,714	-	644,192
Total	**$ 2,836,685**	**4,125,837**	**3,210,734**	**311,558**	**10,484,814**
Major products/services lines:					
Oxygen free copper wire	$ 2,665,478	-	-	-	2,665,478
Wire and cable	-	3,581,218	-	-	3,581,218
Copper plate	-	-	3,048,361	-	3,048,361
Processing revenue	3,683	3,170	132,153	-	139,006
Construction contract revenue	-	-	-	270,348	270,348
Others	167,524	541,449	30,220	41,210	780,403
Total	**$ 2,836,685**	**4,125,837**	**3,210,734**	**311,558**	**10,484,814**
Timing for revenue recognition:					
Products transferred at a point in time	$ 2,836,685	4,125,837	3,210,734	41,210	10,214,466
Construction transferred over time	-	-	-	270,348	270,348
Total	**$ 2,836,685**	**4,125,837**	**3,210,734**	**311,558**	**10,484,814**

(Continued)

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable	$ 1,634,188	1,490,607	916,042
Less: allowance for impairment	-	-	-
Total	**$ 1,634,188**	**1,490,607**	**916,042**
Contract assets－construction	$ 158,187	176,809	75,947
Less: allowance for impairment	-	-	-
Total	**$ 158,187**	**176,809**	**75,947**
Contract liabilities－construction	$ -	-	2,292
Contract liabilities－advance sales receipts	49,936	75,831	19,653
Total	**$ 49,936**	**75,831**	**21,945**

For additional information on notes and accounts receivable and allowance for impairment, please refer to note 6(e).

For details on onerous contracts as of December 31, 2022 and 2021, please refer to note 6(q).

The amount of revenue which was recognized in 2022 and 2021, and included in the contract liability balance at January 1, 2022 and 2021 were $74,271 and $21,945, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(y) 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 first be used to offset against its deficits.

For the year ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $2,884 and $47,917, respectively, and directors' remuneration amounting to $481 and $6,389, respectively. The estimated amounts mentioned above were 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 cost 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. The 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.

(z) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group was as follows:

		2022	2021
Interest income	**$**	**386**	**53**

(ii) Other income

Details of other income of the Group were as follows:

		2022	2021
Dividend income	$	280,590	153,695
Rental income		56,681	50,694
Revenue from sale of scrap		2,078	4,752
Directors' and supervisors' remuneration		3,033	2,381
Others		2,117	2,472
	$	**344,499**	**213,994**

(iii) Other gains and losses

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

		2022	2021
Foreign exchange gains, net	$	547	2,973
Loss on disposal of investments		(411)	-
Gain on disposal of accounted for using equity method		370	-
Net gains (losses) of financial assets at fair value through profit or loss		(587,827)	888,104
Net gains on disposal of property, plant and equipment		1,182	1,907
Gain on disposal of investment property		150,166	-
Depreciation of investment property		(5,641)	(8,018)
Others		(7,987)	(10,153)
	$	**(449,601)**	**874,813**

(iv) Finance costs

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

	2022	2021
Interest expenses		
Bank loans and short-term notes and bills payable	$ (32,387)	(15,575)
Lease liabilities	(3,085)	(3,319)
Others	(37)	(35)
	$ (35,509)	**(18,929)**

(aa) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$ 2,438,214	3,098,582
Financial assets at fair value through other comprehensive income：		
Equity investments	71,806	69,108
Accounts receivable	10,146	17,050
Receivables-the distribution of remaining on liquidation	1,457	1,495
Subtotal	83,409	87,653
Financial assets measured at amortized cost:		
Cash and cash equivalents	179,163	353,381
Financial assets at amortized cost	2,900	-
Notes receivable, accounts receivable, and other receivables	1,692,568	1,535,548
Refundable deposits	288	428
Subtotal	1,874,919	1,889,357
Total	**$ 4,396,542**	**5,075,592**

2) Financial liabilities

		December 31, 2022	**December 31, 2021**
Financial liabilities at amortized cost:			
Short-term borrowings	$	2,951,392	1,596,128
Short-term notes and bills payable		619,329	999,866
Payables (including related parties)		704,605	751,372
Lease liabilities (including current portion)		213,691	229,872
Guarantee deposits received		3,499	5,705
Total	**$**	**4,492,516**	**3,582,943**

(ii) Credit risk

1) Exposure to credit risk

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

2) Concentration to credit risk

The cash is deposited in different financial institutions. The Group 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 Group are centralized in industries within similar areas and dealers. As of December 31, 2022 and 2021, one customer accounted for 52.15% and 31.00% 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(e). Other financial assets at amortized cost includes other receivables, time deposits maturing in excess of three month and other financial assets (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(g)). No impairment loss 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.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 2,951,392	2,963,873	2,831,773	132,100	-	-	-
Short-term notes and bills payable	619,329	620,000	620,000	-	-	-	-
Notes payable	8,800	8,800	8,800	-	-	-	-
Accounts payable (including related parties)	445,411	445,411	445,411	-	-	-	-
Other payables	250,394	250,394	247,711	1,090	-	1,593	-
Lease liabilities (including current portion)	213,691	231,195	19,266	-	19,266	57,799	134,864
Guarantee deposits received	3,499	3,499	-	-	739	2,760	-
	$ 4,492,516	**4,523,172**	**4,172,961**	**133,190**	**20,005**	**62,152**	**134,864**
December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,596,128	1,598,005	1,598,005	-	-	-	-
Short-term notes and bills payable	999,866	1,000,000	1,000,000	-	-	-	-
Notes payable	10,162	10,162	10,162	-	-	-	-
Accounts payable (including related parties)	446,579	446,579	446,579	-	-	-	-
Other payables	294,631	294,631	292,809	229	-	1,593	-
Lease liabilities (including current portion)	229,872	250,462	19,266	-	19,266	57,799	154,131
Guarantee deposits received	5,705	5,705	1,486	1,160	990	2,069	-
	$ 3,582,943	**3,605,544**	**3,368,307**	**1,389**	**20,256**	**61,461**	**154,131**

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iv) Foreign currency risk

1) Exposure to foreign currency risk

The Group'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**
Financial assets						
Monetary items						
USD	$ 3,647	30.71	111,998	4,199	27.68	116,220
EUR	77	32.72	2,508	-	-	-
JPY	3,220	0.2324	748	-	-	-
HKD	-	-	-	31	3.549	112
Financial liabilities						
Monetary items						
USD	200	30.71	6,141	117	27.68	3,243
JPY	66,661	0.2324	15,466	6,285	0.243	1,530
EUR	216	32.72	7,045	6	31.32	181

2) Sensitivity analysis

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

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**
$ 693	**693**	**891**	**891**

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

3) Exchange gains and losses from monetary items

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

	2022	**2021**
	Exchange gains (losses)	**Exchange gains (losses)**
USD	$ 1,243	975
JPY	(712)	1,977
Others	16	21
Total	**$ 547**	**2,973**

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and the interest rate exposure of the Group'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 follow:

2022		**2021**	
Increase 0.25%	**Decrease 0.25%**	**Increase 0.25%**	**Decrease 0.25%**
Decrease in net profit after tax	**Increase in net profit after tax**	**Decrease in net profit after tax**	**Increase in net profit after tax**
$ 5,903	**5,903**	**3,192**	**3,192**

The impact was due to the floating interest rates of bank loans.

(vi) Equity securities prices risk

If the prices of equity securities change at reporting date were performed using the same basis, with all other variables held constant, the influences on other comprehensive income, were as follows:

	2022		2021	
Prices at reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increase by 1%	$ 718	24,382	691	30,986
Decrease by 1%	$ (718)	(24,382)	(691)	(30,986)

(vii) Fair value of financial instruments

1) Fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying amount	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Publicly traded stocks	$ 2,338,798	2,338,798	-	-	2,338,798
Non-publicly traded stocks	99,416	67,331	-	32,085	99,416
Total	$ 2,438,214				
Financial assets at fair value through other comprehensive income					
Non-publicly traded stocks	$ 71,806	-	-	71,806	71,806
Receivables-the distribution of remaining on liquidation	1,457	-	1,457	-	1,457
Accounts receivable	10,146	-	10,146	-	10,146
Total	$ 83,409				

(Continued)

	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Publicly traded stocks	$ 2,971,683	2,971,683	-	-	2,971,683
Non-publicly traded stocks	126,899	97,109	-	29,790	126,899
Total	$ 3,098,582				
Financial assets at fair value through other comprehensive income					
Non-publicly traded stocks	$ 69,108	-	-	69,108	69,108
Receivables-the distribution of remaining on liquidation	1,495	-	1,495	-	1,495
Accounts receivable	17,050	-	17,050	-	17,050
Total	$ 87,653				

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 Group's listed securities, and open-end funds 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.

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 year ended December 31, 2022 and 2021.

4) Movements of financial assets in level 3

		Fair value through profit or loss	Fair value through other comprehensive income
		Equity investment without an active market	**Equity investment without an active market**
Balance at January 1, 2022	$	29,790	69,108
Total gains or losses			
Recognized in profit (loss)		2,295	-
Recognized in other comprehensive income (loss)		-	2,846
Disposal		-	(148)
Balance at December 31, 2022	**$**	**32,085**	**71,806**
Balance at January 1, 2021	$	37,620	56,136
Total gains or losses			
Recognized in profit (loss)		(7,830)	-
Recognized in other comprehensive income (loss)		-	12,972
Balance at December 31, 2021	**$**	**29,790**	**69,108**

For the years ended December 31, 2022 and 2021, total gains and losses that were included in “other gains and losses”and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

		2022	2021
Total gains and losses recognized:			
In profit or loss, and presented in "other gains and losses"	$	2,295	(7,830)
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”		2,866	12,972

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Group's financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss—equity investments” and “financial assets measured at fair value through other comprehensive income — equity investments”.

The Group's financial instrument that use Level 3 inputs to measure fair value was significant unobservable.

As of December 31, 2022 and 2021, quantified information of significant unobservable inputs were as follows:

Items	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss-equity investments without an active market	Comparable listed company approach	Lack of marketability discount rate (30% on December 31, 2022 and 2021,)	The higher the lack-of-marketability discount is, the lower the fair value will be.
Financial assets measured at fair value through other comprehensive income -equity investments without an active market	Comparable listed company approach	Lack of marketability discount rate (30% on December 31, 2022 and 2021,)	The higher the lack-of-marketability discount is, the lower the fair value will be.

6) Fair value measurements in Level 3 – sensitivity analysis reasonably possible alternative assumptions

The fair value measurements of the Group's financial instruments are reasonable. However, change in the use of valuation models or variables may affect the estimations. For fair value measurements in Level 3, the information of changes in the use of valuation variable were as follows:

			Fair value change in profit or loss		Fair value change in other comprehensive income	
	Inputs	Increase (decrease)	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	$ 4,584	(4,584)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	10,258	(10,258)
December 31, 2021						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	$ 4,256	(4,256)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	9,872	(9,872)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(ab) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

The Group'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 Group's risk management policies are established to identity and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. 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 Group's credit risk is the risk of financial loss when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from accounts receivable and bank deposit.

1) Accounts receivable and other receivables

The Group's exposure credit risk is influenced by the individual characteristics of each customer. The Group 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 Group 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 Group 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 Group 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 Group's finance department. The Group only deals with banks with good credit rating. The Group 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 Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

As of December 31, 2022 and 2021, unused credit lines were amounted to $4,098,291 and $4,443,939, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group'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 Group 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, HKD, JPY and EUR.

Generally, borrowings and purchasing are denominated in currencies that match the cash flows generated by the underlying operations of the Group as same as 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 Group's evaluation of the global economic environment and the trend in market interest rates.

3) Market price risk of equity instruments

Part of the Group'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 Group will be exposed to the risk of changes in the value of the equity securities market.

(ac) Capital management

The Group 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 Group may adjust the dividend payment and reduce the capital for redistribution to its shareholders. The Group also issues new shares or sell assets to settle any liabilities.

The Group 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 consolidated 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 and non-controlling interests, plus, net debt.

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

	December 31, 2022	**December 31, 2021**
Total liabilities	$ 5,438,668	4,661,029
Less: cash and cash equivalents	179,163	353,381
Net debt	5,259,505	4,307,648
Total equity	8,081,493	9,005,006
Capital after adjustment	**$ 13,340,998**	**13,312,654**
Debt-to-equity ratio	39.42%	32.36%

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

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

	January 1, 2022	Cash flows	Non-cash changes Others	Non-cash changes Amortized interest	December 31, 2022
Short-term borrowings	$ 1,596,128	1,355,264	-	-	2,951,392
Short-term notes and bills payable	999,866	(386,894)	-	6,357	619,329
Lease liabilities (including current portion)	229,872	(19,266)	-	3,085	213,691
Guarantee deposit received (including in other payables of current portion)	8,027	(829)	-	-	7,198
Total liabilities from financing activities	**$ 2,833,893**	**948,275**	**-**	**9,442**	**3,791,610**

	January 1, 2021	Cash flows	Non-cash changes Others	Non-cash changes Amortized interest	December 31, 2021
Short-term borrowings	$ 988,792	607,336	-	-	1,596,128
Short-term notes and bills payable	1,799,484	(804,709)	-	5,091	999,866
Lease liabilities (including current portion)	247,052	(13,923)	(3,257)(Note)	-	229,872
Guarantee deposit received (including in other payables of current portion)	5,640	2,387	-	-	8,027
Total liabilities from financing activities	**$ 3,040,968**	**(208,909)**	**(3,257)**	**5,091**	**2,833,893**

Note: Reduction of right-of-use assets.

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
National Ship Demolition Co., Ltd.	Controlled by key management personnel of the Group (Note)
Taiwan Times Co., Ltd.	Controlled by key management personnel of the Group (Note)
Mei Da Co., Ltd.	Controlled by key management personnel of the Group (Note)

(Note) Summarized as other related parties.

(Continued)

(b) Significant transactions with related parties

(i) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	2022	2021
Other related parties	$ 10	7

The prices for purchases from related parties have not comparison with whose purchase from third-party vendors. Payment terms with related parties were 1 to 3 months.

(ii) Payables to related parties

The payables to related parties are as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Accounts payable	Other related parties	$ 109	105

(iii) Others

Rental income is from office premises leased to other related parties. The above rental income was collected monthly or in advance. The price is decided by using the nearby office rental rates and negotiated each other. Rental incomes in 2022 and 2021 were both $168, and were included in other income of non-operating income and expenses in the consolidated statements of comprehensive income. As of December 31, 2022 and 2021, the receivables from above transaction were settled in full.

The amounts of advertising expense incurred by other related parties amounted to $200 in 2022 and 2021, which were included in operating expenses in consolidated statements of comprehensive income.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 21,242	33,397
Post-employment benefits	417	539
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 21,659	33,936

(Continued)

(8) Pledged assets: None.

(9) Commitments and contingencies:

Major commitments and contingencies were as follows:

(i) Unrecognized contingencies of contracts:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ 142,321	119,383

(ii) Unused standby letters of credit:

	December 31, 2022	December 31, 2021
Purchase of material	$ 623,197	1,157,578

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

The employee benefits, depreciation, and amortization expenses, categorized by function, were as follows:

By function	2022			2021		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary and wages	359,987	69,548	429,535	428,221	90,239	518,460
Labor and health insurance	40,957	8,698	49,655	38,539	7,939	46,478
Pension	16,552	4,063	20,615	15,937	3,777	19,714
Remuneration of directors	-	4,495	4,495	-	11,416	11,416
Other personnel costs	17,291	12,121	29,412	17,950	11,633	29,583
Depreciation	197,859	4,250	202,109	180,368	3,354	183,722
Amortization	107	25	132	-	30	30

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “the Regulations” for the Group 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				Highest percentage of ownership during the year	Note
				Units (shares)	Carrying value	Percentage of ownership (%)	Fair value	Units (shares)	
The Company	China Ecotek Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	11,843,730	507,504	9.57 %	507,504	11,843,730	
The Company	Wafer Works Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	4,699,013	191,720	0.87 %	191,720	4,699,013	
The Company	Asia Pacific Telecom Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	88,742,877	541,331	2.06 %	541,331	89,087,877	
The Company	Savior Lifetec Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	3,586,402	88,943	1.13 %	88,943	4,566,402	
The Company	Bionime Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,485,900	577,911	12.34 %	577,911	7,807,900	
The Company	Co-Tech Development Corp. stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,812,375	390,619	3.09 %	390,619	7,812,375	
The Company	Pixon Technologies Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	3,551,200	67,331	14.49 %	67,331	3,811,200	
The Company	Liyu Technology Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	4,500,000	32,085	7.73 %	32,085	4,500,000	
The Company	International United Technology Co., Ltd. stock	The Company is a director of the investee	Non-current financial assets at fair value through comprehensive income	987,354	11,967	6.04 %	11,967	987,354	
The Company	Pack & Proper Co., Ltd. stock	-	Non-current financial assets at fair value through comprehensive income	2,466,288	17,116	4.78 %	17,116	2,466,288	
The Company	United Electric Industry Co., Ltd. stock	-	Non-current financial assets at fair value through comprehensive income	2,127,143	15,805	2.77 %	15,805	2,127,143	
The Company	Taiwan Sugar Corporation stock	-	Non-current financial assets at fair value through comprehensive income	457,087	26,918	0.01 %	26,918	457,087	
The Company	Taiwan Submarine Cable Corporation stock	-	Non-current financial assets at fair value through comprehensive income	-	-	- %	-	30,000	(Note)
First Copper Technology Co., Ltd.	Asia Pacific Telecom Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	-	-	- %	-	10,105,441	(Note)
First Copper Technology Co., Ltd.	Taiwan Semiconductor Manufacturing Co., Ltd. stock	-	Current financial assets at fair value through profit or loss	84,000	37,674	- %	37,674	84,000	
First Copper Technology Co., Ltd.	VisEra Technologies Co., Ltd. stock	-	Current financial assets at fair value through profit or loss	16,000	3,096	0.01 %	3,096	16,000	
First Copper Technology Co., Ltd.	Hua Eng Wire & Cable Co., Ltd. stock	The Company	Non-current financial assets at fair value through comprehensive income	208,563,824	2,857,325	32.96 %	2,857,325	208,563,824	(Note 1)

Note: It was sold in 2022.
Note 1: It was eliminated in the consolidation financial report.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

				Intercompany transactions			
No.	Name of company	Name of counter-party	Nature of relationship	Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	First Copper Technology Co., Ltd.	1	Operating revenue	60,478	(Note 2)	0.56 %
0	The Company	First Copper Technology Co., Ltd.	1	Purchases Accounts payable	12,845 713	No transactions with third parties for comparison	0.12 % 0.01 %
0	The Company	First Copper Technology Co., Ltd.	1	Reduction of operating expense- management service	19,200	No other trading terms for comparison	0.18 %
0	The Company	First Copper Technology Co., Ltd.	1	Rental income	240	No other trading terms for comparison	-
0	The Company	Hua Ho Engineering Co., Ltd.	1	Construction costs Accounts payable	104,327 87,690	No transactions with third parties for comparison	0.97 % 0.65 %
0	The Company	Hua Ho Engineering Co., Ltd.	1	Reduction of operating expense- management service	1,440	No other trading terms for comparison	0.01 %
0	The Company	Hua Ho Engineering Co., Ltd.	1	Rental income	1,663	No other trading terms for comparison	0.02 %

Note 2: The prices of those sales could not be compared to those of the third-parties customers. The prices of other sales were not significantly different from third-parties customers. The credit terms with other customers are from one to three months.

(Continued)

(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 business and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits /losses of investee	Highest percentage of ownership during the year (units shares)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of ownership	Carrying value				
The Company	First Copper Technology Co., Ltd.	Kaohsiung	Manufacturing of copper plate	1,401,129	1,401,129	141,818,196	39.44 %	564,399	196,940	(45,713)	141,818,196	Subsidiary Company (Note 3)
The Company	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	17,195	17,195	1,726,000	49.31 %	28,463	13,779	6,794	1,726,000	Subsidiary Company (Note 3)
The Company	Chung-Tai Technology Development Engineering Corporation	New Taipei City	Telecommunication engineering	-	23,000	-	- %	-	(1,763)	(325)	2,300,000	Associates
First Copper Technology Co., Ltd.	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	165	165	10,000	0.29 %	168	13,779	40	10,000	Subsidiary Company (Note 3)

Note 3: It was eliminated in the consolidation financial report.

(c) Information on investment in mainland China: None.

(Continued)

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
First Copper Technology Co., Ltd.	208,569,277	32.96 %
Hua Hong Investment Co., Ltd.	45,137,000	7.13 %

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 Group has three reportable segments: Wire segment, Cable segment and Copper segment. Wire segment produces products such as oxygen free copper wire. Cable segment produces power cable, communication cable and optical fiber cable; Copper Segment produces copper plate. The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately.

The Group's other reportable segments are mainly engaged in project contracting and material trading. The above segments did not meet the quantitative thresholds; therefore, were classified as other segments.

The operating segment accounting policies are similar to those described in note 4 significant accounting policies. The Group's operating segment measured by the operating profit before income tax and make a performance evaluation.

(b) Information about reportable segments and their measurement and reconciliation

The Group's operating segment information and reconciliation are as follows:

	2022					
	Wire segment	**Cable segment**	**Copper segment**	**Other segment**	**Reconciliation and eliminations**	**Total**
Revenue:						
Revenue from external customers	$ 2,269,047	5,340,913	2,882,567	257,370	-	10,749,897
Intersegment sales	42,127	18,351	12,845	104,327	(177,650)	-
Total revenue	**$ 2,311,174**	**5,359,264**	**2,895,412**	**361,697**	**(177,650)**	**10,749,897**
Reportable segment profit or loss	**$ (5,504)**	**559,215**	**(50,904)**	**59,949**	**(362,700)**	**200,056**

	2021					
	Wire segment	**Cable segment**	**Copper segment**	**Other segment**	**Reconciliation and eliminations**	**Total**
Revenue:						
Revenue from external customers	$ 2,836,685	4,125,837	3,210,734	311,558	-	10,484,814
Intersegment sales	38,825	30,186	8,070	76,337	(153,418)	-
Total revenue	**$ 2,875,510**	**4,156,023**	**3,218,804**	**387,895**	**(153,418)**	**10,484,814**
Reportable segment profit or loss	**$ 144,598**	**528,487**	**322,313**	**61,821**	**797,199**	**1,854,418**

(c) Product and service information

Revenue from the external customers of the Group were as follows:

Product and services	**2022**	**2021**
Copper wire	$ 2,096,613	2,665,478
Cable	4,921,890	3,581,218
Copper plate	2,663,927	3,048,361
Processing revenue	141,374	139,006
Construction contract revenue	222,603	270,348
Others	703,490	780,403
Total	**$ 10,749,897**	**10,484,814**

(Continued)

(d) 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.

Geographic information	**2022**	**2021**
Revenue from the external customers:		
Taiwan	$ 9,057,353	8,578,843
Mainland China	1,011,688	1,261,779
Japan	244,477	259,115
Other countries	436,379	385,077
Total	**$ 10,749,897**	**10,484,814**
Non-current assets:		
Taiwan	**$ 4,552,795**	**4,575,490**

Non-current assets included property, plant and equipment, investment property, intangible assets, prepayments for equipment, right-of-use asset and other non-current assets not including financial instruments, net defined benefit assets and deferred tax assets.

(e) Information on major customers

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

	2022		**2021**	
Customer	**Amount**	**% of net consolidated sales**	**Amount**	**% of net consolidated sales**
A	**$ 2,580,185**	**24.00 %**	**2,022,406**	**19.29 %**

Independent Auditors’ Report

To the Board of Directors HUA ENG WIRE & CABLE CO., LTD.

Opinion

We have audited the financial statements of HUA ENG WIRE & CABLE 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.

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

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

1. Identify and assess the risks of material misstatement of the 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 the financial statements. We are responsible for the direction, supervision and performance of the group 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 Cheng Lung, Hsu and Yung Hsiang, Chen.

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)

HUA ENG WIRE & CABLE CO., LTD.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 64,674	1	195,946	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	699,224	7	874,922	8
1140	Current contract assets (note 6(v))	157,418	2	172,359	2
1150	Notes receivable (note 6(d))	39,407	-	59,512	1
1172	Accounts receivable (note 6(d))	1,424,632	14	1,112,296	10
1180	Accounts receivable from related parties (notes 6(d) and 7)	-	-	4,991	-
1200	Other receivables (note 6(e))	36,672	-	33,044	-
130X	Inventories (note 6(f))	2,283,871	22	2,026,293	19
1470	Other current assets (note 6(l))	42,191	-	12,681	-
	Total current assets	4,748,089	46	4,492,044	42
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	1,698,220	16	2,140,593	20
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	72,899	1	70,229	1
1550	Investments accounted for using equity method (note 6(g))	592,862	6	658,742	6
1600	Property, plant and equipment (note 6(h))	2,139,906	20	2,083,343	20
1755	Right-of-use-assets (note 6(i))	274,073	3	296,913	3
1760	Investment property, net (note 6(j))	833,318	8	886,784	8
1780	Intangible assets (note 6(k))	425	-	445	-
1840	Deferred tax assets (note 6(s))	18,053	-	20,857	-
1920	Refundable deposits (note 6(e))	141	-	291	-
1975	Non-current net defined benefit assets (note 6(r))	7,672	-	-	-
1990	Other non-current assets, others (note 6(l))	8,875	-	13,057	-
	Total non-current assets	5,646,444	54	6,171,254	58
	Total assets	$ 10,394,533	100	10,663,298	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(m))	$ 1,836,112	18	1,141,102	11
2110	Short-term notes and bills payable (notes 6(m)(n))	119,943	1	199,978	2
2130	Current contract liabilities (note 6(v))	32,483	-	10,306	-
2150	Notes payable (notes 6(r))	5,540	-	5,497	-
2170	Accounts payable	330,014	3	303,609	3
2180	Accounts payable to related parties (note 7)	88,512	1	68,355	1
2200	Other payables (note 6(r))	189,943	2	204,059	2
2230	Current tax liabilities	83,934	1	137,755	1
2280	Current lease liabilities (note 6(p))	16,418	-	16,181	-
2300	Other current liabilities (note 6(o))	4,177	-	4,214	-
	Total current liabilities	2,707,076	26	2,091,056	20
	Non-Current liabilities:				
2570	Deferred tax liabilities (note 6(s))	523,075	5	521,390	5
2580	Non-current lease liabilities (note 6(p))	197,273	2	213,691	2
2640	Non-current net defined benefit liability (note 6(r))	-	-	30,656	-
2645	Guarantee deposits received	3,499	-	5,705	-
	Total non-current liabilities	723,847	7	771,442	7
	Total liabilities	3,430,923	33	2,862,498	27
	Equity attributable to owners of parent (note 6(t)):				
3110	Ordinary share	6,327,735	61	6,327,735	59
3200	Capital surplus	238,719	2	115,333	1
3300	Retained earnings:				
3310	Legal reserve	234,075	2	96,845	1
3320	Special reserve	884,911	8	884,911	8
3350	Unappropriated retained earnings	271,525	3	1,372,296	13
		1,390,511	13	2,354,052	22
3400	Other equity	(24,684)	-	(27,649)	-
3500	Treasury shares	(968,671)	(9)	(968,671)	(9)
	Total equity	6,963,610	67	7,800,800	73
	Total liabilities and equity	$ 10,394,533	100	10,663,298	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE 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 Common Share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4100	**Operating revenues (notes 6(v) and 7)**	$ 7,926,122	100	7,341,649	100
5000	**Operating costs (notes 6(f)(r)(w), 7 and 12)**	7,374,404	93	6,699,714	91
5900	**Gross profit**	551,718	7	641,935	9
6000	**Operating expenses (notes 6(r)(w), 7 and 12)**	119,579	2	137,400	2
6900	**Net operating income**	432,139	5	504,535	7
7000	**Non-operating income and expenses (notes 6(b)(g)(h)(j)(o)(p)(q)(x) and 7):**				
7100	Interest income	159	-	33	-
7010	Other income	140,725	2	111,077	2
7020	Other gains and losses, net	(421,836)	(5)	823,166	11
7050	Finance costs	(19,186)	-	(12,305)	-
7060	Share of profit (loss) of subsidiaries and associates accounted for using equity method, net	(39,244)	-	116,412	2
		(339,382)	(3)	1,038,383	15
7900	**Profit before income tax**	92,757	2	1,542,918	22
7950	Less: Income tax expenses (note 6(s))	129,221	2	154,775	2
8200	**Profit (loss)**	(36,464)	-	1,388,143	20
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans (note 6(r))	21,283	-	(19,433)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(y))	2,818	-	13,114	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	5,204	-	(5,170)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(s))	4,257	-	(8,775)	-
8300	**Other comprehensive income (after tax)**	25,048	-	(2,714)	-
8500	**Comprehensive income**	**$ (11,416)**	**-**	**1,385,429**	**20**
	Earnings per share (note 6(u)):				
9750	**Basic earnings per share (in New Taiwan Dollars)**	**$ (0.09)**		**3.27**	
9850	**Diluted earnings per share (in New Taiwan Dollars)**	**$ (0.09)**		**3.25**	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE 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		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Balance at January 1, 2021	$ **6,327,735**	**57,753**	**64,997**	**1,039,697**	**320,004**	**(40,782)**	**(968,671)**	**6,800,733**
Profit for the year ended December 31,2021	-	-	-	-	1,388,143	-	-	1,388,143
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(15,847)	13,133	-	(2,714)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	1,372,296	13,133	-	1,385,429
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	31,848	-	(31,848)	-	-	-
Reversal of special reserve	-	-	-	(154,786)	154,786	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(442,942)	-	-	(442,942)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	57,580	-	-	-	-	-	57,580
Balance at December 31, 2021	**6,327,735**	**115,333**	**96,845**	**884,911**	**1,372,296**	**(27,649)**	**(968,671)**	**7,800,800**
Loss for the year ended December 31,2022	-	-	-	-	(36,464)	-	-	(36,464)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	22,234	2,814	-	25,048
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	(14,230)	2,814	-	(11,416)
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	137,230	-	(137,230)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(949,160)	-	-	(949,160)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	123,386	-	-	-	-	-	123,386
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(151)	151	-	-
Balance at December 31, 2022	$ **6,327,735**	**238,719**	**234,075**	**884,911**	**271,525**	**(24,684)**	**(968,671)**	**6,963,610**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from operating activities:		
Profit before tax	$ 92,757	1,542,918
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	126,773	121,240
Amortization expense	120	30
Net (gain) loss on financial assets at fair value through profit or loss	565,590	(830,719)
Interest expense	19,186	12,305
Interest income	(159)	(33)
Dividend income	(90,537)	(65,280)
Share of (gain) loss of subsidiaries and associates accounted for using equity method	39,244	(116,412)
Gain on disposal of property, plant and equipment	(193)	(144)
Gain on disposal of investment property	(150,166)	-
Loss on disposal of investments	180	3,116
Gain on disposal of accounted for using equity method	(370)	-
Provision (reversal) for liabilities	259	(493)
Total adjustments to reconcile profit (loss)	509,927	(876,390)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in contract assets	14,941	(103,369)
Decrease (increase) in notes receivable	20,105	(49,991)
Increase in accounts receivable	(312,336)	(382,521)
Decrease in accounts receivable from related parties	4,991	5,930
Increase in other receivables	(1,252)	(876)
Increase in inventories	(257,578)	(514,016)
Increase in other current assets	(29,510)	(4,548)
Total net changes in operating assets	(560,639)	(1,049,391)
Net changes in operating liabilities:		
Increase (decrease) in contract liabilities	22,177	(942)
Increase in notes payable	43	297
Increase in accounts payable	26,405	54,084
Increase in accounts payable to related parties	20,157	51,036
Increase (decrease) in other payable	(54,002)	82,525
Increase (decrease) in other current liabilities	(296)	699
Decrease in net defined benefit liabilities	(17,045)	(7,570)
Total net changes in operating liabilities	(2,561)	180,129
Total net changes in operating assets and liabilities	(563,200)	(869,262)
Total adjustments	(53,273)	(1,745,652)
Cash inflow (outflow) generated from operations	39,484	(202,734)
Interest received	159	33
Dividends received	234,943	178,735
Interest paid	(12,196)	(10,878)
Income taxes paid	(182,810)	-
Net cash flows from (used in) operating activities	79,580	(34,844)
Cash flows from in investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(10,701)
Proceeds from disposal of financial assets at fair value through profit or loss	52,301	906,670
Proceeds from disposal of financial assets at fair value through other comprehensive income	148	-
Proceeds from disposal of accounted for using equity method	11,190	-
Proceeds from liquidation in equity investment	-	1,860
Acquisition of property, plant and equipment	(146,355)	(70,706)
Proceeds from disposal of property, plant and equipment	217	1,685
Proceeds from disposal of investment property	201,192	-
Increase in refundable deposits	(2,226)	(28,984)
Acquisition of intangible assets	(100)	(475)
Acquisition of investment property	-	(794)
Increase in prepayments for equipment	-	(4,182)
Net cash flows from investing activities	116,367	794,373
Cash flows used in financing activities:		
Increase in short-term borrowings	695,010	291,052
Decrease in short-term notes and bills payable	(80,731)	(701,016)
Increase (decrease) in guarantee deposits received	(1,025)	2,387
Payment of lease liabilities	(19,266)	(13,923)
Cash dividends paid	(921,207)	(445,905)
Net cash flows used in financing activities	(327,219)	(867,405)
Net decrease in cash and cash equivalents	(131,272)	(107,876)
Cash and cash equivalents at beginning of period	195,946	303,822
Cash and cash equivalents at end of period	$ **64,674**	**195,946**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE 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:

Hua Eng Wire & Cable Co., Ltd. ("the Company") was incorporated on December 8, 1956, as a company limited by shares and registered under the Ministry of Economic Affaris, R.O.C. The address of the Company's registered office is No.170, Chung Cheng 4th Road, Kaohsiung, Taiwan R.O.C. The Company is engaged in the processing, manufacture, sale and construction of wire, cable and copper products.

(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:

- 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"

(Continued)

- 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 IFRS 16 “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 presented periods in the financial statements.

(a) Statement of compliance

The financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(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 liability (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(q).

(ii) Functional and presentation currency

The functional currency of entity is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

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

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

(i) an investment in equity securities designated as at fair value through other comprehensive income;

(ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

(iii) qualifying cash flow hedges to the extent that the hedges are effective.

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle (construction usually longer than one year);

(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 its normal operating cycle (construction usually longer than one year);

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The 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 are reclassified as cash equivalents.

(f) Financial instruments

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

(i) Financial assets

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

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

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.

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.

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：

- 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).

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

12-month ECLs are the portion of ECLs 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 ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company 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 sheets, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreements 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) Treasury shares

The consolidated subsidiary holds the shares of the Company when preparing the consolidated financial report, it is treated as treasury stock processing.

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) 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.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation 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.

6) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their 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 their 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 in influence.

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

When the Company 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 in subsidiaries

When preparing the parent Company only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent company only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners’ equity presented in the parent Company only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis.

Changes in a parent’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

When subsidiaries hold the Company’s stocks, the Company recognized investment gains or loss and prepared financial statements, it should treat the Company’s stocks as treasury stocks.

(j) 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 lives, 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.

(k) 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 55 years
2)	Machinery and equipment	2 to 20 years
3)	Other equipment	2 to 20 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.

(l) 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.

(i) 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 modifications

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

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

(Continued)

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 recognize right-of-use assets and lease liabilities for short-term leases of office space and equipment that have a lease term of 12 months or less. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) 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'.

(m) 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 five-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.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, 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.

(o) 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.

Provision for onerous contracts

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

(p) 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.

(Continued)

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 provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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) Construction contracts

The Company enters into contracts to constructions. Because its customer controls the asset as it is constructed, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule, for some variable considerations, accumulated experience is used to estimate the amount of variable consideration, using the expected value method; for other variable considerations, the Company estimates the amount of variable consideration using the most likely amount. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Company expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

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

(q) 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.

(Continued)

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

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

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

(iii) Short-term employee benefits

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

(r) Income taxes

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

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

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Company discloses the 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 bonus not yet resolved by the shareholders.

(t) Operating segments

The Company discloses its segment information in the consolidated financial statements. Therefore, the Company need not disclose segment information in the parent Company only financial statements.

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

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

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

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

Valuation of inventories

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

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

When measuring the fair value of an asset or a liability, 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

		December 31, 2022	December 31, 2021
Cash and cash on hand	$	270	242
Checking deposits and demand deposits		64,404	195,704
Cash and cash equivalents in the statement of cash flows	$	**64,674**	**195,946**

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

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

		December 31, 2022	December 31, 2021
Mandatorily measured at fair value through profit or loss：			
Non-derivative financial assets			
Publicly traded stocks	$	2,298,028	2,888,616
Non-publicly traded stocks		99,416	126,899
	$	**2,397,444**	**3,015,515**

		December 31, 2022	December 31, 2021
Classified as：			
Current	$	699,224	874,922
Non-current		1,698,220	2,140,593
	$	**2,397,444**	**3,015,515**

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

The Company did not provide above financial assets at fair value through profit or loss as collateral or restricted.

During the years ended December 31, 2022 and 2021, the dividends of $86,869 and $60,858, respectively, related to mandatorily measured at fair value throught profit or loss helds on the years then ended, were recognized.

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

		December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income：			
Non-publicly traded stocks - International United Technology Co., Ltd.	$	11,967	6,526
Non-publicly traded stocks - Pack & Proper Co., Ltd.		17,116	16,327
Non-publicly traded stocks - United Electronics Industrial Co., Ltd.		15,805	17,569
Non-publicly traded stocks - Taiwan Sugar Corporation		26,918	28,518
Non-publicly traded stocks - Taiwan Submarine Cable Co., Ltd		-	168
Subtotal		71,806	69,108
Liquidation receivables of Global Corporation		1,093	1,121
	$	**72,899**	**70,229**

(Continued)

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

During the years ended December 31, 2022 and 2021, the dividends of $3,668 and $4,422, respectively, related to equity investments as fair value through other comprehensive income held on the years then ended, were recognized.

During the years ended December 31, 2022, the Company with the objective of investment and financial management had sold financial assets at fair value of $148, and accumulated loss on disposal of investments was $151, which had been reclassified from other equity interest to retained earnings.

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

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

(d) Notes and accounts receivable

		December 31, 2022	**December 31, 2021**
Notes receivable from operating activities	$	39,407	59,512
Accounts receivable (including related parties)-measured at amortized cost		1,424,632	1,117,287
Less: Loss allowance		-	-
	$	**1,464,039**	**1,176,799**

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:

	December 31, 2022			
		Gross carrying amounts of notes and accounts receivable	**Weighted-average loss rate**	**Loss allowance provision**
Non-overdue	$	1,464,039	-	-
Overdue		-	-	-
	$	**1,464,039**		**-**

	December 31, 2021			
		Gross carrying amounts of notes and accounts receivable	**Weighted-average loss rate**	**Loss allowance provision**
Non-overdue	$	1,176,799	-	-
Overdue		-	-	-
	$	**1,176,799**		**-**

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

	2022	2021
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(y).

(e) Other receivables (including refundable deposits)

	December 31, 2022	December 31, 2021
Refundable deposits	$ 32,566	30,340
Other receivables-remuneration of directors	590	1,418
Other receivables-others	3,657	1,577
Less: Loss allowance	-	-
	$ **36,813**	**33,335**

	December 31, 2022	December 31, 2021
Classified as:		
Other receivables	$ 36,672	33,044
Refundable deposits	141	291
	$ **36,813**	**33,335**

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

(f) Inventories

	December 31, 2022	December 31, 2021
Finished goods	$ 1,052,265	955,606
Work in progress	515,212	462,686
Raw materials and supplies	295,185	474,876
Merchandise	125,521	133,125
Inventory in transit	295,688	-
	$ **2,283,871**	**2,026,293**

The details of the cost sales were as follows:

	2022	2021
Inventory that has been sold	$ 7,149,695	6,433,864
Write-down of inventories (Reversal of write-down)	2,137	(8,809)
Unallocated production overheads	50,591	59,151
Construction cost	190,628	234,136
Others	(18,647)	(18,628)
	$ **7,374,404**	**6,699,714**

The write-down of inventories in 2022 was due to the declining copper price which resulted in a decrease of realizable value. The reversal of write-down of inventories in 2021 was due to the increase in copper price.

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

(g) Investments accounted for using equity method

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

	December 31, 2022	**December 31, 2021**
Subsidiaries	$ 592,862	647,597
Associates	-	11,145
	$ 592,862	**658,742**

(ii) Subsidiaries

Please refer the consolidated financial statement for the year ended December 31,2022.

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

	2022	**2021**
Attributable to the Company:		
Loss from continuing operations	$ (325)	(472)
Other comprehensive income	-	-
Total comprehensive income	**$ (325)**	**(472)**

(iv) Collateral

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

(v) During the years ended December 31, 2022, due to disposal of Chung-Tai Technology Development Engineering Corporation, the net price was $11,190, resulting in the disposal gain of $370, is included in other income in the statements of comprehensive income.

(h) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance at January 1, 2022	$ 1,551,602	1,267,006	2,414,626	94,273	22,174	5,349,681
Additions	-	11,571	41,256	10,600	94,653	158,080
Reclassifications	-	5,000	17,672	-	(22,672)	-
Disposals	-	(145)	(8,774)	(4,894)	-	(13,813)
Balance at December 31, 2022	**$ 1,551,602**	**1,283,432**	**2,464,780**	**99,979**	**94,155**	**5,493,948**
Balance at January 1, 2021	$ 1,551,602	1,058,423	2,546,033	87,643	227,194	5,470,895
Additions	-	10,701	28,088	6,596	25,958	71,343
Reclassifications	-	201,865	26,935	2,178	(230,978)	-
Disposals	-	(3,983)	(186,430)	(2,144)	-	(192,557)
Balance at December 31, 2021	**$ 1,551,602**	**1,267,006**	**2,414,626**	**94,273**	**22,174**	**5,349,681**
Depreciation and impairment loss:						
Balance at January 1, 2022	$ -	925,128	2,260,971	80,239	-	3,266,338
Depreciation	-	46,958	50,365	4,170	-	101,493
Disposals	-	(145)	(8,774)	(4,870)	-	(13,789)
Balance at December 31, 2022	**$ -**	**971,941**	**2,302,562**	**79,539**	**-**	**3,354,042**
Balance at January 1, 2021	$ -	886,731	2,397,729	79,341	-	3,363,801
Depreciation	-	42,380	48,189	3,042	-	93,611
Disposals	-	(3,983)	(184,947)	(2,144)	-	(191,074)
Balance at December 31, 2021	**$ -**	**925,128**	**2,260,971**	**80,239**	**-**	**3,266,338**
Carrying amounts:						
Balance at December 31, 2022	**$ 1,551,602**	**311,491**	**162,218**	**20,440**	**94,155**	**2,139,906**
Balance at December 31, 2021	**$ 1,551,602**	**341,878**	**153,655**	**14,034**	**22,174**	**2,083,343**
Balance at January 1, 2021	**$ 1,551,602**	**171,692**	**148,304**	**8,302**	**227,194**	**2,107,094**

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(x).

(i) Right- of- use assets

Information about leases land for which the Company as a lessee was presented below:

	Land
Cost:	
Balance at January 1, 2022	$ 365,896
Balance at December 31, 2022	**$ 365,896**

(Continued)

	Land
Balance at January 1, 2021	$ 369,153
Reduction	(3,257)
Balance at December 31, 2021	**$ 365,896**
Accumulated depreciation:	
Balance at January 1, 2022	$ 68,983
Depreciation for the year	22,840
Balance at December 31, 2022	**$ 91,823**
Balance at January 1, 2021	$ 46,144
Depreciation for the year	22,839
Balance at December 31, 2021	**$ 68,983**
Carrying amount：	
Balance at December 31, 2022	**$ 274,073**
Balance at December 31, 2021	**$ 296,913**
Balance at January 1, 2021	**$ 323,009**

(j) Investment property

The details of investment property were as follows:

	Owned property		
	Land and improvements	**Buildings and others**	**Total**
Cost or deemed cost:			
Balance at January 1, 2022	$ 821,826	151,846	973,672
Disposals	-	(113,024)	(113,024)
Balance at December 31, 2022	**$ 821,826**	**38,822**	**860,648**
Balance at January 1, 2021	$ 821,826	153,029	974,855
Additions	-	794	794
Disposals	-	(1,977)	(1,977)
Balance at December 31, 2021	**$ 821,826**	**151,846**	**973,672**
Depreciation and impairment loss:			
Balance at January 1, 2022	$ -	86,888	86,888
Depreciation	-	2,440	2,440
Disposals	-	(61,998)	(61,998)
Balance at December 31, 2022	**$ -**	**27,330**	**27,330**
Balance at January 1, 2021	$ -	84,017	84,017
Depreciation	-	4,790	4,790
Disposals	-	(1,919)	(1,919)
Balance at December 31, 2021	**$ -**	**86,888**	**86,888**

(Continued)

	Owned property		
	Land and improvements	**Buildings and others**	**Total**
Carrying amount:			
Balance at December 31, 2022	$ **821,826**	**11,492**	**833,318**
Balance at December 31, 2021	$ **821,826**	**64,958**	**886,784**
Balance at January 1, 2021	$ **821,826**	**69,012**	**890,838**
Fair value:			
Balance at December 31, 2022			$ **1,066,958**
Balance at December 31, 2021			$ **1,162,856**
Balance at January 1, 2021			$ **1,171,337**

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

As of December 31, 2022 and 2021, the fair value of the investment property was based on comparative method and cost method by the Company. The recurring fair value measurement for the investment property based on the inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

For the gains or losses on disposal of investment property, please refer to note 6(x).

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

(k) Intangible assets

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

	Computer Software
Cost:	
Balance at January 1, 2022	$ 475
Additions	100
Balance at December 31, 2022	$ **575**
Balance at January 1, 2021	$ -
Additions	475
Balance at December 31, 2021	$ **475**
Accumulated amortization and impairment loss as:	
Balance at January 1, 2022	$ 30
Amortization for the year	120
Balance at December 31, 2022	$ **150**
Balance at January 1, 2021	$ -
Amortization for the year	30
Balance at December 31, 2021	$ **30**

(Continued)

		Computer Software
Carrying amounts:		
Balance at December 31, 2022	$	**425**
Balance at December 31, 2021	$	**445**
Balance at January 1, 2021	$	**-**

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

(l) Other current assets and other non-current assets

The other current assets and other non-current assets of the Company were as follows:

		December 31, 2022	December 31, 2021
Prepaid expenses	$	4,832	3,826
Prepaid raw materials and construction		27,857	5,472
Prepaid equipment		1	4,183
Excess business tax paid and refundable tax		9,155	3,142
Others		9,221	9,115
	$	**51,066**	**25,738**

		December 31, 2022	December 31, 2021
Current	$	42,191	12,681
Non-current		8,875	13,057
	$	**51,066**	**25,738**

(m) Short-term borrowings

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

		December 31, 2022	December 31, 2021
Letters of credit	$	869,112	254,102
Unsecured loans		967,000	887,000
Total	$	**1,836,112**	**1,141,102**
Unused credit lines	$	**2,434,284**	**2,731,355**
Range of interest rates		**1.35%~2.02%**	**0.70%~1.15%**

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

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

(n) Short-term notes and bills payable

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

	December 31, 2022	December 31, 2021
Commercial paper payable	$ **119,943**	**199,978**
Range of interest rates	**1.888%**	**0.888%**

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(m).

(o) Other current liabilities

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

	December 31, 2022	December 31, 2021
Advance receipts	$ 3,829	3,835
Provision of onerous contracts	325	66
Others	23	313
	$ **4,177**	**4,214**

The movement of provisions was as follows:

	Onerous contracts
Balance at January 1, 2022	$ 66
Provisions used and reversed during the year	(7,522)
Provisions made during the year	7,781
Balance at December 31, 2022	$ **325**
Balance at January 1, 2021	$ 559
Provisions used and reversed during the year	(1,300)
Provisions made during the year	807
Balance at December 31, 2021	$ **66**

The movement of provisions of onerous contracts was included in other gains or losses of non-operating income and expense in the statements of comprehensive income.

(p) Lease liabilities

The carrying amounts of lease liabilities of the Company were as follows:

	December 31, 2022	December 31, 2021
Current	$ 16,418	16,181
Non-current	$ 197,273	213,691

For the maturity analysis, please refer to note 6(y) financial instruments.

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest on lease liabilities	$ 3,085	3,319
Expenses relating to short-term leases	$ 1,321	559

The amounts recognized in the statement of cash flows for the Company were as follows:

	2022	2021
Total cash outflow for leases	$ 20,587	17,801

(i) Real estate leases

The Company leases land from Taiwan Sugar Corporation for its plant. The leases of plant typically run for a period of 40 years.

Leases provide for additional rent payments that are based on changes in declared land price.

(ii) Other leases

The Company also leases some office space and equipment. These leases are short-term with a lease term of less than one year. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Operating lease

Leases as lessor

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

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

	December 31, 2022	December 31, 2021
Less than one year	$ 42,868	27,719
One to two years	34,311	15,861
Two to three years	15,142	8,458
Three to four years	9,049	1,260
Four to five years	6,259	-
Total undiscounted lease payments	**$ 107,629**	**53,298**

In 2022 and 2021, the rental income for investment property amounting to $41,808 and $36,538, respectively, is included in other income in the statements of comprehensive income.

The direct expenses including repairs and maintenance arising from income-generating investment property amounting to $2,367 and $2,874 in 2022 and 2021, respectively, are included in other gains and losses in the statements of comprehensive income.

(r) Employee benefits

(i) Defined benefit plans

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

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 305,817	324,035
Fair value of plan assets	(313,489)	(293,379)
Net defined benefit liabilities (assets)	**$ (7,672)**	**30,656**

The Company makes defined benefit plan contributions to the labor pension fund account and manager pension fund account, respectively, 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.

(Continued)

The balance of the Company's pension reserve accounts for labor and managers in Bank of Taiwan amounted to $313,489 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

		2022	2021
Defined benefit obligations at January 1	$	324,035	331,224
Current service costs and interest		2,981	3,195
Remeasurement of the net defined benefit liabilities (assets):			
–Actuarial loss (gain) arising from change in demographic assumptions		-	7,512
–Actuarial loss (gain) arising from change in financial assumptions		(691)	-
–Actuarial loss (gain) arising from experience adjustments		3,644	16,082
Benefits paid by the plan		(24,152)	(33,978)
Defined benefit obligations at December 31	**$**	**305,817**	**324,035**

3) Movements of defined benefit plan assets

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

		2022	2021
Fair value of plan assets at January 1	$	293,379	312,431
Interest income		1,448	1,535
Remeasurements of the net defined benefit liabilities (assets):			
-Return on plan assets (excluding interest income)		24,236	4,161
Contributions made		18,578	9,230
Benefits paid by the plan		(24,152)	(33,978)
Fair value of plan assets at December 31	**$**	**313,489**	**293,379**

(Continued)

4) Expenses recognized in profit or loss

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

		2022	**2021**
Current service costs	$	1,403	1,589
Net interest of net defined benefit liabilities		130	71
	$	**1,533**	**1,660**
Operating costs	$	1,377	1,450
Operating expenses		156	210
	$	**1,533**	**1,660**

5) Actuarial assumptions

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

	December 31, 2022	**December 31, 2021**
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 $13,732.

The weighted-average lifetime of the defined benefits plans is 8.91 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:

		Influences of defined benefit obligations	
		Increased	**Decreased**
As of December 31, 2022			
Discount rate (Decreasing or increasing in 0.25%)	$	(5,685)	5,848
Future salary increasing rate (Decreasing or increasing in 0.25%)		5,659	(5,530)
As of December 31, 2021			
Discount rate (Decreasing or increasing in 0.25%)	$	(6,418)	6,615
Future salary increasing rate (Decreasing or increasing in 0.25%)		6,411	(6,253)

(Continued)

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.

The Company recognized the pension costs under the defined contribution method amounting to $11,539 and $11,081 for 2022 and 2021, respectively. As of December 31, 2022 and 2021, the payables which had not been contributed to the Bureau of Labor lnsarance were $1,969 and $2,192 respectively, and they were recognized as notes payable and other payables in the balance sheets.

(iii) Short-term benefit obligation

As of December 31, 2022 and 2021, the Company's short-term benefit liabilities for vacation were $13,574 and $13,865, respectively, and were recognized as other payables in the balance sheets.

(s) Income taxes

(i) The amount of income tax expense was as follows:

	2022	2021
Current tax benefit		
Current period	$ 128,989	137,755
Deferred tax expense		
Origination and reversal of temporary differences and tax losses	232	17,920
Change in unrecognized deferred tax assets of deductible and tax	-	(900)
	232	17,020
Income tax expense	**$ 129,221**	**154,775**

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

(Continued)

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

	2022	2021
Items not reclassified to profit or loss：		
Remeasurements of defined benefit plans	$ 4,257	(8,775)

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

	2022	2021
Profit before income tax	$ 92,757	1,542,918
Income tax using the Company's domestic tax rate	18,551	308,584
Unrealized losses (gains) on valuation of financial assets	113,118	(166,144)
Dividends income	(18,107)	(13,056)
Effect of investment losses (gains) under equity method	7,849	(23,282)
Changes in unrecognized temporary differences and tax losses	-	(900)
Additional tax on undistributed earnings	7,800	-
Income basic tax	-	47,667
Others	10	1,906
	$ 129,221	154,775

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2022 and 2021 were as follows:

	Adjustment of difference of useful life of PPE between financial and tax method	Defined benefits plan	Unrealized foreign exchange gains	Land value increment tax provision	Total
Deferred tax liabilities:					
Balance at January 1, 2022	$ 8	-	-	521,382	521,390
Debit (credit) profit or loss	(1)	6,204	-	-	6,203
Debit (credit) other comprehensive income	-	(4,518)	-	-	(4,518)
Balance at December 31, 2022	**$ 7**	**1,686**	**-**	**521,382**	**523,075**
Balance at January 1, 2021	$ 9	-	26	521,382	521,417
Debit (credit) profit or loss	(1)	-	(26)	-	(27)
Balance at December 31, 2021	**$ 8**	**-**	**-**	**521,382**	**521,390**

	Allowance for inventories losses	Defined benefits plan	Tax loss carry-forward	Others	Total
Deferred tax assets:					
Balance at January 1, 2022	$ 974	5,979	-	13,904	20,857
Credit (debit) profit or loss	427	2,796	-	2,748	5,971
Credit (debit) other comprehensive income	-	(8,775)	-	-	(8,775)
Balance at December 31, 2022	**$ 1,401**	**-**	**-**	**16,652**	**18,053**
Balance at January 1, 2021	$ 2,736	-	13,944	12,449	29,129
Credit (debit) profit or loss	(1,762)	(2,796)	(13,944)	1,455	(17,047)
Credit (debit) other comprehensive income	$ -	8,775	-	-	8,775
Balance at December 31, 2021	**$ 974**	**5,979**	**-**	**13,904**	**20,857**

(iii) Assessment of tax

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

(t) Capital and other equity

(i) Capital stock

As of December 31, 2022 and 2021, the authorized shares capital of the Company were both $6,327,735, comprising 632,774 thousand shares, with a par value $10. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2022	**December 31, 2021**
Treasury share transactions	$ 235,256	111,870
Difference arising from subsidiary's share price and its carrying value	3,463	3,463
	$ 238,719	**115,333**

According to the R.O.C Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) 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

According to Securities and Futures Bureau (SFB, former SFC) regulations, the investment income resulting from the sale of long-term equity investment in First Copper Technology Co., Ltd. in 1988 should be treated as unrealized gain, and such gain cannot be distributed until such long-term equity investment is resold. As of December 31, 2022 and 2021, the amount of the unrealized gain was both $95,408.

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. According to regulations, the increase in retained earnings amounted to $888,766 thousand. It exceeded the increase in retained earnings occurring before the date of first-time adoption of IFRSs amounting to $776,576. 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.

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 sub sequent reversals pertaining to the net reduction of other shareholders’ equity shall qualify for additional distributions. As of December 31, 2022 and 2021, the balance of special reserve was both $12,927.

3) Earnings distribution

Earnings distribution for 2021 and 2020 were decided by the general meeting of shareholders held on June 16, 2022 and August 24, 2021, respectively. The relevant dividend distributions to shareholders were as follows:

	2021	2020
Dividends distributed to ordinary shareholders per share (in dollars):		
Cash	$ 1.50	0.7

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:

	2022
Dividends distributed to ordinary shareholders per share (in dollars):	
Cash	$ 0.4

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

(iv) Treasury stock

First Copper Technology Co., Ltd, controlled by the Company, held the Company’s common stocks for finance management. Such shares are treated as treasury stock in preparation of financial statements. As of December 31, 2022 and 2021, the investee, First Copper Technology Co., Ltd., held 208,564 thousand shares of the Company's common stock, and their market values amounted to $2,857,325 and $4,630,117, respectively. As of December 31, 2022 and 2021, the total amount which the Company recognized as treasury stock was both $968,671.

(v) Other equity (net of tax)

		Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2022	$	(27,649)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		2,846
Unrealized gains (losses) from receivables		(28)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries accounted for using equity method		(4)
Disposal of investment in equity instruments measured at fair value through other comprehensive income		151
Balance at December 31, 2022	**$**	**(24,684)**
Balance at January 1, 2021	$	(40,782)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		12,972
Unrealized gain (losses) from receivable		142
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries accounted for using equity method		19
Balance at December 31, 2021	**$**	**(27,649)**

(u) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2022 and 2021, were as follows (excluding 208,564 thousand shares, of common stock outstanding held by the Company's subsidiaries as treasury stock):

		2022	2021
Basic earnings per share (deficit)			
Profit (loss) attributable to ordinary shareholders of the Company	**$**	**(36,464)**	**1,388,143**
Weighted-average number of common shares outstanding (shares in thousands)		**424,210**	**424,210**
Basic earnings per share (deficit) (in dollars)	**$**	**(0.09)**	**3.27**

(Continued)

	2022	2021
Diluted earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company (After adjusting to dilutive potential ordinary share effect)	$ (36,464)	1,388,143
Weighted-average number of common shares outstanding (shares in thousands)	424,210	424,210
Effect of dilutive potential ordinary shares		
Effect of employee share bonus (shares in thousands)	-	2,352
Weighted-average number of common shares outstanding (shares in thousands) (After adjusting to dilutive potential ordinary share effect)	424,210	426,562
Diluted earnings per share (deficit) (in dollars)	$ (0.09)	3.25

For the year ended December 31, 2022, the effects of common shares were not include in the calculation of the diluted earnings per share, due to their anti-dilutive impact on earnings per share.

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	2022			
	Wire	Cable	Other	Total
Primary geographical markets:				
Taiwan	$ 1,907,812	5,359,263	255,685	7,522,760
Mainland China	385,420	-	-	385,420
Others	17,942	-	-	17,942
Total	$ 2,311,174	5,359,263	255,685	7,926,122
Major products/services lines:				
Oxygen free copper wire	$ 2,096,613	-	-	2,096,613
Wire and cable	-	4,922,085	-	4,922,085
Processing revenue	628	3,127	-	3,755
Construction contract revenue	-	-	220,917	220,917
Others	213,933	434,051	34,768	682,752
Total	$ 2,311,174	5,359,263	255,685	7,926,122

(Continued)

	2022			
	Wire	**Cable**	**Other**	**Total**
Timing for revenue recognition:				
Products transferred at a point in time	$ 2,311,174	$ 5,359,263	34,768	7,705,205
Construction transferred over time	-	-	220,917	220,917
Total	**$ 2,311,174**	**5,359,263**	**255,685**	**7,926,122**

	2021			
	Wire	**Cable**	**Other**	**Total**
Primary geographical markets:				
Taiwan	$ 2,410,036	4,155,414	310,116	6,875,566
Mainland China	420,996	609	-	421,605
Others	44,478	-	-	44,478
Total	**$ 2,875,510**	**4,156,023**	**310,116**	**7,341,649**
Major products/services lines:				
Oxygen free copper wire	$ 2,665,478	-	-	2,665,478
Wire and cable	-	3,581,311	-	3,581,311
Processing revenue	3,683	3,170	-	6,853
Construction contract revenue	-	-	268,902	268,902
Others	206,349	571,542	41,214	819,105
Total	**$ 2,875,510**	**4,156,023**	**310,116**	**7,341,649**
Timing for revenue recognition:				
Products transferred at a point in time	$ 2,875,510	4,156,023	41,214	7,072,747
Construction transferred over time	-	-	268,902	268,902
Total	**$ 2,875,510**	**4,156,023**	**310,116**	**7,341,649**

(Continued)

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable	$ 1,464,039	1,176,799	750,217
Less: allowance for impairment	-	-	-
Total	$ **1,464,039**	**1,176,799**	**750,217**
Contract assets－construction	$ 157,418	172,359	68,990
Less: allowance for impairment	-	-	-
Total	$ **157,418**	**172,359**	**68,990**
Contract liabilities－construction	$ -	-	2,292
Contract liabilities－advance sales receipts	32,483	10,306	8,956
Total	$ **32,483**	**10,306**	**11,248**

For additional information on notes and accounts receivable and allowance for impairment, please refer to note 6(d).

For details on onerous contracts as of December 31, 2022 and 2021, please refer to note 6(o).

The amount of revenue which was recognized in 2022 and 2021, and included in the contract liability balance at January 1, 2022 and 2021 were $8,746 and $11,248, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(w) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute a minimum of 3% of its 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 first be used to offset the deficits.

For the year ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to $2,884 and $47,917, respectively, and directors' remuneration amounting to $481 and $6,389, respectively. The estimated amounts mentioned above were 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 cost 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.

(x) Non-operating income and expenses

(i) Interest income

Details of interest income of the Company were as follows:

		2022	2021
Interest income	**$**	**159**	**33**

(ii) Other income

Details of other income of the Company were as follows:

		2022	2021
Dividend income	$	90,537	65,280
Rental income		43,854	37,975
Revenue from sale of scrap		1,287	3,932
Directors' and supervisors' remuneration		3,740	3,201
Others		1,307	689
	$	**140,725**	**111,077**

(iii) Other gains and losses

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

		2022	2021
Foreign exchange gains (losses), net	$	(694)	2,598
Loss on disposal of investments		(180)	-
Gain on disposal of accounted for using equity method		370	-
Net gains (losses) of financial assets at fair value through profit or loss		(565,590)	830,719
Net gains on disposal of property, plant and equipment		193	144
Gain on disposal of investment property		150,166	-
Depreciation of investment property		(2,440)	(4,790)
Others		(3,661)	(5,505)
	$	**(421,836)**	**823,166**

(Continued)

(iv) Finance costs

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

	2022	2021
Interest expenses		
Bank loans and short-term notes and bills payable	$ (16,064)	(8,951)
Lease liabilities	(3,085)	(3,319)
Others	(37)	(35)
	$ (19,186)	**(12,305)**

(y) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$ 2,397,444	3,015,515
Financial assets at fair value through other comprehensive income：		
Equity investments	71,806	69,108
Receivables-the distribution of remaining on liquidation	1,093	1,121
Subtotal	72,899	70,229
Financial assets measured at amortized cost:		
Cash and cash equivalents	64,674	195,946
Notes receivable, accounts receivable (including related parties), and other receivables	1,500,711	1,209,843
Refundable deposits	141	291
Subtotal	1,565,526	1,406,080
Total	**$ 4,035,869**	**4,491,824**

(Continued)

2) Financial liabilities

		December 31, 2022	December 31, 2021
Financial liabilities at amortized cost:			
Short-term borrowings	$	1,836,112	1,141,102
Short-term notes and bills payable		119,943	199,978
Payables (including related parties)		610,384	578,524
Lease liabilities (including current portion)		213,691	229,872
Guarantee deposits received		3,499	5,705
Total	$	**2,783,629**	**2,155,181**

(ii) Credit risk

1) Exposure to credit risk

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

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 industries within similar areas and dealers. As of December 31, 2022 and 2021, one customer accounted for 58.21% and 39.26% of the notes and accounts receivable, respectively, and thus caused 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 includes other receivables and other financial assets (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 loss 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.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,836,112	1,844,959	1,712,859	132,100	-	-	-
Short-term notes and bills payable	119,943	120,000	120,000	-	-	-	-
Notes payable	5,540	5,540	5,540	-	-	-	-
Accounts payable (including related parties)	418,526	418,526	418,526	-	-	-	-
Other payables	186,318	186,318	183,635	1,090	-	1,593	-
Lease liabilities (including current portion)	213,691	231,195	19,266	-	19,266	57,799	134,864
Guarantee deposits received	3,499	3,499	-	-	739	2,760	-
	$ 2,783,629	2,810,037	2,459,826	133,190	20,005	62,152	134,864
December 31, 2021							
Non-derivative financial liabilities							
Short-term borrowings	$ 1,141,102	1,142,553	1,142,553	-	-	-	-
Short-term notes and bills payable	199,978	200,000	200,000	-	-	-	-
Notes payable	5,497	5,497	5,497	-	-	-	-
Accounts payable	371,964	371,964	371,964	-	-	-	-
Other payables (including related parties)	201,063	201,063	199,241	229	-	1,593	-
Lease liabilities (including current portion)	229,872	250,462	19,266	-	19,266	57,799	154,131
Guarantee deposits received	5,705	5,705	1,486	1,160	990	2,069	-
	$ 2,155,181	2,177,244	1,940,007	1,389	20,256	61,461	154,131

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(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
Financial assets						
Monetary items						
USD	$ 614	30.71	18,842	658	27.68	18,213
HKD	-	-	-	31	3.549	112
Financial liabilities						
Monetary items						
USD	157	30.71	4,830	115	27.68	3,188
JPY	60,946	0.2324	14,164	-	-	-
EUR	139	32.72	4,537	6	31.32	181

(Continued)

2) Sensitivity analysis

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

2022		2021	
Depreciate 1%	**Appreciate 1%**	**Depreciate 1%**	**Appreciate 1%**
Increase in net loss after tax	**Decrease in net loss after tax**	**Increase in net profit after tax**	**Decrease in net profit after tax**
$ 38	**38**	**120**	**120**

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

3) Exchange gains and losses from monetary items

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

	2022	2021
	Exchange gains (losses)	**Exchange gains (losses)**
USD	$ 167	730
Other	(861)	1,868
Total	**$ (694)**	**2,598**

(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 follow:

2022		2021	
Increase 0.25%	**Decrease 0.25%**	**Increase 0.25%**	**Decrease 0.25%**
Increase in net loss after tax	**Decrease in net loss after tax**	**Decrease in net profit after tax**	**Increase in net profit after tax**
$ 3,672	**3,672**	**2,282**	**2,282**

The impact was due to the floating interest rates of bank loans.

(vi) Equity securities prices risk

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:

	2022		2021	
Prices at reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increase by 1%	**$ 718**	**23,974**	**691**	**30,155**
Decrease by 1%	**$ (718)**	**(23,974)**	**(691)**	**(30,155)**

(vii) Fair value of financial instruments

1) Fair value of financial instruments

The fair value of financial assets at fair value through profit or loss and financial assets 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 the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying amount	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Publicly traded stocks	$ 2,298,028	2,298,028	-	-	2,298,028
Non-publicly traded stocks	99,416	67,331	-	32,085	99,416
Total	**$ 2,397,444**				
Financial assets at fair value through other comprehensive income					
Non-publicly traded stocks	$ 71,806	-	-	71,806	71,806
Receivables-the distribution of remaining on liquidation	1,093	-	1,093	-	1,093
Total	**$ 72,899**				

(Continued)

	December 31, 2021				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Publicly traded stocks	$ 2,888,616	2,888,616	-	-	2,888,616
Non-publicly traded stocks	126,899	97,109	-	29,790	126,899
Total	$ 3,015,515				
Financial assets at fair value through other comprehensive income					
Non-publicly traded stocks	$ 69,108	-	-	69,108	69,108
Receivables-the distribution of remaining on liquidation	1,121	-	1,121	-	1,121
Total	$ 70,229				

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, and open-end funds 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.

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 year ended December 31, 2022 and 2021.

(Continued)

4) Movements of financial assets in level 3

	Fair value through profit or loss	**Fair value through other comprehensive income**
	Equity investment without an active market	**Equity investment without an active market**
Balance at January 1, 2022	$ 29,790	69,108
Total gains or losses		
Recognized in profit (loss)	2,295	-
Recognized in other comprehensive income (loss)	-	2,846
Disposals	-	(148)
Balance at December 31, 2022	**$ 32,085**	**71,806**
Balance at January 1, 2021	$ 37,620	56,136
Total gains or losses		
Recognized in profit (loss)	(7,830)	-
Recognized in other comprehensive income (loss)	-	12,972
Balance at December 31, 2021	**$ 29,790**	**69,108**

For the years ended December 31, 2022 and 2021, total gains and losses that were included in "other gains and losses"and "unrealized gains and losses from financial assets at fair value through other comprehensive income" were as follows:

	2022	**2021**
Total gains and losses recognized:		
In profit or loss, and presented in "other gains and losses"	$ 2,295	(7,830)
In other comprehensive income, and presented in "unrealized gains and losses from financial assets at fair value through other comprehensive income"	2,866	12,972

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Company's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss — equity investments" and "financial assets measured at fair value through other comprehensive income — equity investments".

The Company's financial instrument that use Level 3 inputs to measure fair value was significant unobservable.

As of December 31, 2022 and 2021, quantified information of significant unobservable inputs was as follows:

Items	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss-equity investments without an active market	Comparable listed company approach	Lack of marketability discount rate (30% on December 31, 2022 and 2021)	The higher the lack-of-marketability discount is, the lower the fair value will be.
Financial assets measured at fair value through other comprehensive income-equity investments without an active market	Comparable listed company approach	Lack of marketability discount rate (30% on December 31, 2022 and 2021)	The higher the lack-of-marketability discount is, the lower the fair value will be.

6) Fair value measurements in Level 3 – sensitivity analysis reasonably possible alternative assumptions

The fair value measurements of the Company' s financial instruments are reasonable. However, change in the use of valuation models or variables may affect the estimations. For fair value measurements in Level 3, the information of changes in the use of valuation variable was as follows:

			Fair value change in profit or loss		Fair value change in other comprehensive income	
	Inputs	Increase (decrease)	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	$ 4,584	(4,584)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	10,258	(10,258)
December 31, 2021						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	$ 4,256	(4,256)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	9,872	(9,872)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(z) 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 identity and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company' s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversees how the management complies in monitoring the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the board of directors.

(iii) Credit risk

The Company' s credit risk is the risk of financial loss when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from accounts receivable and bank deposit.

1) Accounts receivable and other receivables

The Company's exposure credit risk is influenced by the individual characteristics of each customer. The Company continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Company has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Company reviews credit limits periodically and required customers to pay in advance when the customers' credit ratings did not meet the benchmark, 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 $2,434,284 and $2,731,355, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, 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, EUR and HKD.

Generally, borrowings and purchasing are denominated in currencies that match the cash flows generated by the underlying operations of the Company as same as 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.

(Continued)

(aa) 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 consolidated 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 and non-controlling interests, 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 of December 31, 2022 and 2021, were as follows:

	December 31, 2022	**December 31, 2021**
Total liabilities	$ 3,430,923	2,862,498
Less: cash and cash equivalents	64,674	195,946
Net debt	3,366,249	2,666,552
Total equity	6,963,610	7,800,800
Capital after adjustment	**$ 10,329,859**	**10,467,352**
Debt-to-equity ratio	32.59%	25.47%

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

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

			Non-cash changes		
	January 1, 2022	**Cash flows**	**Others**	**Amortized interest**	**December 31, 2022**
Short-term borrowings	$ 1,141,102	695,010	-	-	1,836,112
Short-term notes and bills payable	199,978	(80,731)	-	696	119,943
Lease liabilities (including current portion)	229,872	(19,266)	-	3,085	213,691
Guarantee deposit received (including in other payables of current portion)	8,027	(1,025)	-	-	7,002
Total liabilities from financing activities	**$ 1,578,979**	**593,988**	**-**	**3,781**	**2,176,748**

(Continued)

			Non-cash changes		
	January 1, 2021	Cash flows	Others	Amortized interest	December 31, 2021
Short-term borrowings	$ 850,050	291,052	-	-	1,141,102
Short-term notes and bills payable	899,765	(701,016)	-	1,229	199,978
Lease liabilities (including current portion)	247,052	(13,923)	(3,257)(note)	-	229,872
Guarantee deposit received (including in other payables of current portion)	5,640	2,387	-	-	8,027
Total liabilities from financing activities	**$ 2,002,507**	**(421,500)**	**(3,257)**	**1,229**	**1,578,979**

Note: Reduction of right-of-use assets.

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

(b) Names and relationship with related parties

The followings are subsidiaries and other related parties that have had transactions with the Company during the periods covered in the financial statements:

Name of related party	Relationship with the Company
First Copper Technology Co., Ltd.	Subsidiary of the Company
Hua Ho Engineering Co., Ltd.	Subsidiary of the Company
National Ship Demolition Co., Ltd.	Controlled by key management personnel of the Company (Note)
Taiwan Times Co., Ltd.	Controlled by key management personnel of the Company (Note)
Mei Da Co., Ltd.	Controlled by key management personnel of the Company (Note)

(Note) Summarized as other related parties.

(c) Significant transactions with related parties

(i) Operating revenues

The amounts of significant sales by the Company to related party were as follows:

	2022	2021
Subsidiary	**$ 60,478**	**69,016**

(Continued)

When the Company sells to its subsidiaries, the prices of those sales could not be compared to those of the third-parties customers. The prices of other sales were not significant different from third-parties customers. The credit terms with other customers are from one to three months, which were not significantly different from other customers.

(ii) Purchases and cost of construction

The amounts of significant purchases and costs of construction by the Company from related parties were as follows:

	2022	2021
Subsidiaries－purchase	$ 12,845	10,567
Subsidiaries－construction	104,327	73,837
Other related parties	10	7
	$ 117,182	**84,411**

The Company’ s engineering expenditures and purchase prices of raw materials from the Company’ s subsidiaries are available from comparison, except that some products belong to single purchase manufacture and have no other nonrelated parties, the other purchase prices are not significantly different from those of nonrelated parties. For purchases from other related parties, the purchase prices are not significantly different from the similar purchase prices of other nonrelated parties. The prices of other purchases were not significantly different from third-parties suppliers. The payment terms with other suppliers are from one to three months.

(iii) Receivables from Related parties

The receivables from related parties were as follows:

Account	**Relationship**	**December 31, 2022**	**December 31, 2021**
Accounts receivable	Subsidiary	**$ -**	**4,991**

Accounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(iv) Payables to related parities

The payables to related parties are as follows:

Account	**Relationship**	**December 31, 2022**	**December 31, 2021**
Accounts payable	Subsidiary	$ 88,403	68,250
	Other related parties	109	105
		$ 88,512	**68,355**

(Continued)

(v) Management services

The Company provide the administrative assistance service to its subsidiaries and charge the apportionable management service costs of subsidiaries are as follows:

	2022	2021
Subsidiaries	$ 20,640	20,640

The abovementioned apportionable management service fee is reported in the statements of comprehensive income as a deduction of operating expenses.

As of December 31, 2022 and 2021, the receivables from above transaction were settled in full.

(vi) Others

Rental income is from office premises leased to other related parties. The above rental income was collected monthly or in advance. The price is decided by using the nearby office rental rates and negotiated each other. Rental incomes in 2022 and 2021 were $2,071 and $1,460, and were included in other income of non-operating income and expenses in the statements of comprehensive income. As of December 31, 2022 and 2021, the receivables from above transaction were settled in full.

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

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 11,744	21,730
Post-employment benefits	259	387
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 12,003	22,117

(8) Pledged assets: None.

(9) Commitments and contingencies:

Major commitments and contingencies were as follows:

(i) Unrecognized contingencies of contracts:

	December 31, 2022	December 31, 2021
Acquisition of property, plant and equipment	$ 116,858	95,002

(Continued)

(ii) Unused standby letters of credit:

	December 31, 2022	December 31, 2021
Purchase of material	$ 340,406	627,441

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

The employee benefits, depreciation, and amortization expenses, categorized by function, were as follows:

By function By item	2022			2021		
	Operating costs	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefits						
Salary and wages	229,889	52,570	282,459	260,329	70,154	330,483
Labor and health insurance	24,579	7,132	31,711	23,214	6,657	29,871
Pension	9,885	3,187	13,072	9,584	3,157	12,741
Remuneration of directors	-	2,041	2,041	-	7,935	7,935
Other personnel costs	9,733	9,188	18,921	10,349	8,499	18,848
Depreciation	120,175	4,158	124,333	113,101	3,349	116,450
Amortization	95	25	120	-	30	30

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

	2022	2021
Numbers of employees	441	443
Numbers of nonemployee directors	6	5
Average employee benefits	$ 796	895
Average employee salary	$ 649	755
Adjustment of average employee salary	(13.94)%	
Remuneration to supervisors	-	-

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.) yearend bonus, performance bonus, etc.

   (i) The Company draw up the salary standards for employees based on market salary level, its operating conditions and organization structure. Furthermore, the salary will be properly adjusted which depending on the market salary dynamics, changes in the overall economic and business conditions and government regulations.

(Continued)

(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 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.

HUA ENG WIRE & CABLE 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 "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 (%)	Fair value	
The Company	China Ecotek Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	11,843,730	507,504	9.57 %	507,504	
The Company	Wafer Works Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	4,699,013	191,720	0.87 %	191,720	
The Company	Asia Pacific Telecom Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	88,742,877	541,331	2.06 %	541,331	
The Company	Savior Lifetee Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	3,586,402	88,943	1.13 %	88,943	
The Company	Bionime Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,485,900	577,911	12.34 %	577,911	
The Company	Co-Tech Development Corp. stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,812,375	390,619	3.09 %	390,619	
The Company	Pixon Technologies Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	3,551,200	67,331	14.49 %	67,331	
The Company	Liyu Technology Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	4,500,000	32,085	7.73 %	32,085	
The Company	International United Technology Co., Ltd. stock	The Company is a director of the investee	Non-current financial assets at fair value through other comprehensive income	987,354	11,967	6.04 %	11,967	
The Company	Pack & Proper Co., Ltd. stock	-	Non-current financial assets at fair value through other comprehensive income	2,466,288	17,116	4.78 %	17,116	
The Company	United Electronics Industrial Co., Ltd. stock	-	Non-current financial assets at fair value through other comprehensive income	2,127,143	15,805	2.77 %	15,805	
The Company	Taiwan Sugar Corporation stock	-	Non-current financial assets at fair value through other comprehensive income	457,087	26,918	0.01 %	26,918	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(Continued)

(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 business 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	Shares	Percentage of ownership	Carrying value			
The Company	First Copper Technology Co., Ltd.	Kaohsiung	Manufacturing of copper plate	1,401,129	1,401,129	141,818,196	39.44 %	564,399	196,940	(45,713)	Subsidiary Company
The Company	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	17,195	17,195	1,726,000	49.31 %	28,463	13,779	6,794	Subsidiary Company
The Company	Chung-Tai Technology Development Engineering Corporation	New Taipei City	Telecommunication engineering	-	23,000	-	- %	-	(1,763)	(325)	Associates

(c) Information on investment in mainland China: None.

(Continued)

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
First Copper Technology Co., Ltd.	208,569,277	32.96 %
Hua Hong Investment Co., Ltd.	45,137,000	7.13 %

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:

Please refer to the consolidated financial statements for the years ended December 31, 2022.

Hua Eng Wire & Cable Co., Ltd.

Chairman: Wang Hong-Ren