



I Letter to Shareholders

Dear Shareholders,

The Company's operations in 2021 have been affected by the ups and downs of the COVID-19 pandemic in the past three years, as well as the new situation of regional economic development. In response to the risk of climate change, with the goal having moved from carbon neutrality to net zero emissions, corporate management is not only the pursuit of the best interests of shareholders, and ESG has become the most important responsibility of corporate sustainable management. In the face of the current challenges, the Company has been able to grasp the key business opportunities and move forward steadily. In 2021, net income after tax reached NT\$14.6 billion and earnings per share were NT\$4.27, the best operating performance in history. We are committed to being a better and stronger company, and in a changing environment, we are able to enhance our competitive edge in differentiation and demonstrate our brilliant and profitable results. Looking ahead to the year 2022, the Company is still committed to the goal of corporate sustainable development, continuing to promote corporate process reengineering, intelligent manufacturing and automated production, actively carrying out investments and construction in energy conservation, green energy and circular economy, strengthening the Company's resilience and core competitiveness, and pursuing the creation of corporate value for the benefit of stakeholders.

Accomplishments in 2021

The Company's consolidated revenue for the year 2021 was NT\$156.7 billion and consolidated gross profit was NT\$19.8 billion, a year-on-year increase of 39% and 59% respectively. Total operating income reached NT\$13.3 billion, a year-on-year increase of more than 80%. In addition to the doubling of the operating income of the Wire and Cable Business Group, the growth was mainly driven by the quadrupling of the operating income of the Stainless Steel Business Group, as well as the operating income of the Commodity Business Group, which benefited from new investments such as the nickel iron and power plant in Indonesia, pushing the Company's annual profit to a record high.

Wire and Cable Business:

The overall profit of the wire and cable business grew compared to the previous year, benefiting from the return of Taiwanese businessmen and the expansion of private investment in factory construction, which led to an increase in demand for power cables. With the increasing sales of our main products, such as power and

telecommunication cables, we continued to maintain our leadership in market share.

Stainless Steel Business:

The Stainless Steel Business's overall profit increased significantly compared to previous years. In the face of the volatility of supply and demand in the raw material market, we were able to effectively control the procurement of materials and fully satisfy customers' needs through timely adjustment of production capacity and accurate delivery, thus effectively grasping market opportunities and enhancing our market competitiveness.

Commodity Business:

The nickel pig iron plant in Indonesia was not affected by the pandemic, with the construction being completed according to the timeline. The RKEF production line was completed in mid-2021 and the power plant commenced operation at the end of 2021. All production lines will be in full operation in 2022 to ensure high production capacity and effectively reduce the risk of raw material price fluctuations.

Real Estate Business:

The Taipei headquarters, Xinyi Building, is generating stable rental income; Phase II of Lot AB in Nanjing, China, including One Mall, has not been affected by the pandemic and has seen steady growth in foot traffic and sales; the construction of the No.6 Building and the leasing of 12 floors of commercial and office space resulted in stable rental income flow.

Summary of 2022 Business Plan

Wire and Cable Business:

We will grasp the business opportunities of plant construction and provide customers with accurate services to maintain our market leadership position. We will also expand our deployment in the industrial cable market. In addition to the sales of cables for harbor machinery, we are also actively engaged in green energy cables and developing new products to capture the growing business opportunities in the green energy industry, such as solar and wind energy.

Stainless Steel Business:

In the face of external environmental impacts such as the pandemic and carbon neutrality issues, we will continue to reduce carbon emissions in the manufacturing process to improve overall production efficiency and pursuit environmental conservation and energy saving, while accelerating new product development and expanding the proportion of high-value products to strengthen our product competitiveness.



Commodity Business:

We will control the management of the whole production operation of nickel production plants and power plants, integrate the procurement of raw materials and risk management of each business unit, and continue to deepen the cooperation relationship with green energy suppliers, for the purpose of constructing a green supply chain to meet the trend of sustainable management, as well as achieving the goal of minimizing risks and reducing production costs.

Real Estate Business:

No. 1 Office Building, Phase II of Lot AB in Nanjing, China, is expected to be completed in mid-2022, and is actively engaged in leasing and sales plans; the commercial department on Floors 1-4 and office space on Floors 5-12 of the No.6 Building have been leased; and One Mall has adjusted its store mix to enhance operational performance.

Future corporate development strategy under the influence of external competition, regulations and overall business operation

Looking ahead to 2022, the short-term operational challenges posed by inflation, abnormal volatility in the supply of raw materials and financial trading markets, and rising geopolitical risks are testing the Company's momentum of maintaining its stable profit growth. The Company's long-term operation strategy is based on industrial automation and intelligence, energy saving and environmental protection, and R&D innovation, and the creation of a customer value chain through manufacturing services, with a view to enhancing the core competitiveness of the Company and laying the foundation for its long-term stable growth.

Chairman Yu-Lon Chiao