

**FIRST COPPER TECHNOLOGY CO., LTD.****Financial Statements****With Independent Auditors' Report  
For the Years Ended December 31, 2021 and 2020**

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The independent auditors' 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' report and financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所

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## Independent Auditors' Report

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

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

#### Valuation of inventory

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

#### Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
March 21, 2022

#### Notes to Readers

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

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

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

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2021		December 31, 2020		Liabilities and Equity		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 153,821	2	77,189	1	2100	Short-term borrowings (note 6(k))	\$ 455,026	6	138,742	2
1110	Current financial assets at fair value through profit or loss (note 6(b))	83,067	1	220,944	4	2110	Short-term notes and bills payable (note 6(l))	799,888	10	899,719	15
1150	Notes receivable (note 6(d))	4,841	-	2,246	-	2150	Notes payable (note 6(o))	4,095	-	2,778	-
1172	Accounts receivable (note 6(d))	313,958	4	174,500	3	2170	Accounts payable	121,695	1	95,603	2
1180	Accounts receivable from related parties (notes 6(d) and 7)	-	-	471	-	2180	Accounts payable to related parties (note 7)	4,991	-	10,921	-
1200	Other receivables (notes 6(d) and (e))	32,247	-	8,029	-	2200	Other payables (note 6(o))	93,366	1	52,460	1
130X	Inventories (note 6(f))	1,717,097	21	1,298,992	22	2230	Current tax liabilities	6,831	-	-	-
1470	Other current assets (note 6(j))	31,929	-	72,409	1	2300	Other current liabilities (note 6(m))	82,965	1	23,581	-
	<b>Total current assets</b>	<u>2,336,960</u>	<u>28</u>	<u>1,854,780</u>	<u>31</u>		<b>Total current liabilities</b>	<u>1,568,857</u>	<u>19</u>	<u>1,223,804</u>	<u>20</u>
<b>Non-current assets:</b>						<b>Non-Current liabilities:</b>					
1517	Non-current financial assets at fair value through other comprehensive income(note 6(c))	4,630,491	56	2,858,271	47	2570	Deferred tax liabilities (note 6(p))	264,866	3	265,888	4
1550	Investments accounted for using equity method (note 6(g))	142	-	98	-	2640	Net defined benefit liability, non-current (note 6(o))	10,092	-	-	-
1600	Property, plant and equipment (note 6(h))	1,067,173	13	1,027,148	17		<b>Total non-current liabilities</b>	<u>274,958</u>	<u>3</u>	<u>265,888</u>	<u>4</u>
1760	Investment property, net (notes 6(i) and (n))	225,612	3	228,840	4		<b>Total liabilities</b>	<u>1,843,815</u>	<u>22</u>	<u>1,489,692</u>	<u>24</u>
1840	Deferred tax assets (note 6(p))	17,118	-	52,008	1	3110	<b>Equity (note 6(q)):</b>				
1915	Prepayments for equipment	10,356	-	12,788	-	3300	Ordinary share	3,596,222	44	3,596,222	60
1920	Refundable deposits (note 6(e))	7	-	7	-	3320	Retained earnings:				
1975	Net defined benefit asset, non-current (note 6(o))	-	-	4,471	-	3350	Special reserve	262,845	3	652,495	11
	<b>Total non-current assets</b>	<u>5,950,899</u>	<u>72</u>	<u>4,183,631</u>	<u>69</u>		Unappropriated retained earnings (Deficit yet to be compensated)	410,183	5	(101,952)	(2)
								<u>673,028</u>	<u>8</u>	<u>550,543</u>	<u>9</u>
						3400	Other equity interest	2,174,794	26	401,954	7
	<b>Total assets</b>	<u>\$ 8,287,859</u>	<u>100</u>	<u>6,038,411</u>	<u>100</u>		<b>Total equity</b>	<u>6,444,044</u>	<u>78</u>	<u>4,548,719</u>	<u>76</u>
							<b>Total liabilities and equity</b>	<u>\$ 8,287,859</u>	<u>100</u>	<u>6,038,411</u>	<u>100</u>

See accompanying notes to financial statements.



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

**Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

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

See accompanying notes to financial statements.

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

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to financial statements.

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

**Notes to the Financial Statements**

**For the years ended December 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)**

**(1) Company history:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

**(a) Statement of compliance**

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

(Continued)

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

(b) Basis of preparation

(i) Basis of measurement

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

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

(ii) Functional and presentation currency

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

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

(c) Foreign currencies

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

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

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

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

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

(Continued)

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

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

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

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

(Continued)

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI )

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

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

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

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

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

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

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

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

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

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

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

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

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

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

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

6) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

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

(i) Investment property

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

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

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

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

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

(iv) Reclassification to investment property

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

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(k) Lease

(i) Identifying a lease

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

(ii) As a lessee

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

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

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

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

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

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

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

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— there is any lease modification

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

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

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

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

(iii) As a lessor

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

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

(l) Impairment of non-financial assets

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

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

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

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying  
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amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(m) Provisions

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

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

(n) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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

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

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2) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

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

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(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(p) Income taxes

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

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

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

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

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

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

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

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

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(q) Earnings per share

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

(r) Operating segments

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

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

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

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

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

Valuation of inventories

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

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

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

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

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

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

- (a) Cash and cash equivalents

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
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<b>December 31, 2021</b>			
	<b>Gross carrying amount of notes and accounts receivable</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Non-overdue	\$ 318,799	-	-
Overdue	-	-	-
	<b>\$ 318,799</b>		<b>-</b>
<b>December 31, 2020</b>			
	<b>Gross carrying amount of notes and accounts receivable</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Non-overdue	\$ 177,217	-	-
Overdue	-	-	-
	<b>\$ 177,217</b>		<b>-</b>

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

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

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

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

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

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

(Continued)

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December 31, 2020

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

(e) Other receivables (including refundable deposits)

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

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

(f) Inventories

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

The details of the cost of sales were as follows:

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

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

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

(g) Investments accounted for using equity method

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Associates	<u>\$ 142</u>	<u>98</u>

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

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

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

(h) Property, plant and equipment

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

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

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

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

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

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

(i) Investment property

The details of investment property were as follows:

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

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
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Investment property are leased to third parties under operating leases, as well as properties that are owned by the Company.

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

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

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

(j) Other current assets

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

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

(k) Short-term borrowings

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

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

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

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

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
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(l) Short-term notes and bills payable

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

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

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

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

(m) Other current liabilities

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

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

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

The movement of warranty provision was as follows:

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

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

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**Notes to the Financial Statements**

(n) Operating lease

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

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

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

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

(o) Employee benefits

(i) Defined benefit plans

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

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

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

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

1) Composition of plan assets

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

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

2) Movements in present value of the defined benefit obligations

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

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

3) Movements in the fair value of plan assets

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

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

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
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4) Expenses recognized in profit or loss

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

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 181	201
Net interest of net defined benefit liabilities (assets)	<u>(25)</u>	<u>53</u>
	<u>\$ 156</u>	<u>254</u>
Operating costs	\$ 138	221
Operating expenses	<u>18</u>	<u>33</u>
	<u>\$ 156</u>	<u>254</u>

5) Actuarial assumptions

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

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

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

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

6) Sensitivity analysis

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

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

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

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

(ii) Defined contribution plans

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

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

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

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

(iii) Short-term benefit obligation

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

(p) Income taxes

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

	<u>2021</u>	<u>2020</u>
Current tax expense		
Current period	\$ 6,831	-
Deferred tax expense		
Origination and reversal of temporary differences and tax losses	52,764	3,340
Change in unrecognized deferred tax assets of deductible temporary differences and tax losses	(15,774)	(1,511)
	<u>36,990</u>	<u>1,829</u>
Income tax expense	<u>\$ 43,821</u>	<u>1,829</u>

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**FIRST COPPER TECHNOLOGY CO., LTD.**  
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No income tax was recognized directly in equity for 2021 and 2020.

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

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

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

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
The carryforward of unused tax loss	\$ <u>488,917</u>	<u>567,787</u>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2021, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

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

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

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Adjustment of difference of useful life of PPE between financial and tax method	Defined benefit plans	Land value increment tax provision	Others	Total
<b>Deferred tax liabilities:</b>					
<b>Balance at January 1, 2021</b>	\$ -	914	264,866	108	265,888
Credit profit or loss	-	(914)	-	(108)	(1,022)
<b>Balance at December 31, 2021</b>	<u>\$ -</u>	<u>-</u>	<u>264,866</u>	<u>-</u>	<u>264,866</u>
<b>Balance at January 1, 2020</b>	\$ 178	-	264,866	269	265,313
Credit profit or loss	(178)	(828)	-	(161)	(1,167)
Debit other comprehensive income	-	1,742	-	-	1,742
<b>Balance at December 31, 2020</b>	<u>\$ -</u>	<u>914</u>	<u>264,866</u>	<u>108</u>	<u>265,888</u>
<b>Deferred tax assets:</b>					
	Allowance for inventories losses	Defined benefit plans	Tax loss carry-forward	Others	Total
<b>Balance at January 1, 2021</b>	\$ 658	-	39,969	11,381	52,008
Credit (debit) profit or loss	738	(1,124)	(39,969)	2,343	(38,012)
Credit other comprehensive income	-	3,122	-	-	3,122
<b>Balance at December 31, 2021</b>	<u>\$ 1,396</u>	<u>\$ 1,998</u>	<u>-</u>	<u>13,724</u>	<u>17,118</u>
<b>Balance at January 1, 2020</b>	\$ 5,675	\$ -	39,969	9,360	55,004
Credit (debit) profit or loss	(5,017)	-	-	2,021	(2,996)
<b>Balance at December 31, 2020</b>	<u>\$ 658</u>	<u>\$ -</u>	<u>39,969</u>	<u>11,381</u>	<u>52,008</u>

(iii) Assessment of tax

The Company's income tax returns for the years through 2019 were assessed by the tax authorities.

(q) Share capital and other equity

(i) Capital stock

As of December 31, 2021 and 2020, the authorized shares capital of the Company were \$3,596,222, comprising 359,622 thousand shares, with a par value \$10. All issued shares were paid up upon issuance.

(Continued)

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

(ii) Retained earnings

According to the Company's articles of incorporation, current-period earnings should first be used to settle all outstanding tax payables and accumulated deficit, and then 10% should be retained as legal reserve until the accumulated legal reserve equals the issued capital stock, and special reserve should be retained or reversed according to the Company's operating environment and statutory requirements. Thereafter, any remaining profit, together with any undistributed prior-period retained earnings, shall be distributed at the discretion of the board of directors and with the resolution to be approved during the stockholders' meeting.

The industry of operation of the Company still has good prospects. The Company will grasp the economic environment for sustainable operation and long-term development. When preparing the proposal for appropriation of net profit, the board of directors will follow a stable dividend policy, which will be based on the Company's expected profit in the future, and plan for operating capital, thereafter, a portion of net profit should be retained. Cash dividends should not be less than 10% of total dividends.

1) Legal reserve

When the Company incurs no loss, it may, pursuant to a resolution approved during the shareholder's meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs approved by the FSC, unrealized revaluation gains shall be reclassified as unappropriated retained earnings at the adoption date. In accordance with the FSC, an increase in retained earnings due to the first-time adoption of IFRSs shall be retained as a special reserve, and when the relevant assets are used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to \$231,751 on December 31, 2021 and 2020.

In accordance with the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRS and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2021 and 2020, the balance of special reserve were \$31,094 and \$420,744, respectively.

(Continued)

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

3) Earnings distribution

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

	<b>2020</b>
Dividends distributed to ordinary shareholders per share	
Cash	<b>\$ 0.80</b>

The Company recognized its 2019 incurred losses with the approval of the shareholders on June 11, 2020.

Earnings distribution for 2021 was proposed by the resolution adopted at the board meeting held on March 21, 2022. The relevant dividend distributions to shareholders was as follows:

	<b>2021</b>
Dividends distributed to ordinary shareholders per share	
Cash	<b>\$ 1</b>

Related information would be available at the Market Observation Post System website after the approval from the shareholders.

(iii) Other equity (net of tax)

	<b>Financial assets measured at fair value through other comprehensive income</b>
Balance at January 1, 2021	\$ 401,954
Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	1,772,793
Unrealized gains (losses) from receivables	47
Balance at December 31, 2021	<b>\$ 2,174,794</b>
Balance at January 1, 2020	\$ (383,014)
Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	784,174
Unrealized gains (losses) from receivables	794
Balance at December 31, 2020	<b>\$ 401,954</b>

(Continued)

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

## (r) Earnings per share

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

	<u>2021</u>	<u>2020</u>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 422,675</u>	<u>79,210</u>
Weighted-average number of common shares outstanding (shares in thousands)	<u>359,622</u>	<u>359,622</u>
Basic earnings per share (in dollars)	<u>\$ 1.18</u>	<u>0.22</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of company (diluted)	<u>\$ 422,675</u>	<u>79,210</u>
Weighted-average number of common shares outstanding (shares in thousands)	359,622	359,622
Effect of dilutive potential ordinary shares	-	
Effect of employee compensation (shares in thousands)	347	96
Weighted-average number of common shares outstanding (shares in thousands) (diluted)	<u>359,969</u>	<u>359,718</u>
Diluted earnings per share (in dollars)	<u>\$ 1.17</u>	<u>0.22</u>

## (s) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<u>2021</u>	<u>2020</u>
Primary geographical markets:		
Taiwan	\$ 1,778,916	1,272,478
Mainland China	840,174	571,617
Japan	259,115	204,574
Others	340,599	211,927
Total	<u>\$ 3,218,804</u>	<u>2,260,596</u>
Major products/services lines:		
Manufacture and sale of copper plate	\$ 3,056,431	1,991,311
Processing revenue	132,153	122,468
Others	30,220	146,817
Total	<u>\$ 3,218,804</u>	<u>2,260,596</u>

(Continued)

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

(ii) Contract balances

	<b>December 31, 2021</b>	<b>December 31, 2020</b>	<b>January 1, 2020</b>
Notes and accounts receivable (including related parties)	\$ 318,799	177,217	154,488
Less: allowance for impairment	-	-	-
Total	<b><u>\$ 318,799</u></b>	<b><u>177,217</u></b>	<b><u>154,488</u></b>
Contract liabilities—advance sales receipts	<b><u>\$ 65,525</u></b>	<b><u>10,698</u></b>	<b><u>6,200</u></b>

For additional information on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue which was recognized in the years ended December 31, 2021 and 2020, and included in the contract liability balance at January 1, 2021 and 2020 were \$10,698 and \$6,200, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Contract liabilities was recognized as advance receipts in other current liabilities.

(t) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$14,487 and \$2,519, respectively, and directors' remuneration amounting to \$1,932 and \$420, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be accounted for as changes in accounting estimates and will be reflected in profit or loss in the following year. If employee remuneration is distributed by shares, the numbers of shares should be calculated based on the closing price one day before the date of the board meeting. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2021 and 2020.

(Continued)

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

(u) Non-operating income and expenses

(i) Interest income

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

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ <u>18</u>	<u>32</u>

(ii) Other income

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

	<u>2021</u>	<u>2020</u>
Dividend income	\$ 145,995	143,653
Rental income	14,011	12,573
Revenue from sale of scrap	819	857
Compensation income	1,464	-
Directors' remuneration	2,480	1,011
Others	314	204
	\$ <u>165,083</u>	<u>158,298</u>

(iii) Other gains and losses

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

	<u>2021</u>	<u>2020</u>
Foreign exchange gains, net	\$ 281	2,332
Net gains of financial assets at fair value through profit and loss	57,385	9,944
Net gains on disposal of property, plant and equipment	1,762	394
Depreciation of investment property	(3,228)	(3,271)
Others	(4,648)	(3,017)
	\$ <u>51,552</u>	<u>6,382</u>

(iv) Finance costs

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

	<u>2021</u>	<u>2020</u>
Interest expenses		
Bank loans and short-term notes and bills payable	\$ <u>(6,616)</u>	<u>(7,771)</u>

(Continued)

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

## (v) Financial instruments

## (i) Categories of financial instruments

## 1) Financial assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$ <u>83,067</u>	<u>220,944</u>
Financial assets at fair value through other comprehensive income:		
Investment in equity instruments	4,630,117	2,857,324
Accounts receivable	17,050	12,811
Receivables-the distribution of remaining on liquidation	<u>374</u>	<u>947</u>
Subtotal	<u>4,647,541</u>	<u>2,871,082</u>
Financial assets measured at amortized cost:		
Cash and cash equivalents	153,821	77,189
Notes receivable, accounts receivable (including related parties), and other receivables	336,249	172,435
Refundable deposits	<u>7</u>	<u>7</u>
Subtotal	<u>490,077</u>	<u>249,631</u>
Total	<u>\$ 5,220,685</u>	<u>3,341,657</u>

## 2) Financial liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$ 455,026	138,742
Short-term notes and bills payable	799,888	899,719
Payables (including related parties)	<u>222,638</u>	<u>160,040</u>
Total	<u>\$ 1,477,552</u>	<u>1,198,501</u>

## (ii) Credit risk

## 1) Exposure to credit risk

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

(Continued)

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

2) Concentration to credit risk

The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

The major customers of the Company are centralized in the electronics components industry. As of December 31, 2021 and 2020, one customer accounted for 23.27% and 24.73% of the notes and accounts receivable, respectively, resulting in a concentration of credit risk.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d). Other financial assets at amortized cost include other receivables and refundable deposits.

All of these other financial assets at amortized cost are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). No impairment losses allowance were recognized or reversed for the years ended December 31, 2021 and 2020.

(iii) Liquidity Risk

Details of financial liabilities categorized by due dates were as follows. The amounts include estimated interest payments but exclude the impacts of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Bank loans	\$ 455,026	455,452	455,452	-	-	-	-
Short-term notes and bills payable	799,888	800,000	800,000	-	-	-	-
Notes payable	4,095	4,095	4,095	-	-	-	-
Accounts payable (including related parties)	126,686	126,686	126,686	-	-	-	-
Other payables	<u>91,857</u>	<u>91,857</u>	<u>91,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>\$ <u>1,477,552</u></b>	<b><u>1,478,090</u></b>	<b><u>1,478,090</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Bank loans	\$ 138,742	138,941	138,941	-	-	-	-
Short-term notes and bills payable	899,719	900,000	900,000	-	-	-	-
Notes payable	2,778	2,778	2,778	-	-	-	-
Accounts payable (including related parties)	106,524	106,524	106,524	-	-	-	-
Other payables	<u>50,738</u>	<u>50,738</u>	<u>50,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>\$ <u>1,198,501</u></b>	<b><u>1,198,981</u></b>	<b><u>1,198,981</u></b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

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

(iv) Foreign currency risk

1) Exposure to foreign currency risk

The Company's significant financial assets and liabilities exposed to foreign currency risk were as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 3,541	27.68	98,007	1,526	28.48	43,447
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 2	27.68	55	2,043	28.48	58,159
EUR	-	-	-	6	35.02	200

2) Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, and other payables. As of December 31, 2021 and 2020, if the exchange rate of the NTD versus the USD and EUR had increased or decreased by 1%, given no changes in other factors, the impact was as follows:

	2021		2020	
	Depreciate 1%	Appreciate 1%	Depreciate 1%	Appreciate 1%
	Increase in net profit after tax	Decrease in net profit after tax	Decrease in net loss after tax	Increase in net loss after tax
\$	784	784	119	119

The analysis is performed in the same basis for 2021 and 2020.

3) Exchange gains and losses from monetary items

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

	2021		2020	
	Exchange gains (losses)		Exchange gains (losses)	
USD	\$	245		2,284
JPY		21		18
EUR		15		30
\$		281		2,332

(v) Interest rate analysis

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

(Continued)

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

The sensitivity analysis of interest was determined based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amounts at the reporting date had existed for the whole year. Management adopted 0.25% as a reasonable change in interest rates, and therefore evaluated the impacts of 0.25% changes in interest rates.

If interest rates on borrowings had increased or decreased 0.25%, with all other variables held constant, the information was as follows:

<b>2021</b>		<b>2020</b>	
<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>	<b>Increase 0.25%</b>	<b>Decrease 0.25%</b>
<b>Decrease in net profit after tax</b>	<b>Increase in net profit after tax</b>	<b>Decrease in net loss after tax</b>	<b>Increase in net loss after tax</b>
\$ <b>910</b>	<b>910</b>	<b>277</b>	<b>277</b>

The impact was due to the floating interest rates of bank loans.

(vi) Equity securities prices risks

If the prices of equity securities change at reporting date, with all other variables held constant, the influences to other comprehensive income, were as follows:

<b>Prices at reporting date</b>	<b>2021</b>		<b>2020</b>	
	<b>Other comprehensive income after tax</b>	<b>Net income</b>	<b>Other comprehensive income after tax</b>	<b>Net income</b>
Increase by 1%	\$ <b>46,301</b>	<b>831</b>	<b>28,573</b>	<b>2,209</b>
Decrease by 1%	\$ <b>(46,301)</b>	<b>(831)</b>	<b>(28,573)</b>	<b>(2,209)</b>

(vii) Fair value of financial instruments

1) Fair values of financial instruments

The fair value of financial assets at fair value through profit or loss and at fair value through other comprehensive income is measured on recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follow; however, except as described in following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

(Continued)

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

	December 31, 2021				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>83,067</u>	83,067	-	-	83,067
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	\$ 4,630,117	4,630,117	-	-	4,630,117
Receivables-the distribution of remaining on liquidation	374	-	374	-	374
Accounts receivable	17,050	-	17,050	-	17,050
<b>Total</b>	<b>\$ <u>4,647,541</u></b>				

	December 31, 2020				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ <u>220,944</u>	220,944	-	-	220,944
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	\$ 2,857,324	2,857,324	-	-	2,857,324
Receivables-the distribution of remaining on liquidation	947	-	947	-	947
Accounts receivable	12,811	-	12,811	-	12,811
<b>Total</b>	<b>\$ <u>2,871,082</u></b>				

2) Valuation techniques and assumptions used in fair value

Non-derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchange and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

The fair values of the Company's listed securities, with standard terms and conditions, and traded in active markets, were determined by the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(Continued)

**FIRST COPPER TECHNOLOGY CO., LTD.**  
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The equity instruments of the Company do not have any quoted market price. The fair value of the equity instruments is determined based on the ratio of the quoted market price of the comparative listed Company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

- 3) Transfer between level 1 to level 3

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2021 and 2020.

- 4) Movements of financial assets in level 3

	<b>Fair value through other comprehensive income</b>
	<b>Equity investment without an active market</b>
<b>Balance at January 1, 2020</b>	\$ 3,273
Recognized in other comprehensive income (loss)	2,060
Refund of capital reduction	(5,180)
Transfer to receivables	(153)
<b>Balance at December 31, 2020</b>	<b>\$ -</b>

The total gains (losses) were included in “unrealized gains and losses from financial assets at fair value through other comprehensive income”. The instrument was liquidated for company's dissolution in 2020.

(w) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The Company's risk management objective, policies, and procedures, and the exposure risk arising from the aforementioned risks, are disclosed below. For more quantitative information, please refer to other notes of the financial statements.

(ii) Risk management framework

The board of directors has the overall responsibility for the establishment and oversight of the risk management framework.

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversees how the management complies in monitoring the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the board of directors.

(iii) Credit risk

The Company's credit risk is the risk of financial loss when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from accounts receivable and bank deposit.

1) Accounts receivable and other receivables

The Company's exposure credit risk is influenced by the individual characteristics of each customer. The Company continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Company has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Company reviews credit limits periodically and required customers to pay in advance when the customers' credit ratings did not meet the benchmark.

If necessary, the Company also factors parts of accounts receivable to financial institutions without recourse to reduce the credit risk.

2) Deposits and other financial assets

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks with good credit rating. The Company does not expect any counterparty above fails to meet its obligations. Hence, there is no significant credit risk arising from these counterparties.

(iv) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(Continued)

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

As of December 31, 2021 and 2020, unused credit lines were amounted to \$1,702,584 and \$2,572,787, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in another currency. Functional currency is TWD. The currencies used in these transactions are the TWD, USD, JPY and EUR.

Generally, borrowings and purchasing are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the TWD, USD, JPY, and EUR. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

2) Interest risk

To reduce the exposure to interest rate risk, the choice of a floating interest rate or a fixed interest rate was based on the Company's evaluation of the global economic environment and the trend in market interest rates.

3) Market price risk of equity instruments

Part of the Company's equity securities are classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. These assets are measured at fair value. Therefore, the Company will be exposed to the risk of changes in the value of the equity securities market.

(x) Capital management

The Company sets its objectives for managing capital to ensure its capacity to continue to operate, to continue to provide returns to its shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment and reduce the capital for redistribution to its shareholders. The Company also issues new shares or sell assets to settle any liabilities.

The Company and other entities in the similar industry use the debt-to-equity ratio in calculating. The total net debt and divided by the total capital. The net debt from the balance sheet are derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity interest, plus, net debt.

(Continued)

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

In 2021, the Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratio at the end of the reporting period as at December 31, 2021 and 2020 was as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 1,843,815	1,489,692
Less: cash and cash equivalents	<u>153,821</u>	<u>77,189</u>
Net debt	1,689,994	1,412,503
Total equity	<u>6,444,044</u>	<u>4,548,719</u>
Capital after adjustment	<u>\$ 8,134,038</u>	<u>5,961,222</u>
Debt-to-equity ratio	20.78%	23.69%

- (y) Investing and financing activities not affecting current cash flow

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

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-Cash changes Amortized interest</u>	<u>December 31, 2021</u>
Short-term borrowings	\$ 138,742	316,284	-	455,026
Short-term notes and bills payable	<u>899,719</u>	<u>(103,685)</u>	<u>3,854</u>	<u>799,888</u>
Total liabilities from financing activities	<u>\$ 1,038,461</u>	<u>212,599</u>	<u>3,854</u>	<u>1,254,914</u>
	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes Amortized interest</u>	<u>December 31, 2020</u>
Short-term borrowings	\$ 388,400	(249,658)	-	138,742
Short-term notes and bills payable	799,726	94,482	5,511	899,719
Guarantee deposit received (included in other payables)	<u>1,080</u>	<u>(1,080)</u>	<u>-</u>	<u>-</u>
Total liabilities from financing activities	<u>\$ 1,189,206</u>	<u>(156,256)</u>	<u>5,511</u>	<u>1,038,461</u>

**(7) Related-party transactions**

- (a) Parent company and ultimate controlling company

Hua Eng Wire & Cable Co., Ltd. is both the parent company and the ultimate controlling party of the Company. It owns 39.44% of common shares outstanding of the Company. The parent company has issued its consolidated financial statements available for public use.

(Continued)

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

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the financial statements:

<u>Name of related party</u>	<u>Relationship with the Company</u>
Hua Eng Wire & Cable Co., Ltd.	Parent Company
Taiwan Times Co., Ltd.	Controlled by key management personnel of the Company (Note)

Note: summarized as other related parties.

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	<u>2021</u>	<u>2020</u>
Parent company	\$ <u><u>8,071</u></u>	<u><u>5,104</u></u>

The transition condition for sale to the parent company could not be compared to those of the third-parties' sales. The selling price is based on the international price of relevant copper raw materials plus a certain percentage. The credit terms with the parent company is one month, and those of the third-parties are from one to three months. Receivables from related parties were not secured with collateral and no expected credit loss after assessment by the management.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	<u>2021</u>	<u>2020</u>
Parent company	\$ <u><u>69,016</u></u>	<u><u>35,103</u></u>

The transition condition for purchase to the parent company could not be compared to those of the third-parties' purchases. However, the payment terms for related parties were one month, and those with other vendors were one to three months.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	Parent company	\$ <u><u>-</u></u>	<u><u>471</u></u>

(Continued)

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

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	Parent company	\$ <u>4,991</u>	<u>10,921</u>

(v) Services from parent company

The Company engaged its parent company to provide management services and paid the fees every month. For the years ended December 31, 2021 and 2020, the management service fees amounted to \$19,200, and were included in operating expenses in the statements of comprehensive income. As of December 31, 2021 and 2020, payables from the above transaction had been settled in full.

(vi) Other

The Company leased office space from the parent company. The rental expenses were paid monthly. The price is decided by using the nearby office rental rates and negotiated each other. For the years ended December 31, 2021 and 2020, the rental expenses amounted to \$240 per year and were included in operating expenses in the statements of comprehensive income. As of December 31, 2021 and 2020, payables from the above transaction had been settled in full.

The amounts of advertising expense paid to other related parties amounted to \$100 in 2021, which was included in operating expenses in statements of comprehensive income. There was no transaction in 2020.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 9,626	5,940
Post-employment benefits	152	152
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	<u>\$ 9,778</u>	<u>6,092</u>

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

**(9) Commitments and contingencies:**

Major commitments and contingencies were as follows:

(i) Unrecognized contingencies of contracts:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Acquisition of property, plant and equipment	\$ <u>24,381</u>	<u>68,366</u>

(Continued)

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

(ii) Unused standby letters of credit:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Purchase of material	<b>\$ 530,137</b>	<b>88,859</b>

**(10) Losses due to major disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

A summary of employee benefits, depreciation, and amortization expenses, by function, were as follows:

By function By item	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary and wages	157,428	16,592	174,020	121,259	11,755	133,014
Labor and health insurance	14,407	1,060	15,467	13,638	1,027	14,665
Pension	5,848	554	6,402	6,008	568	6,576
Remuneration of directors	-	3,481	3,481	-	1,845	1,845
Others personnel costs	7,136	3,077	10,213	7,634	2,316	9,950
Depreciation	66,722	-	66,722	61,580	-	61,580
Amortization	-	-	-	-	-	-

The additional information of number of employees and employee benefits in 2021 and 2020 was as follows:

	<b>2021</b>	<b>2020</b>
Numbers of employees	<b>260</b>	<b>275</b>
Numbers of non-employee directors	<b>6</b>	<b>6</b>
Average employee benefits	<b>\$ 811</b>	<b>610</b>
Average employee salary	<b>\$ 685</b>	<b>494</b>
Adjustment of average employee salary	<b>38.55%</b>	
Remuneration to supervisor	<b>-</b>	<b>-</b>

The Company's salary and remuneration policy (including directors, supervisors' managers and employees) are as follows:

1. The remuneration to employees mainly includes salary (basic salary, meal allowance, special workplace allowance, etc.) year-end bonus, performance bonus, etc.
  - (i) The Company draws up the salary standards for employees based on market salary level, its operating conditions and organization structure. Furthermore, the salary will be properly adjusted depending on the market salary dynamics, changes in the overall economic and business conditions and government regulations.

(Continued)

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

- (ii) The remuneration to employees is based on their education, professional knowledge and technique skills, experience and personal performance, without distinction of age, sex, race, religion, political inclination, marital status and union.
  - (iii) The bonus of employees is based on the operating conditions of the Company and individual personal performance.
  - (iv) The starting salary of the inexperience and foreign workers complied with the government regulations.
  - (v) In accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.
2. The managers' remuneration, including salary, addition pay, severance pay, various bonus, allowances, etc., is based on the business strategies and profitability of the Company, personal performance and contribution, as well as market salary level. Moreover, in accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.
3. The directors' remuneration received a monthly transportation allowance, as well as salary, various bonus, etc. Moreover, in accordance with the Articles of incorporation, the Company should contribute a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

(Continued)

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

**(13) Other disclosures**

(a) Information on significant transactions:

The following is the information on significant transactions required by the Regulations for the Company for the years ended December 31, 2021.

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Units (shares)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Asia Pacific Telecom Co., Ltd. stock	The Company's parent company is a director of the investee	Current financial assets at fair value through profit or loss	10,105,441	83,067	0.23 %	83,067	
The Company	Hua Eng Wire & Cable Co., Ltd. stock	The Company's parent company	Non-current financial assets at fair value through other comprehensive income	208,563,824	4,630,117	32.96 %	4,630,117	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(Continued)

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

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main Businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	share of profits / losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
The Company	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	165	165	10,000	0.29 %	142	15,615	46	Associates

(c) Information on investment in mainland China: None.

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Hua Eng Wire & Cable Co., Ltd.		141,831,792	39.44 %
Mr. Yu-Fa Wang		28,683,772	7.97 %

Note: (1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered nonphysical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

Note: (2) If the aforementioned data contained shares which were kept in trust by the shareholders, the data disclosed will be deemed as the settlor's separate account for the fund set by the trustee. As for the shareholder who reports its share equity as an insider and whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act and include its self owned shares and trusted shares, as well as the shares of the individuals who have power to decide how to allocate the trust assets. For the information on reported share equity of the insider, please refer to the Market Observation Post System.

**(14) Segment information**

(a) General Information

The Company has one reportable segment and is mainly engaged in single-product manufacturing and selling of copper. The accounting policies of the operating segments are the same as those described in note 4. The operating segment's profit of the Company uses the operating profit before income tax as the measurement and basis of performance evaluation.

(b) Product and service information

Revenue from the external customers of the Company were as follows:

<u>Production</u>	<u>2021</u>	<u>2020</u>
Copper plate	\$ 3,056,431	1,991,311
Processing revenue	132,153	122,468
Others	30,220	146,817
Total	<u>\$ 3,218,804</u>	<u>2,260,596</u>

(c) Geographic information

In presenting information on the basis of geography, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets.

(Continued)

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

<b>Geographic information</b>	<b>2021</b>	<b>2020</b>
<b>Revenue from external customers:</b>		
Taiwan	\$ 1,778,916	1,272,478
Mainland China	840,174	571,617
Japan	259,115	204,574
Other countries	340,599	211,927
Total	<u>\$ 3,218,804</u>	<u>2,260,596</u>
	<b>December 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
<b>Non-current assets:</b>		
Taiwan	<u>\$ 1,303,141</u>	<u>1,268,776</u>

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

(d) Major customer's information

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

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

The Company did not have the individual customers that constituted over 10% of the total revenue in the statements of comprehensive income in 2020.

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

**Statement of cash and cash equivalents**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Cash	Petty cash	\$ <u>111</u>
Cash in banks	Demand deposit	
	New Taiwan Dollars	121,162
	Foreign currency-USD 1,123,954.36(Exchange rate 27.68)	31,111
	Checking deposits	<u>1,437</u>
	Subtotal	<u>153,710</u>
	Total	<u><u>\$ 153,821</u></u>

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

**Current financial assets at fair value through profit or loss**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

Name of financial instrument	Description	Shares or units	Par value (in dollars)	Total amount	Interest rate	Acquisition cost	Fair value		Fair value changes are attributable to the changes in credit risk	Note
							Unit price (in dollars)	Total amount		
Asia Pacific Telecom Co., Ltd stock	Listed stock	10,105,441	\$ 10	101,054	-	%\$ <u>159,941</u>	8.22	\$ <u>83,067</u>	-	-

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of notes receivable****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
Customer G	Operating	\$ 2,890	-
Customer J	Operating	<u>1,951</u>	-
Total		<u>\$ 4,841</u>	

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of accounts receivable****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Customer</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
Customer A	Operating	\$ 74,196	-
Customer D	Operating	46,758	-
Customer C	Operating	32,228	-
Customer H	Operating	25,650	-
Customer B	Operating	21,828	-
Customer E	Operating	16,856	-
Others (The amount of individual client in others does not exceed 5% of the account balance)	Operating	<u>96,442</u>	-
Total		<u><u>\$ 313,958</u></u>	

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of other receivables****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other receivables	Factoring accounts receivable	\$ 30,351	-
	Remuneration of directors and others	<u>1,896</u>	-
Total		<u>\$ 32,247</u>	

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

**Statement of inventories**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>		<u>Note</u>
		<u>Cost</u>	<u>Net realizable value</u>	
Finished goods		\$ 254,807		
Less: loss allowance		(1,450)		
Subtotal	-	<u>253,357</u>	275,059	Note 1
Work in process		727,534		
Less: loss allowance		(5,092)		
Subtotal	-	<u>722,442</u>	796,478	Note 1
Raw materials and supplies		687,552		
Less: loss allowance		(140)		
Subtotal	-	<u>687,412</u>	689,621	Note 1
Inventories in transit		54,186		
Loss: loss allowance		(300)		
Subtotal	-	<u>53,886</u>	53,886	Note 1
<b>Total</b>		<b><u>\$ 1,717,097</u></b>		

Note 1: For the determination of net realizable value, please refer to note 4(g).

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of other current assets****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other current assets:			
Prepaid raw materials	Prepayments for imported raw materials	\$ 1,912	-
Excess business tax paid	Receivable of business tax refund	16,825	-
Right to the returned goods	Estimated value of product to be returned	12,369	-
Others	Prepaid insurance, bank handing fee, import fees and office supplies inventory	<u>823</u>	-
Total		<u>\$ 31,929</u>	

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

**Statement of changes in non-current financial assets at fair value through  
other comprehensive income**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

Name of Financial instrument	Beginning Balance		Addition		Decrease		Ending Balance		Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value		
Hua Eng Wire & Cable Co., Ltd.	208,563,824	\$ 2,857,324	-	1,772,793 (Note 1)	-	-	208,563,824	4,630,117	-	-
Receivables-liquidation of Global Corporation	32,636	947	-	47 (Note 1)	-	620 (Note 2)	32,636	374	-	-
<b>Total</b>		<b>\$ 2,858,271</b>		<b>1,772,840</b>		<b>620</b>		<b>4,630,491</b>		

Note 1: The valuation adjustment on financial assets at fair value.

Note 2: The receivables deriving from the liquidation of Global Corporation.

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

**Statement of changes in investments accounted for using the equity method**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

Name of investee	Beginning balance		Addition		Decrease		Ending Balance		Market value or net assets value		Collateral	Note	
	Shares	Amount	Shares	Addition	Shares	Decrease	Shares	Percentage of ownership	Amount	Unit price			Total amount
Hua Ho Engineering Co., Ltd.	10,000	\$ 98	-	46	-	2	10,000	0.29 %	\$ 142	13.97	\$ 142	-	Note

Note : The addition was due to the share of profit accounted for using equity method; while the decrease was due to the share of other comprehensive income accounted using equity method.

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of changes in property, plant and equipment****For the year ended December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

For movements on property, plant and equipment, please refer to note 6(h).

**Statement of changes in accumulated depreciation of  
property, plant and equipment**

For movements on accumulated depreciation of property, plant and equipment, please refer to note 6(h).

For depreciation methods and useful lives, please refer to note 4(j).

**Statement of changes in investment property**

For movements on investment property, please refer to note 6(i).

The Company measures its investment property using the cost model. For related accounting policy, please refer to note 4(i).

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

**Statement of changes in accumulated depreciation of  
investment property**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

For movements on accumulated depreciation of investment property, please refer to note 6(i).

For depreciation methods and useful lives, please refer to note 4(i) and (j).

**Statement of deferred tax assets**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Deferred tax assets	Recognition of income tax due to temporary differences	\$ <u><u>17,118</u></u>	-

**Statement of other non-current assets**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Prepayments for equipment	Prepayments for the deposit of machinery and equipment	\$ <u><u>10,356</u></u>	-
Refundable deposits	Lease deposit	\$ <u><u>7</u></u>	-

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

**Statement of short-term borrowings**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Type</u>	<u>Description</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Range of interest rates</u>	<u>Loan commitments</u>	<u>Collateral</u>	<u>Note</u>
Letters of credit	Financial institution borrowing	\$ 15,026	Within 1 year	1.05%	Note	None	-
Unsecured loans	Financial institution borrowing	<u>440,000</u>	Within 1 year	0.79%~0.9%	Note	None	-
Total		<u>\$ 455,026</u>					

Note: Loan commitment of short-term borrowing amounted to \$3,492,000.

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Statement of short-term notes and bills payable**  
**December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Guarantee or acceptance institution</u>	<u>Contract period</u>	<u>Range of interest rate</u>	<u>Amount</u>			<u>Note</u>
				<u>Total Amount</u>	<u>Unamortized discount</u>	<u>Carrying amount</u>	
Commercial paper payable	Mega Bills Finance Co., Ltd.-Kaohsiung branch	within 1 year	0.89%	\$ 200,000	43	199,957	-
Commercial paper payable	China Bills Finance Corporation-Kaohsiung branch	within 1 year	0.88%	250,000	39	249,961	-
Commercial paper payable	Taiwan Cooperative Bills Finance Corporation-Kaohsiung branch	within 1 year	0.888%	50,000	6	49,994	-
Commercial paper payable	International Bills Finance Corporation-Kaohsiung branch	within 1 year	0.888%	100,000	14	99,986	-
Commercial paper payable	Grand Bills Finance Corporation-Kaohsiung branch	within 1 year	0.880%~0.888%	200,000	10	199,990	-
Total				<u>\$ 800,000</u>	<u>112</u>	<u>799,888</u>	

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of notes payable****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
Bureau of Labor Insurance, Ministry of Labor	Pension and labor insurance premium	\$ 1,683	-
A Company	Freight	853	-
National Health Insurance Administration	Health insurance premium	768	-
B Company	Freight	237	-
KPMG	Audit fee	225	-
Others (The amount of individual vendor in others does not exceed 5% of the account balance)	Operating	<u>329</u>	-
Total		<u>\$ 4,095</u>	

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

**Statement of accounts payable**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Non-related parties			
I Company	Operating	\$ 42,749	-
C Company	Operating	16,515	-
Others (The amount of individual vendor in others does not exceed 5% of the account balance)	Operating	<u>62,431</u>	-
Total		<u>\$ 121,695</u>	
Related parties:			
Hua Eng Wire & Cable Co., Ltd.	Operating	<u>\$ 4,991</u>	-

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of other payables****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Salary Payable	Employee salary in December 2021	\$ 9,436
Bonus payable	Employee bonus payable	31,306
Compensated absences liabilities	Employee paid leave bonus payable	6,015
Utility payable	Factory utilities and fuel payable	9,798
Employee and Directors' remuneration payable	Employee and Directors' remuneration payable	16,419
Dividend payable	Dividend payable and overdue dividend	14,420
Others	Service expenses, interest payable of borrowings and amount advance of factoring accounts receivable, pension payable, employee benefits payable, labor and health insurance premium payable, house tax, customs duty and equipment, freight, commission payable	<u>5,972</u>
Total		<u>\$ 93,366</u>

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of other current liabilities****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Advance receipts	Advance sales receipts and rent	\$ 66,752	-
Refund liabilities	Estimated of sales return	14,967	-
Others	Warranty provision preparation and overpayment from customers	<u>1,246</u>	-
		<u><u>\$ 82,965</u></u>	

**FIRST COPPER TECHNOLOGY CO., LTD.****Statement of deferred tax liabilities****December 31, 2021****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Deferred tax liabilities	Recognition of income tax due to temporary differences	\$ <u><u>264,866</u></u>	-

**Statement of other non-current liabilities**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Net defined benefit liability	The estimate of net defined benefit liability	<u><u>10,092</u></u>	-

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

**Statement of operating revenues**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Quantity (kg)</u>	<u>Amount</u>	<u>Note</u>
High Performance Alloy	3,484,197.28	\$ 1,041,086	-
Copper Strip	2,199,780.65	623,837	-
Brass Strip	966,753.95	220,506	-
Tin Plated Strip	2,410,769.39	704,415	-
Other copper plates	1,608,408.18	466,587	-
Others	246,535.00	<u>30,220</u>	-
Total net sales		3,086,651	
Processing revenue		<u>132,153</u>	-
Total		<u><u>\$ 3,218,804</u></u>	

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

**Statement of operating costs**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

Item	Amount	
	Subtotal	Total
Raw materials		1,293,627
Raw materials, beginning of year	\$ 399,262	
Add: Purchase of raw materials	1,602,773	
Less: Raw materials sold	(27,265)	
Raw materials, end of year	(681,143)	
Materials		156,516
Materials, beginning of year	7,510	
Add: Purchase of materials	155,415	
Less: Materials, end of year	(6,409)	
Direct labor		157,427
Manufacturing expense		216,942
Manufacturing cost		1,824,512
Add: Work in process, beginning of year		576,971
Work in process purchase		1,249,492
Less: Work in process, end of year		(727,534)
Cost of finished goods		2,923,441
Add: Finished goods, beginning of year		150,905
Less: Finished goods, end of year		(254,807)
		2,819,539
Add: Cost of raw materials sold		27,265
Unallocated production overheads		56,167
Loss of inventory write-down		3,693
Warranty provision		938
Less: Revenue from scrap sold		(7,187)
Right to the returned goods		(3,924)
Total operating costs	\$	<b>2,896,491</b>

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

**Statement of operating expenses**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Salary	Salary and bonus	\$ 15,080	-
Remuneration to directors	Remuneration to directors and transportation allowance	3,481	-
Service expenses	Management service fee from related party, accountant, lawyer service fee, etc.	20,946	-
Export expenses	Customs clearance fee, sea freight, port due, etc.	9,844	-
Freight	Freight for product sales	4,540	-
Others	Employee benefits, entertainment, travelling expense, pension, insurance, commission expense, training expense, rental expense, supplies expense, newspaper expense, vehicle expense, postage expense, research and development expense, etc. (Note)	<u>12,009</u>	-
Total		<u>\$ 65,900</u>	

Note: The amount of individual item in others does not exceed 5% of the account balance.

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Statement of non-operating income and expenses**  
**For the year ended December 31, 2021**  
**(Expressed in thousands of New Taiwan Dollars)**

For statement of non-operating income and expenses, please refer to note 6(u).