

Stock code : 1608



華榮電線電纜

Hua Eng Wire & Cable Co., Ltd.

ANNUAL REPORT 2023

Publication Date: May 8, 2024

Annual Report URL: Market Observation Post System

<http://mops.twse.com.tw>

Company Website: <http://www.hegroup.com.tw>

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

Spokesperson: Huang Hua-Chih

Title: General Manager

Tel.: (07) 281-4161 Ext. 300

E-mail: james@hegroup.com.tw

Deputy spokesperson:

Name: Liu Hsiu-Mei

Title: Deputy General Manager, Administration Department

Tel.: (07) 281-4161 Ext. 420

E-mail: misherr@hegroup.com.tw

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

Head Office: Address: No. 170 Zhongzheng 4th Rd, Qianjin District, Kaohsiung City 801

Tel.: (07) 281-4161 (Line 27)

Taipei Branch: Address: 11F, No. 210, Section 3, Nanjing East Road, Zhongshan District, Taipei City 104

Tel: (02) 2771-7611 (Line 5)

Factory: Address: No. 30, Gaonan Highway, Renwu District, Kaohsiung City 814

Tel: (07) 342-6333 (Line 8)

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

Name: Hua Eng Wire & Cable Co., Ltd. Stock Affairs Division

Address: 11F, No. 210, Section 3, Nanjing East Road, Zhongshan District, Taipei City 104

Tel: (02) 2771-7611 (Line 5)

Website: www.hegroup.com.tw

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

Name of CPA: Chen Yung-Hsiang, Su Yen-Ta

Name of CPA firm: KPMG Taiwan

Address: Rm. 6,12F, No. 211, Zhongzheng 4th Rd, Qianjin District, Kaohsiung City 801

Tel.: (07) 2130888

Website: www.kpmg.com.tw

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

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

Table of Contents

2023 Annual Report

One. Letter to Shareholders	1
Two. Company Profile.....	6
Three. Corporate Governance Report	11
I. Organization	11
II. Information on directors, supervisors, the general manager, deputy general managers, and managers	12
III. Remuneration paid to directors, supervisors, the general manager and deputy general managers in the most recent year	26
IV. Corporate governance implementation	37
V. Information on CPA fees	97
VI. Information on replacement of CPA	98
VII. The Company's chairman, general manager, or any financial and accounting manager who has worked for the CPA firm or any of its affiliates in the most recent year	98
VIII. Any transfer of equities and change in equities pledged by directors, supervisors, managers, and shareholders with a stake of more than 10% in the most recent year up to the publication date of the annual report	99
IX. Information on the top 10 shareholders who are related parties to each other	101
X. The total number of shares held in any single enterprise by the Company, its directors, supervisors, managers, and any companies controlled either directly or indirectly by the Company, and the consolidated shareholding ratio.....	104
Four. Status of Fundraising.....	105
I. Capital and shares	105
II. Issuance of corporate bonds, preferred stock, overseas depositary receipts, employee stock options and restricted employee shares, status of merger and acquisition (including merger, acquisition and division), and implementation of fund utilization plans	110
Five. Overview of Operations	111
I. Business items	111
II. Market and sales overview	117
III. Employee information.....	123
IV. Information on environmental protection expenditures.....	124
V. Labor relation	124
VI. Cyber Security Management.....	129
VII. Important contract	131
Six Financial Overview	132
I. Condensed balance sheet and statement of comprehensive income for the most recent five years.....	132
II. Financial analysis for the most recent five years	141
III. Review report on the financial statements in the most recent year.....	147
IV. CPA-audited consolidated financial statements in the most recent year	148
V. CPA-audited separate financial statements in the most recent year	148
VI. Any financial difficulties of the Company or any of its affiliates in the most recent year up to the publication date of the annual report	148
Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues	149
I. Financial status	149
II. Financial performance.....	150
III. Cash flow.....	152
IV. Impacts of material capital expenditure on the finance and business	154

V.	Investment policies, main reasons for gains or losses from investments in the most recent year, improvement plans, and investment plans for the coming year.....	155
VI.	Risks.....	157
VII.	Other important matters	161
Eight.	Special Disclosures	162
I.	Information on affiliates	162
II.	Private placement of securities	167
III.	Holding or disposal of the Company's shares by its subsidiaries	167
IV.	Other necessary supplementary explanations	167
Nine.	Any Matter That Has A Significant Impact on Shareholders' Equity or the Price of Securities as Specified in Sub-paragraph 2, Paragraph 2, Article 36 of the Securities and Exchange Act	167

I. Business results of the previous year (2023):

(I) Business plan implementation results:

The annual consolidated operating income of the Company and its subsidiaries in 2023 was NT\$9,754,917 thousand, the consolidated operating cost was NT\$9,058,659 thousand, the consolidated operating expenses were NT\$194,054 thousand, the consolidated net operating profit was NT\$502,204 thousand, the consolidated non-operating net income was NT\$526,956 thousand, the consolidated net profit before tax of the period was NT\$1,029,160 thousand, the consolidated income tax expenses were NT\$86,603 thousand, the consolidated net profit after tax of the period was NT\$942,557 thousand, the consolidated other comprehensive losses of the period was NT\$18,385 thousand, and the consolidated total comprehensive income of the period was NT\$924,172 thousand.

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

(III) Revenues, expenses, and profitability analysis:

Item		Percentage
Return on assets		7.37%
Return on equity		11.23%
Percentage in paid-in capital	Operating profit	7.93%
	Profit before tax	16.26%
Net profit margin		9.66%
Earnings per share (NTD)		2.23

(IV) Research and development status:

- 1.R&D of high-quality copper materials for electric vehicles and alternator motors.
- 2.R&D of narrower grooved optical cables.
- 3.Development of multiplier fiber optic cable filled with micelles.
- 4.R&D of spider web ribbons.

II. Summary of the business plan for the year (2024)

(I) Business guidelines:

1. We utilize our oxygen-free copper wires to distinguish our products from others on the market and develop high value-added copper wires and profiles (featuring thinness and used for solar power systems, electric vehicles and medical purpose).
2. The Company has developed 345kV ultra high voltage transmission cables and obtained the certification for joint materials. In support of TaiPower's construction plan to enhance the resilience of grids by spending NT\$564.5 billion within 10 years. Responsible for providing Taipower with resilient and high-quality power infrastructure, including power lines and cables, to enhance the resilience of the overall power network. The Company is actively pursuing business opportunities for its medium-to-high-voltage cables.
3. The Company has obtained engineering projects from TaiPower for 161kV high voltage transmission cables and equipment and will also support the government's offshore wind power plan by meeting the offshore wind industry's need for grid connections. The Company provides high-efficiency and reliable power transmission equipment, including 161KV cables and related infrastructure. This ensures that the power generated by offshore wind power projects can be effectively and safely transmitted to land, to supply to the regional power grid in order to meet energy demand; the Company will continue to secure large-scale turnkey projects of transmission cables as a means to achieve its Company's operating goals.
4. The amended draft of the Renewable Energy Development Act by the Ministry of Economic Affairs adds the clause that solar

energy equipment of a certain capacity should be installed on rooftops of new, expanded and reconstructed buildings meeting certain criteria. The Company is committed to providing high-quality, high-performance cables and related infrastructure to support the construction and operation of renewable energy power generation projects. It is actively striving for green-energy related business opportunities and is working with the Taiwanese government towards achieving the goal of clean energy, as well as emphasizing the key role that electrical wire and cable companies play in the promotion of renewable energy.

5. Responding to the international and domestic trends of 5G telecommunication, online banking, cloud storage for big data, mobile payment, IoT, IoV, and autonomous vehicles, the Company improves the production capacity of optical fiber cables and successfully develops flat optical fiber cables, low-friction optical fiber cables, micro-tube optical fiber cables, corrugated optical fiber cables, and FTTH indoor bending-resistant G657A optical fiber cables.
6. Demand from major domestic projects such as the MRT system, HSR station construction, Railway Bureau improvement projects, plant construction in industrial parks, and securing orders for low-smoke, non-toxic, fire-resistant and flame-retardant power cables, particularly the planned route of the purple line announced by the KRTC, with a full length of 36km, will bring business opportunities to the Company.
7. We research and develop the formula of high voltage rubber to bid for the projects of TPC's power plants such as Linkou Power Plant, Dalin Power Plant, Tongxiao Power Plant, Xingda Power Plant, Taichung Power Plant, and Longjian Power Plant and to obtain orders for EPR fire-resistant control cables.
8. To expand our business in the overseas Copper wire and cable market, we have passed certifications in Japan, Thailand, Austria, United States, and South Korea to obtain orders.

(II) Expected sales volume and its basis:

Our expected sales volume in 2024: 9,950 tons of copper wires; 12,816 tons of power cables; 85,194 km-c of optical fiber cables.

(III) Important production/sales policy:

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

III. Future development strategy:

1. Short-term business development plan:

(1) High-quality oxygen-free copper.

① electric vehicle motors Rectang .

(2) Engineering project:

① ultra-high voltage 161KV Turnkey project and 345KV emergency repair engineering projects.

(3) Green energy industry:

① Efficient rubber cables for thermal power plants.

② Medium and high voltage cables for solar and wind power generation.

③ Eco-friendly RoHS cables.

(4) Track and traffic:

- ① Special armored optical fiber cables for the Railways Administration.
- ② LSFH cables for MRT.
- (5) Special armored cables for petrochemical plants.
- 2. Long-term development plan:
 - (1) Further research and develop high value-added products, integrate resources from research institutions such as the ITRI and universities to seek for opportunities in new industries.
 - (2) Recruit and train talents to enhance the talent training program implemented together with the academic community on a continuous basis.

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

- 1. In 2024, the Israel-Palestine Conflict triggered geopolitical tension in that local region, affecting the global economy; the U.S. presidential election also brings high uncertainty.
- 2. The continuation of ECFA will bring uncertainties for domestic enterprises.
- 3. Following the severe inflation last year due to the aggressive rate hike imposed by the Fed, most institutions predicted that the Fed would reduce interest rates this year, which will bring vitality to the market.
- 4. The Company plans to explore the feasibility of carbon reduction, to respond to Climate Change Act in Taiwan and Carbon Border Adjustment Mechanism (CBAM) in the European Union, to achieve ESG and corporate sustainability.
- 5. Both the energy dispatching of electricity companies and the management strategy for cloud IoT of telecommunication operators increase the demand for wires and cables and reduce the delivery time, which will affect the opportunities in the wire and cable market.
- 6. The Company focuses on strengthening quality management, controlling the operating cost, reducing risks, and actively developing high value-added products.

I. Date of establishment: December 8, 1956.

II. Company history

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

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

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

Micro-tube indoor fiber optical cables were developed and put into mass production.

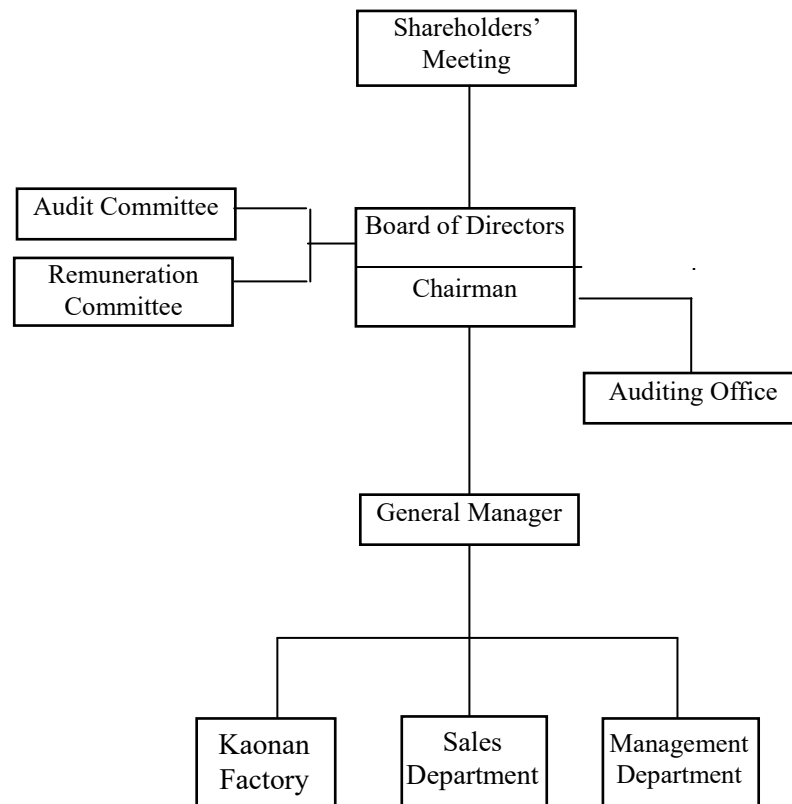
HDMI connection optical cables and USB 3.0 electronic cables were developed and put into mass production.

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

	Golden Security Award.
January 27, 2020	Our occupational safety and health management system in line with the ISO 45001: 2018 standards was certified by a verification agency, DQS Taiwan Inc.
January 31, 2020	Our length and temperature calibration laboratories passed the ISO-IEC 17025(2017)/CNS17025(2018) certifications of the Taiwan Accreditation Foundation (TAF).
May 31, 2021	The Company's "Testing laboratory" received the certificate of ISO IEC17025 TAF testing laboratory, and items accredited are: smoke density, AC withstand voltage, insulation resistance, conductor resistance, tensile strength and elongation, structure inspection, aging test, oil resistance test, heat test, boiling test, vertical combustion test, and fire proof test.
June 24, 2022	Tin coated annealed stranded copper wires received the CNS mark from the Bureau of Standard, Metrology and Inspection, Ministry of Economic Affairs.
September 13, 2022	PV cables passed the EN 50618 and IEC 62930 certification.
October 5, 2023	Ranking among the Top 500 Excellent Exporters/Importers in 2022.

I. Organization

(I) Organizational structure

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

(II) Operations of main departments:

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

Three. Corporate Governance Report

2023 Annual Report

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

(I) Director information 1.

Unit: Shares; Date: April 23, 2023

Title	Name	Appointment date	Term of office	Date first appointed	Shares held at the time of appointment		Shares currently held		Number of shares currently held by spouse and minor children		Shares held in the name(s) of others	
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Chairman	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	2023.06.21	Three years	1996.06.10	208,563,824	32.96%	208,563,824	32.96%	—	—	—	—
				1987.10.05	13,419,455	2.12%	13,419,455	2.12%	17	0.00%	0	0
Director	Mei-Da Co., Ltd. Representative: Wang Yu-Fa	2023.06.21	Three years	1996.06.10	3,936,732	0.62%	3,936,732	0.62%	—	—	—	—
				1956.11.10	11,089,162	1.75%	0	0%	33,147,094	5.24%	0	0
Director	First Copper Technology Co., Ltd. Representative: Yang Ming-Shan	2023.06.21	Three years	1996.06.10	208,563,824	32.96%	208,563,824	32.96%	—	—	—	—
				2023.06.21	0	0%	0	0%	0	0	0	0
Director	Mei-Da Co., Ltd. Representative: Wang Wen-Ling	2023.06.21	Three years	1996.06.10	3,936,732	0.62%	3,936,732	0.62%	—	—	—	—
				2023.06.21	13,941,804	2.20%	13,941,804	2.20%	2,362,021	0.37%	0	0
Independent Director	Wu Tong-Shung	2023.06.21	Three years	2017.06.30	0	0	0	0	0	0	0	0
Independent Director	Chang Jinn-Der	2023.06.21	Three years	2017.06.30	0	0	0	0	0	0	0	0
Independent Director	Sun Chin-Feng	2023.06.21	Three years	2020.06.17	0	0	0	0	0	0	0	0

Note: For corporate shareholders, the name of the corporate shareholder and its representative should be listed separately (for representatives of a corporate shareholder, the name of the corporate shareholder should be indicated)

Three. Corporate Governance Report

2023 Annual Report

(I) Director information 2.

Date: April 23, 2023

Title	Name	Gender <u>Age</u> <u>Note 2</u>	Nationality or place of registration	Work (academic) experience	Post(s) concurrently held in the Company and other companies	Spouse or relatives within the second degree of kinship or closer acting as other officers, directors, or supervisors			Remarks <u>Note 3</u>
						Title	Name	Relationship	
Chairman	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	Male 66~75 years old	Republic of China	MBA, Lindenwood College, USA	Chairman, First Copper Technology Co., Ltd. Chairman, Hua Ho Engineering Co., Ltd. Chairman, Taiwan Times Co., Ltd.	Director	Wang Yu-Fa Wang Wen-Ling	Second degree of kinship	—
Director	Mei-Da Co., Ltd. Representative: Wang Yu-Fa	Male 86~95 years old	Republic of China	Former Chairman, Hua Eng Wire & Cable Co., Ltd. Honorary Doctorate in Business Administration, Columbia College Honorary Doctorate in Business Administration, Kennedy University	Chairman, Mei-Da Co., Ltd. Chairman, Hua Horng Investment Co., Ltd. Director, Taiwan Times Co., Ltd.	Director	Wang Hong-Ren Wang Wen-Ling	Second degree of kinship	—
Director	First Copper Technology Co., Ltd. Representative: Yang Ming-Shan	Male 56~65 years old	Republic of China	Department of Electronics, Darong High School of Technology	Working for Mei-Da Co., Ltd.	None	—	—	—
Director	Mei-Da Co., Ltd. Representative: Wang Wen-Ling	Female 56~65 years old	Republic of China	Christ's College Taipei	Director, Hua Horng Investment Co., Ltd. Director, Mei-Da Co., Ltd. Director, International Ship-breaking Enterprise Co. Ltd.	Director	Wang Yu-Fa Wang Hong-Ren	Second degree of kinship	—

Three. Corporate Governance Report

2023 Annual Report

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

Three. Corporate Governance Report

2023 Annual Report

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

Note 1: The Company's directors did not work in the CPA firm during the said period.

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

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

Major shareholders of corporate shareholders

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholder (Note 2)
First Copper Technology Co., Ltd.	Hua Eng Wire & Cable Co., Ltd. (39.44%), Wang-Yang Pi-O (10.49%), Wang Wen-Ling (1.82%), Fu, Ti-Chen (1.31%), Wang Feng-Chuan (0.67%), International Shipbreaking Enterprise Co. Ltd. (0.50%), JPMorgan in Custody of JPMorgan Securities Account (0.48%), Wang Feng-Shu (0.43%), Wang Hung-Ming (0.41%), Citibank in custody for UBS Europe SE Investment Account (0.36%)
Mei-Da Co., Ltd.	Wang-Yang Pi-O (41.05%), Wang Wen-Ling (16.32%), Wang Feng-Chuan (15.79%), Wang Feng-Shu (15.79%), Wang Hung-Ren (5.26%), Wang Hung-Ming (5.26%), Wang Yu-Ting (0.53%)

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

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

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

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

Name of corporate shareholder (Note 1)	Major shareholders of corporate shareholder (Note 2)
Hua Eng Wire & Cable Co., Ltd.	First Copper Technology Co., Ltd. (32.96%), Hua Horng Investment Co., Ltd. (7.39%), Wang-Yang Pi-O (5.24%), Wang Feng-Shu (2.55%), Wang Wen-Ling (2.20%), Wang Hong-Ren (2.12%), Wang Hung-Ming (1.46%), JPMorgan Chase Bank in custody for JP Morgan Securities Account (1.17%), Chen Kun-Jung (0.80%), Citibank in custody for UBS Europe SE Investment Account (0.78%)
International Shipbreaking Enterprise Co. Ltd.	Wang-Yang Pi-O (20.27%), Wang-Li Su-Mei (15.13%), Wang Yu-Chen (14.13%), Huang Shang-San (12.53%), Wang Wen-Ling (2.00%), Wang Ying-Hui (1.67%), Hsu Fang-Tung (0.33%), Hsu Wang-Shan (0.33%), Wang Yu-Yun (0.27%); the rest are bearer shares

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

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

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

(I) Director information 3.

1. Information on directors' professional qualification:

Name	Expertise and experience (Note 1)
First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	Mr. Wang Hong-Ren majored in business administration, and was previously Director of Hua Eng Wire & Cable, the Director of First Copper Technology and the Chairman of Taiwan Times. He is currently Chairman of Hua Eng Group, and possesses decades of working experience required for business and corporate operations. He is equipped with business management and strategic leadership capability and is able to lead the Company to better development and sustainable operating targets. There is no circumstance under subparagraphs under Article 30 of the Company Act.
Mei-Da Co., Ltd. Representative: Wang Yu-Fa	Mr. Wang Yu-Fa founded Hua Eng Wire & Cable Co., Ltd. in 1956 and is the founder of Hua Eng Group. He possesses expertise and experience in the copper and iron industry, wire and cable production and business development and leads growth of the Group. He was also granted Honorary Doctorate in Business Administration, Kennedy University to honor Mr. Wang Yu-Fa's achievement in industry and promotion of international understanding. He is not under any of the circumstances set forth in Article 30 of the Company Act.
First Copper Technology Co., Ltd. Representative: Yang Ming-Shan	Mr. Yang, Ming-Shan graduated from Darong High School in the Department of Electronics. He worked for Mei-Da Co., Ltd. and was the general security team leader of ASE Technology. Mr. Yang has the ability to lead decision-making and crisis management and is not subject to matters with respect to Article 30 of the Company Act.
Mei-Da Co., Ltd. Representative: Wang Wen-Ling	As a director of Hua Horng Investment Co., Ltd., Ms. Wang Wen-Ling has accumulated investment and financial judgment and experience, and has the decision-making ability in business management and crisis handling, and has the professionalism and experience required for the Company's business. Ms. Wang is not subject to matters with respect to Article 30 of the Company Act.
Wu Tong-Shung	Mr. Wu Tong-Shung graduated from School of Business of National Chengchi University, majored in Accounting and Statistics and is currently a certified public accountant. His plentiful expertise and work experience in commerce, finance, and accounting include being the founder and senior partner of Deloitte & Touche Taiwan, co-founder of Taishin Group, Chief Adviser of Taishin Financial Holdings, director of Taishin International Bank (from 2019 to today). He is not under any of the circumstances set forth in Article 30 of the Company Act.

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

Note 1: Professional qualifications and experience: The professional qualifications and experience of individual directors and supervisors shall be stated. If a member of the Audit Committee has accounting or financial expertise, such member's accounting or financial background and work experience shall be stated. Matters with respect to Article 30 of the Company Act shall also be disclosed.

2. Information on independent directors' independence status:

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

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

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

3. Board diversity and Independence:

The Company promotes and respects the board diversity policy, so in accordance with Article 20 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies,” which stipulates that the composition of the board of directors shall be determined by taking diversity into consideration, and based on company’s business operations, operating dynamics, and development needs, it shall formulate the appropriate policy on diversity. In addition to that the number of directors concurrently serving as company officers shall not exceed one-third of the total number of the board members, the Company shall also include gender, age, nationality, professional knowledge and skills while determining the composition of the board of directors. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

(1) Ability to make operational judgments. (2) Ability to perform accounting and financial analysis. (3) Ability to conduct management administration. (4) Ability to conduct crisis management. (5) Knowledge of the industry. (6) An international market perspective. (7) Ability to lead. (8) Ability to make policy decisions.

The Company’s board of directors is composed of seven directors, including three independent directors, where the number of independent directors accounts for 43% of the total number of board members. The tenures of office of all independent directors are less than 9 years, and they all meet the requirements with regard to the independent directors set forth in relevant laws and regulations. There has not been any change of status between independent directors and non-independent directors during their term of office. Each director shall perform his or her duties objectively, and a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors in compliance with subparagraph 3, paragraph 3, Article 26 of the Securities and Exchange Act.

Implementation status is as follows:

Title	Name	Nation ality	Age	Gend er	Years of experience serving as an independent director		Diverse expertise							
					Less than 3 years	3-9 years	Ability to make operational judgments	Ability to perform accounting and financial analysis.	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry.	An international market perspective	Ability to lead.	Ability to make policy decisions.
Chairman	Wang Hong-Ren	R.O.C.	66~75 years old	Male	—		✓		✓	✓	✓	✓	✓	✓
Director	Wang Yu-Fa	R.O.C.	86~95 years old	Male	—		✓		✓	✓	✓	✓	✓	✓
Director	Yang Ming-Shan	R.O.C.	56~65 years old	Male	—		✓		✓	✓	✓	✓	✓	✓
Director	Wang Wen-Ling	R.O.C.	56~65 years old	Fema le	—		✓		✓	✓		✓	✓	✓
Independent Director	Wu Tong-Shung	R.O.C.	76~85 years old	Male		✓	✓	✓	✓	✓		✓	✓	✓
Independent Director	Chang Jinn-Der	R.O.C.	66~75 years old	Male		✓	✓	✓	✓	✓		✓	✓	✓
Independent Director	Sun Chin-Feng	R.O.C.	56~65 years old	Male	✓		✓	✓	✓	✓		✓	✓	✓

Specific goals and implementation status of board diversity policy:

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

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

Unit: Shares; April 15, 2024

Title	Name	Date assumed office	Shareholding		Shares held by spouse and minor children		Shares held in the name(s) of others	
			Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
General Manager	Huang Hua-Chih	2005.11.01	0	0	0	0	0	0
Factory Director	Chen Kun-Chin	2011.07.01	1,617	0.00%	6,000	0.00%	0	0
Deputy General Manager	Liu Hsiu-Mei	1998.03.16	0	0	0	0	0	0
Deputy Foreman	Li Hsien-Chang	2023.03.16	0	0	0	0	0	0
Manager	Wang Yun-Ming	2001.01.01	0	0	0	0	0	0
Manager	Yang Jen-Cheng	2009.01.01	0	0	0	0	0	0
Manager	Lin Tseng-Mao	2012.03.01	0	0	0	0	0	0
Manager	Chen Chien-An	2020.04.01	5,411	0.00%	0	0	0	0
Manager	Chen Yung-Fu	2020.04.01	0	0	0	0	0	0
Manager	Tsai Shang-Huan	2021.08.16	0	0	0	0	0	0
Manager	Hung Chueh-Chien	2021.08.16	0	0	0	0	0	0
Manager	He Chi-Mei	2021.08.16	5,411	0.00%	0	0	0	0
Manager	Lu Hsiu-Ying	2021.08.16	15	0.00%	0	0	0	0
Manager	Hsu Shou-An	2021.12.01	0	0	0	0	0	0
Manager	Wu Chia-Yu	2023.11.16	0	0	0	0	0	0
Manager	Chiang Huan-Lan	2023.11.16	0	0	0	0	0	0

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

April 15, 2024

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

Three. Corporate Governance Report

2023 Annual Report

Manager	Lu Hsiu-Ying	Female	Republic of China	Department of Business, National Open University	First Copper Technology Co., Ltd. Corporate Governance Manager	None	—	—	—
Manager	Hsu Shou-An	Male	Republic of China	Electrical Engineering, Tungnan College of Technology	None	None	—	—	—
Manager	Wu Chia-Yu	Female	Republic of China	Department of Accounting, Tunghai University Senior Manager, Audit Department, KPMG	First Copper Technology Co., Ltd. Accounting Supervisor Director, Pixon Technologies Corporation Director, International United Technology Co., Ltd.	None	—	—	—
Manager	Chiang Huan-Lan	Female	Republic of China	Department of General Commerce, Kaohsiung Vocational High School of Commerce	None	None	—	—	—

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

Note 2: Experience related to the current position. If the person has worked for the Company's CPA firm or affiliates in the aforementioned period, please specify the title of the position and the duties performed.

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

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

(1) Remuneration to directors (including independent directors)

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

Title	Name	Director remuneration								Sum of A, B, C, and D and ratio of the sum to net profit after tax (Note 10)		Remuneration to directors who are employees								Ratio of sum of A, B, C, D, E, F, and G to profit after tax (Note 10)		Remuneration received from investees other than subsidiaries or from the parent company (Note 11)
		Compensation (A) (Note 2)		Retirement pension (B)		Director remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses, special allowances, etc. (E) (Note 5)		Retirement pension (Note 6)		Employee remuneration (G) (Note 6)						
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company		All companies in the financial statements (Note 7)		The Company	All companies in the financial statements (Note 7)	
																Cash amount	Stock amount	Cash amount	Stock amount			
Director	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	3,452	5,002	0	0	755	771	120	245	4,327 0.46%	6,018 0.63%	0	0	0	0	0	0	0	0	4,327 0.46%	6,018 0.63%	0
Director	First Copper Technology Co., Ltd. Representative: Wang Yu-Fa	0	0	0	0	755	755	120	120	875 0.09%	875 0.09%	0	0	0	0	0	0	0	0	875 0.09%	875 0.09%	0
Director	Mei-Da Co., Ltd. Representative: Wang Feng-Shu (Note 13)	0	0	0	0	0	0	57	57	57 0.01%	57 0.01%	0	0	0	0	0	0	0	0	57 0.01%	57 0.01%	0
	Mei-Da Co., Ltd. Representative: Wang Wen-Ling (Note 12)	0	0	0	0	754	754	63	63	817 0.09%	817 0.09%	0	0	0	0	0	0	0	0	817 0.09%	817 0.09%	0
Director	First Copper Technology Co., Ltd. Representative: Wang Ming-Ren (Note 13)	0	0	0	0	0	0	57	57	57 0.01%	57 0.01%	0	0	0	0	0	0	0	0	57 0.01%	57 0.01%	0

Three. Corporate Governance Report

2023 Annual Report

	First Copper Technology Co., Ltd. Representative: Yanf Ming-Shiang (Note 13)	0	0	0	0	754	754	63	63	817 0.09%	817 0.09%	0	0	0	0	0	0	0	0	817 0.09%	817 0.09%	0
Independent Director	Wu Tong-Shung	0	0	0	0	754	754	360	360	1,114 0.12%	1,114 0.12%	0	0	0	0	0	0	0	0	1,114 0.12%	1,114 0.12%	0
Independent Director	Chang Jinn-Der	0	0	0	0	754	754	360	360	1,114 0.12%	1,114 0.12%	0	0	0	0	0	0	0	0	1,114 0.12%	1,114 0.12%	0
Independent Director	Sun Chin-Feng	0	0	0	0	754	754	360	360	1,114 0.12%	1,114 0.12%	0	0	0	0	0	0	0	0	1,114 0.12%	1,114 0.12%	0

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

Range of Remuneration

Range of remuneration paid to each director of the Company	Name of director			
	Sum of the first 4 remuneration items (A+B+C+D)		Sum of the first 7 remuneration items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial statements (Note 9) I	The Company (Note 8)	All companies in the financial statements (Note 9) I
Less than NTD 1,000,000	Director: Mei-Da Co., Ltd. Representative: Wang Yu-Fa Mei-Da Co., Ltd. Representative: Wang Feng-Shu Mei-Da Co., Ltd. Representative: Wang Wen-Ling First Copper Technology Co., Ltd. Representative: Wang Ming-Ren First Copper Technology Co., Ltd. Representative: Yang Ming-Shiang	Director: Mei-Da Co., Ltd. Representative: Wang Yu-Fa Mei-Da Co., Ltd. Representative: Wang Feng-Shu Mei-Da Co., Ltd. Representative: Wang Wen-Ling First Copper Technology Co., Ltd. Representative: Wang Ming-Ren First Copper Technology Co., Ltd. Representative: Yang Ming-Shiang	Director: Mei-Da Co., Ltd. Representative: Wang Yu-Fa Mei-Da Co., Ltd. Representative: Wang Feng-Shu Mei-Da Co., Ltd. Representative: Wang Wen-Ling First Copper Technology Co., Ltd. Representative: Wang Ming-Ren First Copper Technology Co., Ltd. Representative: Yang Ming-Shiang	Director: Mei-Da Co., Ltd. Representative: Wang Yu-Fa Mei-Da Co., Ltd. Representative: Wang Feng-Shu Mei-Da Co., Ltd. Representative: Wang Wen-Ling First Copper Technology Co., Ltd. Representative: Wang Ming-Ren First Copper Technology Co., Ltd. Representative: Yang Ming-Shiang
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)	Independent Director: Wu Tong-Shung, Chang Jinn-Der, Sun Chin-Feng		Independent Director: Wu Tong-Shung, Chang Jinn-Der, Sun Chin-Feng	
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)				
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren		First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)		First Copper Technology Co., Ltd. Representative: Wang Hong-Ren		First Copper Technology Co., Ltd. Representative: Wang Hong-Ren

NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)				
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)				
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)				
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)				
Over NTD 100,000,000				
Total	9	9	9	9

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

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

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

Note 4: It refers to directors' business execution expenses (including traveling allowance, special allowances, allowances, dormitory, vehicles, etc.) in the most recent year. When providing housing, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, and the actual or fair market price of rent, cost of petrol, and other payments should be disclosed. In addition, if a personal driver is allocated, please note the relevant remuneration paid by the Company to the driver; but this is not included in the remuneration.

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

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

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

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

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

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

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

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

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

Note 12: A full re-election was conducted by the Company on June 21, 2023: Wang Hong-Ren, Wang Yu-Fa, Wang Wen-Ling, and Yang Ming-Shan were elected as corporate representatives, and three Independent Directors were elected: Wu Tong-Xiung, Zhang Jin-De, and Sun Qing-Feng.

Note 13: The Company dismissed the following persons following the re-election: Wang Feng-Shu, representative of AMIDA Technology, Inc.; Wang Ming-Ren, representative of First Copper Technology Co., Ltd.

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

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

(3) Remuneration to general manager and deputy general managers

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

Units: NT\$ thousand, shares, Date: December 31, 2022

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		bonuses, and special allowances, etc. (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C, and D and ratio of the sum to net profit after tax (%) (Note 8)		Remuneration received from investees other than subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Compa ny	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Huang Hua-Chih	1,396	1,396	83	83	870	870	234	0	234	0	2,583 0.27%	2,583 0.27%	0
Factory Director	Chen Kun-Chin	1,336	1,336	80	80	778	778	215	0	215	0	2,409 0.25%	2,409 0.25%	0
Deputy General Manager	Liu Hsiu-Mei	1,167	1,167	70	70	662	667	197	0	197	0	2,096 0.22%	2,101 0.22%	0

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

Range of remuneration paid to the general manager and deputy general managers	Range of Remuneration	
	Name of the general manager and deputy general managers	
	The Company (Note 7)	All companies in the financial statements (Note 8) E
Less than NTD 1,000,000		
NTD 1,000,000 (inclusive) ~ NTD 2,000,000 (exclusive)		
NTD 2,000,000 (inclusive) ~ NTD 3,500,000 (exclusive)	Huang Hua-Chih, Chen Kun-Chin, Liu Hsiu-Mei	Huang Hua-Chih, Chen Kun-Chin, Liu Hsiu-Mei
NTD 3,500,000 (inclusive) ~ NTD 5,000,000 (exclusive)		
NTD 5,000,000 (inclusive) ~ NTD 10,000,000 (exclusive)		
NTD 10,000,000 (inclusive) ~ NTD 15,000,000 (exclusive)		
NTD 15,000,000 (inclusive) ~ NTD 30,000,000 (exclusive)		
NTD 30,000,000 (inclusive) ~ NTD 50,000,000 (exclusive)		
NTD 50,000,000 (inclusive) ~ NTD 100,000,000 (exclusive)		
Over NTD 100,000,000		
Total	4	4

Note 1: The names of the general manager and deputy general managers shall be listed separately with disclosure of the aggregate of payments. If a director is also the general manager or a deputy general manager, please fill in this form and the above table (1-1) or (1-2).

Note 2: It refers to the salaries, responsibility allowances, and severance pay for the general manager and deputy general managers in the most recent year.

Note 3: It refers to bonuses, incentives, travel allowance, special allowances, allowances, dormitory, vehicles, and other remuneration provided to the general manager and deputy general managers in the most recent year. When providing housing, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, and the actual or fair market price of rent, cost of petrol, and other payments should be disclosed. In addition, if a personal driver is allocated, please note the relevant remuneration paid by the Company to the driver; but this is not included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 “Share Based Payments” should also be included in the remuneration, including employee stock option certificates, new restricted employee shares, and subscription of shares for capital increase by cash, etc..

- Note 4: It refers to employee remuneration (including stocks and cash) to the general manager and deputy general managers resolved by the Board of Directors for distribution in the most recent year. If the amount cannot be estimated, the amount for distribution this year shall be calculated based on the actual distribution percentage in last year, and Table (4) shall be filled in.
- Note 5: The total amount of remuneration paid by all companies (including the Company) in the consolidated financial statements to the Company's general manager and deputy general managers should be disclosed.
- Note 6: The name of the general manager and each deputy general manager should be disclosed in the corresponding remuneration range based on the total amount of remuneration paid to him/her.
- Note 7: The total amount of remuneration paid by all companies (including the Company) in the consolidated financial statements to the general manager and each deputy general manager of the Company shall be disclosed, and the names of the general manager and deputy general managers shall be disclosed in the corresponding remuneration range.
- Note 8: Profit after tax refers to the profit after tax stated in the separate or individual financial statements in the most recent year.
- Note 9: a. This column should be clearly filled in with the amount of relevant remuneration received by the general manager and deputy general managers of the Company from investees other than subsidiaries or from the parent company.
- b. If the general manager and deputy general managers of the Company receive relevant remuneration from investees other than subsidiaries or from the parent company, the remuneration received by the general manager and deputy general managers from the investees other than subsidiaries or from the parent company shall be included in column E of the range of remuneration, and the name of the column shall be changed into "Parent company and all investees."
- c. Remuneration refers to remuneration, compensation (including remuneration to employees, directors, and supervisors), and business execution expenses that the general manager and deputy general managers of the Company receive for serving as the directors, supervisors, or managers of investees other than subsidiaries or of the parent company.
- * The remuneration disclosed in the table is different from the income defined in the Income Tax Act. As such, the purpose of this table is for disclosure of information and not for taxation purpose.

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

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

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and special expenses (C) (Note 3)		Employee remuneration (D) (Note 4)				Sum of A, B, C, and D and ratio of the sum to net profit after tax (%) (Note 6)		Remuneration received from investees other than subsidiaries or from the parent company (Note 7)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Not applicable to the Company														

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

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

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

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

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

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

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

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

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

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

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

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Ratio of total amount to profit after tax (%)
Manager	General Manager	Huang Hua-Chih	0	2,491	2,491	0.26%
	Factory Director	Chen Kun-Chin				
	Deputy General Manager	Liu Hsiu-Mei				
	Deputy Factory Director	Li Hsien-Chang				
	Manager	Wang Yun-Ming				
	Manager	Yang Jen-Cheng				
	Manager	Lin Tseng-Mao				
	Manager	Chen Chien-An				
	Manager	Chen Yung-Fu				
	Manager	Tsai Shang-Huan				
	Manager	Hung Chueh-Chien				
	Manager	He Chi-Mei				
	Manager	Lu Hsiu-Ying				
	Manager	Hsu Shou-An				
	Manager	Wu Chia-Yu				
	Manager	Chiang Huan-Lan				

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

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

Note 3: Pursuant to FSC Letter Tai-Cai-Zheng (3) No. 0920001301 dated March 27, 2003, managerial officers are defined as follows:

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

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

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

Title	2023		2022	
	Ratio of total remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, general manager, and deputy general managers to the profit after tax stated in the separate financial statements		Ratio of total remuneration paid by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, general manager, and deputy general managers to the profit after tax stated in the separate financial statements	
	The Company	All companies in consolidated statements (including the Company)	The Company	All companies in consolidated statements (including the Company)
Director	1.11%	1.28%	-13.93%	-21.12%
Supervisor	Not applicable	Not applicable	Not applicable	Not applicable
General manager and deputy general managers	0.74%	0.74%	-19.14%	-19.19%

Explanation:

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

IV. Corporate governance implementation

(I) Operation of the Board of Directors:

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

The Board of Directors held 6 (A) meetings in the most recent year, and directors' attendance is shown as follows:

Title	Name (Note 1)	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) [B/A] (Note 2)	Remarks
Chairman	First Copper Technology Co., Ltd. Representative: Wang Hong-Ren	6	0	100.00%	
Director	Mei-Da Co., Ltd. Representative: Wang Yu-Fa	0	6	0.00%	
Director	Mei-Da Co., Ltd. Representative: Wang Feng-Shu	2	0	100.00%	Dismissed on June 21, 2023 (Should attend 2 meetings)
	Mei-Da Co., Ltd. Representative: Wang Wen-Ling	4	0	100.00%	Appointed on June 21, 2023 (Should attend 4 meetings)
Director	First Copper Technology Co., Ltd. Representative: Wang Ming-Ren	2	0	100.00%	Dismissed on June 21, 2023 (Should attend 2 meetings)
	First Copper Technology Co., Ltd. Representative: Yang Ming-Shan	4	0	100.00%-	Appointed on June 21, 2023 (Should attend 4 meetings)
Independent Director	Wu Tong-Shung	5	1	83.33%	
Independent Director	Chang Jinn-Der	6	0	100.00%	
Independent Director	Sun Chin-Feng	6	0	100.00%	

Other matters:

- I. The board meeting date, session, proposal content, all independent directors' opinions, and the Company's actions in response to the independent directors' opinions shall be specified if any of the following occurred:
- (1) Matters specified in Article 14-3 of the Securities and Exchange Act:
- 18th meeting of the 24th Board on March 6, 2023:
- Approved the motion for the "Statement of Internal Control Systems" for 2022.
- Approved the motion for CPA appointment and remuneration for 2023.
- Approved the motion for change of the Company's CPAs to accommodate the internal rotation of the CPA firm.
- 19th meeting of the 24th Board on May 10, 2023:
- Approved the motion for amendment to the Company's "Internal Control System"
- 2nd meeting of the 25th Board on August 7, 2023:
- Approved the motion for amendment to the Company's "Internal Control System for Stock Operations".
- 4th meeting of the 25th Board on November 6, 2023:
- Approved the motion for review of various remunerations for the Company's directors.
- The above motions were approved by all independent directors unanimously.
- (II) In addition to the aforementioned matters, any resolution made by the Board of Directors with any objection or reservation raised by independent directors and included in records or stated in writing: None.

II. Implementation of directors' recusal from proposals due to conflicts of interest: There was no such situation in the Board of Directors in 2023.

III. Information on the cycle and period, scope, method and content of the self-evaluation (or peer evaluation) of the Board of Directors to be disclosed by TWSE/TPEX listed companies:
Report on the performance evaluation of the Board of Directors, individual directors and functional committees

Cycle (Note 3)	Period (Note 4)	Scope (Note 5)	Method (Note 6)	Content (Note 7)
Once a year	2023.1.1.~ 2023.12.31	Evaluation of the Board of Directors' overall performance	Internal self-evaluation of the Board of Directors (conducted by the agenda working group of the Board of Directors)	Five dimensions are as follows: Involvement in the Company's operation Improvement of the quality of decision-making by the Board of Directors Formation and structure of the Board of Directors Election and continuing education of directors Internal control
		Evaluation of individual board members' performance	(conducted by the board members)	Six dimensions are as follows: Understanding of the Company's goals and tasks Knowledge of directors' duties Involvement in the Company's operation Internal relation maintenance and communication Directors' professional qualification and continuing education Internal control
		Audit Committee's performance evaluation	Internal self-evaluation of functional committees (conducted by the agenda working group of functional committees)	Five dimensions are as follows: Involvement in the Company's operation Knowledge of the responsibilities of functional committees. Improvement of the quality of decision-making by functional committees. Formation and member election of functional committees. Internal control
		Remuneration Committee's performance evaluation		

The Company completed the 2023 board performance evaluation through self-assessment surveys via questionnaire. The surveys were collected and counted by the agenda working group, and the assessment result was subsequently submitted to the first board of directors meeting in 2024 as a reference for further review and improvement. The overall average score for the board performance self-assessment

was 4.84 out of 5, and the average score for individual board member performance was 4.75 out of 5. The overall functioning of the Board of Directors is good. Directors fulfill their responsibilities properly. The average score for the self-assessment of Remuneration Committee and Audit Committee was 4.83 and 4.86 out of 5, demonstrating the solid operation of Remuneration Committee and Audit Committee and full implementation of corporate governance that improves the board competency.

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

1. The Company's Board of Directors hold at least a meeting per quarter. Each director has professional knowledge, professional skills, and competence required to execute their duties, perform functions and powers in accordance with laws and regulations, the Company's Articles of Incorporation and shareholders' meeting resolutions, provide operating policy, financial planning, and professional technology, and offer effective and specific advice and consultation on business development. If a director or a juristic person that the director represents is an interested party in relation to a proposal and the relationship is likely to prejudice the interest of the Company, the director may not participate in the discussion or voting on such proposal and shall recuse himself/herself from the discussion and voting.
2. The Company has established the "Rules of Procedure for Board of Directors Meetings" based on the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." Furthermore, directors' attendance at board meetings is entered into the Market Observation Post System and major resolutions made by the Board of Directors are disclosed on the Company's website.
3. In order to encourage directors' continuing education, we provides our directors with courses for them to improve their executive competencies and to meet the requirements of directors' training hours.
4. In accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or Taipei Exchange", the Company has set up the Remuneration Committee and established the "Remuneration Committee Charter". Furthermore, three Remuneration Committee members were appointed to perform remuneration functions and submit their suggestions to the Board of Directors for discussion to implement corporate governance. Their attendances at Remuneration Committee meetings have been entered into in the Market Observation Post System.
5. To improve corporate governance and strengthen the functions of the Board of Directors, we set up the Audit Committee in compliance with the Securities and Exchange Act and the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies" in 2017 and established the Audit Committee Charter.
The Audit Committee comprises all (3) independent directors, and at least one of whom should have accounting or financial expertise. The Committee shall assist the Board of Directors in performing supervisory duties and be responsible for proper presentation of the Company's financial statements, selection (dismissal) of CPAs and assessment of their independence and performance, effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and control of existing or potential risks faced by the Company. In addition, the Committee shall also submitted proposals to the Board of Directors for resolution to implement corporate governance.
6. The Company has taken out liability insurance for directors every year starting from 2019.

7. The Company conducts the performance evaluation of the board of directors and functional committees once a year on a regular basis according to the Company's "Self-Evaluation or Peer Evaluation of the Board of Directors" approved and established by the Board. The 2023 evaluation result was submitted to the first meeting of the board of directors meeting in 2024.

Note 1: Where directors and supervisors are juristic persons, the names of corporate shareholders and their representatives shall be disclosed.

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

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

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

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

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

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

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

- (1) Items of the performance evaluation of the Board of Directors: shall include at least the participation in the Company's operation, the Board of Directors' decision quality, formation and structure of the Board of Directors, election and continuing education of directors, and internal control.
- (2) Items of the performance evaluation of individual directors: shall include at least the understanding of the Company's goals and tasks, knowledge of directors' duties, involvement in the Company's operation, internal relation maintenance and communication, directors' professional qualification and continuing education, and internal control.
- (3) Items of the performance evaluation of functional committees: Involvement in the Company's operation, knowledge of functional committees' duties, functional committees' decision quality, formation and member selection of functional committees, and internal control.

(II) Operation of the Audit Committee

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

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

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

Other particulars:

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

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

Date and session	Proposal	Audit Committee's resolution	Company's response to Audit Committee's opinions
March 6, 2023 2nd Board 14th meeting	1. Motion for 2022 business report, parent company only financial statements and consolidated financial statements. 2. Motion for the issuance of "Internal Control System Statement" for 2022. 3. Motion for removal of restrictions on new directors or their representatives from competing . 4. Motion for CPA appointment and remuneration for 2023. 5. Motion for change of the Company's CPAs to accommodate the internal rotation of the CPA firm.	Passed unanimously by all attending members following consultation by the chair.	Passed unanimously by all attending directors following consultation by the chair.
May 8, 2023 2nd Board 15th meeting	1. Motion for amendment to the Company's "Internal Control System".	Passed unanimously by all attending members following consultation by the chair.	Passed unanimously by all attending directors following consultation by the chair.
August 7, 2023 3rd Board 1st meeting	1. Motion for the Company's consolidated financial statements for 2023 Q2. 2. Motion for amendment to the Company's "Internal Control System for Stock Operations".	Passed unanimously by all attending members following consultation by the chair.	Passed unanimously by all attending directors following consultation by the chair.

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

Primary matters for review included:

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

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

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

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

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

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

(II) The frequency and nature of communications between Independent Directors and chief internal auditor at the Board meetings, Audit Committee meetings, and communication seminars are as follows:

Date	Focus of communication	Implementation result
March 06, 2023	1. Audit work report from October 2022 to January 2023 2. Completion of 2022 internal control self-evaluation and issuance of "Statement of Internal Control System" for 2022	Regarding document review and report to the Board, Independent Directors' status for audits: Acknowledged After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution
May 8, 2023	1. Audit work report from February to March 2023 2. Amended the internal control system for the "management for the operational procedures of Board meetings"	Regarding document review and report to the Board, Independent Directors' status for audits: Acknowledged After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution
August 7, 2023	1. Audit work report from April to June 2023 2. Amended the "internal control system for stock affairs"	Regarding document review and report to the Board, Independent Directors' status for audits: Acknowledged After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution
November 6, 2023	1. Audit work report from July to September 2023 2. 2024 Annual Audit Plan	Regarding document review and report to the Board, Independent Directors' status for audits: Acknowledged After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution
November 6, 2023 Communication workshop	1. Report on the audit work in 2023 2. Schedule for GHG inventory information disclosure of	Report on the implementation of the annual audit by auditors Auditors' report on the schedule and plan for GHG inventory information disclosure

(III) The frequency and nature of communication between Independent Directors and chief internal auditor at the Board meetings, Audit Committee meetings, and communication seminars are as follows:

Date	Focus of communication	Implementation result
March 06, 2023	1. Communication and discussion on matters related to the Company's 2022 financial statements 2. Provision and description of the "AQI" by CPAs 3. Alteration of the Company's CPAs in response to internal changes at the CPA firm 4. Proposal for the independence assessment of CPAs for certification of Company's financial statements	After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution The completion of the CPAs' "AQI" for the Audit Committee to evaluate the proposal for the appointment of CPAs for the 2023 financial statement After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution
May 8, 2023	1. Communication and discussion on matters related to the Company's 2023 Q1 financial statements 2. The intended formulation of the general principles for the pre-approval of the Company's non-assurance service policy	After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution
August 7, 2023	1. Communication and discussion on matters related to the Company's 2023 Q2 financial statements	After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution
November 6, 2023	1. Communication and discussion on matters related to the Company's 2023 Q3 financial statements	After being discussed and approved by the Audit Committee, it was submitted to the Board for a resolution
November 6, 2023 Communication workshop	1. Report on the CPAs' annual audit plan	Report on the details of the CPAs' annual audit

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

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

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

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

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
affiliates? (IV) Does the Company have internal regulations to prohibit the insiders of the Company from using undisclosed information in the market to trade securities?	✓		endorsements/guarantees for others” and “not loaning to others.” It also adopted the “regulations for subsidiary monitoring operations,” “management rules for related party transaction,” and “rules for the acquisition and disposal of assets,” as well as established the risk management mechanism between the Company and its affiliates. (IV) The Company has established Management Guidelines on Prevention of Insider Trading. Directors, managers and relevant personnel attend external training each year. The shareholders’ service division also organizes workshops on laws and regulations for prevention of insider trading to explain to relevant personnel what constitutes insider trading. Laws and regulators are analyzed and case studies are provided on the prohibition of insider trading. The purpose is to strengthen the awareness of relevant personnel in prevention of insider trading and establish effective control procedures and prevention measures and robust corporate governance.	Best Practice Principles for TWSE/TPEX Listed Companies. We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
III. Formation and responsibilities of the Board of Directors (I) Does the Board of Directors establish a diversity policy, set specific goals, and implement them accordingly?	✓		(I) According to the diversity policy of the Company's "Corporate Governance Best Practice Principles ", all board members possess the necessary knowledge, skills, and competence required to perform their duties. Through directors’ various professional leadership, decision-making ability, management ability, and financial and accounting knowledge, we able to diversify the formation of	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(II) In addition to establishing the Remuneration Committee and Audit Committee pursuant to laws, does the Company voluntarily set up other functional committees?		✓	(II) The Company resolved at the board meeting on December 5, 2011, to establish the Remuneration Committee and resolved at the shareholders' meeting held on June 30, 2017 to set up the Audit Committee. We have not established any functional committees other than the said committees.	There is no material difference with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies; in the future, the Company will continue to comply with relevant laws and regulations for discussion. We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(III) Does the Company establish policies and methods for evaluating the performance of the Board of Directors, conduct regular performance evaluations every year and report the results to the Board of Directors? Does the Company utilize the results as the reference for the individual remuneration and reelection nomination of directors?	✓		(III) The Company formulated regulations methods for evaluating the performance of the Board of Directors on March 23, 2020. The performance evaluation will be completed by the end of the first quarter in next year. The result of the performance evaluation of the Board of Directors in 2023 was reported to the Board of Directors on March 4, 2024, please refer to page 39-41.	
(IV) Does the Company assesses the independence of CPAs periodically ?	✓		(IV) The Audit Committee of the Company evaluates the independence and adequacy of CPAs each year. Apart from requesting CPAs to provide the "Statement of Independence" and "AOI," the Company also carry out the evaluation according to the standards in Note 1 and 13 AQIs. As confirmed, apart from certification and taxation expenses, there are no other financial benefits or business relationships between the CPAs and the	

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof									
	Yes	No	Summary										
			Company. Members of the CPA firm are in compliance with the independence requirements, and the Company confirmed that the audit experience and training hours of the CPAs and the CPA firm have no material difference with the average value within the industry with reference to the information on AQIs. In addition, we adopt electronic auditing tools and digital certifications to improve the quality and efficiency of audits. The evaluation results in the most recent year were discussed and approved by the Audit Committee on March 4, 2024, and reported to the Board for the resolution to approve the independence and adequacy evaluation of CPAs on March 4, 2024. Note 1:CPA independence assessment standard: <table><tr><th>Indicator</th><th>Result</th><th>Compliance of independence</th></tr><tr><td>I. CPAs and members of the Audit Service Team do not hold positions as directors, managers, or positions that have a significant impact on the audits of the Company in the past two years.</td><td>Yes</td><td>Independent</td></tr><tr><td>II. The CPAs and members of the audit service team are not related to the Company's directors,</td><td>Yes</td><td>Independent</td></tr></table>	Indicator	Result	Compliance of independence	I. CPAs and members of the Audit Service Team do not hold positions as directors, managers, or positions that have a significant impact on the audits of the Company in the past two years.	Yes	Independent	II. The CPAs and members of the audit service team are not related to the Company's directors,	Yes	Independent	
Indicator	Result	Compliance of independence											
I. CPAs and members of the Audit Service Team do not hold positions as directors, managers, or positions that have a significant impact on the audits of the Company in the past two years.	Yes	Independent											
II. The CPAs and members of the audit service team are not related to the Company's directors,	Yes	Independent											

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)					Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary			
			managers or personnel who have a significant impact on the audit.			
			III. The CPAs have no direct or indirect significant financial interest relationship with the Company.	Yes	Independent	
			IV. The CPAs are not related to the audit cases or have public expenses.	Yes	Independent	
			V. Whether the CPAs confirm that the accounting firm to which they belong has complied with the relevant independence standards.	Yes	Independent	
			VI. The CPAs did not serve as directors, managers, or positions that have significant influence on the audit within one year after their resignation.	Yes	Independent	
			VII. There is no significant and close business relationship between CPAs and the Company.	Yes	Independent	
			VIII. There is no potential employment relationship between CPAs and the Company.	Yes	Independent	
			IX. The non-audit services provided by the CPAs to the	Yes	Independent	

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
			Company have no important items that directly affect the audit cases.	
			X. The CPAs do not represent the Company in the defense of legal cases or other disputes with third parties.	Yes Independent
			XI. The CPAs do not promote or broker the shares or other securities issued by the Company.	Yes Independent
			XII. The CPAs did not receive any gifts or special offers of significant value from the Company or its directors, managers or major shareholders.	Yes Independent
			XIII. The tenure of CPAs does not exceed seven years.	Yes Independent
			XIV. Whether the CPAs have complied with the requirements of the Bulletin of CPA Professional Ethics No. 10 about independence.	Yes Independent

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
IV. Does the TWSE/TPEX-listed company designate competent corporate governance personnel in an appropriate number along with a chief corporate governance supervisor responsible for related matters (including but not limited to providing information required for directors and supervisors to perform their duties, assisting directors and supervisors in comply with laws and regulations, handling matters related to the Board of Directors and shareholders' meetings, and preparing minutes of the Board of Directors and shareholders' meetings)?	✓		On May 10, 2021, the Board of Directors approved the establishment of the role Corporate Governance Officer. This position is served by Lu Hsiu-Ying, Manager of Department of Shareholders' Services. Lu has more than three years of managerial experience in finance and shareholders' services with public companies, in line with the statutory requirements for Corporate Governance Officer. Meanwhile, a number of suitable and appropriate corporate governance administrators are appointed, to handle corporate governance matters including organization of board meetings and shareholders' meetings according to laws; production of meeting minutes; registrations for company changes; assistance in onboarding and continuing education of directors; preparation of data required for directors to perform businesses; and support to directors in compliance. Please refer to page 92-93 for continuing education of Corporate Governance Officer.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
V. Does the Company build communication channels for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), establish a stakeholder section on the Company's website, and duly respond to the CSR issues that the stakeholders are concerned about?	✓		The Company handles stock affairs on its own since its first listing. Matters related to shareholders are all in compliance with relevant laws and regulations, and shareholders' meetings are convened in the legal, effective and safe manner to ensure shareholders' rights and interests.	We are in compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
VI. Does the Company appoint a professional stock agency to handle matters related to		✓	We handle matters related to shareholders' meetings on our own. All shareholders' meetings are held on a legal,	There is no material difference with the

Three. Corporate Governance Report

2023 Annual Report

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

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
(III) Does the Company publicly announce and file the annual financial statements within two months after the close of the year and announce and file Q1, Q2 and Q3 financial statements and the monthly operation status prior to the regulated deadline?		✓	The Company shall announce and report the annual financial statements 75 days before the end of the fiscal year, and the first, second, and third quarter financial statements and the operating status of each month before the prescribed deadline.	There is no material difference with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies; in the future, the Company will continue to comply with relevant laws and regulations for discussion..

Three. Corporate Governance Report

2023 Annual Report

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

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)						Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof		
	Yes	No	Summary						
	(VI) Continuing education of directors in the most recent year:								
		Title	Name	Date assumed office	Training date		Organizer	Course title	Training hours
					Commence ment	Conclusion			
		Juristic-person director representative	Wang Hong-Ren	2023/06/21	2023/06/09	2023/06/09	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3
					2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Banking and Climate Change Summit	6
		Juristic-person director representative	Wang Yu-Fa	2023/06/21	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Banking and Climate Change Summit	6
		Juristic-person director representative	Yang Ming-Shan	2023/06/21	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Banking and Climate Change Summit	6
					2023/10/20	2023/10/20	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3
					2023/11/22	2023/11/22	Securities & Futures Institute	2023 Insider Equity Transaction Legal Compliance Promotion Seminar	3
		Juristic-person director representative	Wang Wen-Ling	2023/06/21	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Banking and Climate Change Summit	6
					2023/10/20	2023/10/20	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3
					2023/11/22	2023/11/22	Securities & Futures Institute	2023 Insider Equity Transaction Legal Compliance Promotion Seminar	3

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)							Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof						
	Yes	No	Summary											
57			Title	Name	Date assumed office	Training date		Organizer	Course title	Training hours				
						Commence ment	Conclusion							
			Independent Director	Wu Tong-Shung	2023/06/21				2023/02/16	2023/02/16	CPA Associations R.O.C. (Taiwan)	Seminar on Tax Issues of Real Estate Transactions	3	
									2023/02/17	2023/02/17		Practice and Accounting of Derivative Financial Instruments	3	
									2023/03/03	2023/03/03		Latest IFRS Trends, Developments, Common Errors, and Deficiencies	3	
									2023/03/24	2023/03/24		A Comprehensive View of Employee Rewards: Introduction to Employee Remuneration Tools and Related Fiscal and Tax Treatments - Basics	3	
									2023/03/24	2023/03/24		All-Around Employee Rewards: Introduction to Employee Remuneration Tools and Related Fiscal and Tax Treatments - Advanced	3	
									2023/03/27	2023/03/27		Financial Instruments Undertaken by Corporate Customers (Derivatives and Structured)	3	
									2023/04/18	2023/04/18		Discussion on the Risks of Certified Public Accountant's Practice: Starting from the Penalty Cases of the Money Laundering Control Act	3	
									2023/06/02	2023/06/02		Chinese National Association of Industry and Commerce	2023 Taihsin Net Zero Summit	3
									2023/07/13	2023/07/13			AML/CFT Development Trends and Case Studies	3
									2023/10/12	2023/10/12			Fair Customer Treatment and Financial Consumer Protection Act	3
									2023/10/12	2023/10/12			Friendly and Inclusive Finance	1

Title	Name	Date assumed office	Training date		Organizer	Course title	Training hours
			Commencement	Conclusion			
Independent Director	Chang Jinn-Der	2023/06/21	2023/07/24	2023/07/24	CPA Associations R.O.C. (Taiwan)	Tax Issues Related to Disposal of Equity	3
			2023/07/27	2023/07/27		Case Study on Gift Tax	3
			2023/08/16	2023/08/16		Patterns of Insider Trading During Money Laundering	3
			2023/08/24	2023/08/24		Sorting and Integration of Internal Control and Audit	3
			2023/09/26	2023/09/26		IAS 12 Income Tax	3
			2023/11/09	2023/11/09	Taiwan Institute of Directors	AI Explosion - Technical Development and Application Opportunities of ChatGPT	3
			2023/11/09	2023/11/09		Prospects and Challenges of AI in Taiwan	3
Independent Director	Sun Chin- Feng	2023/06/21	2023/04/27	2023/04/27	Taiwan Stock Exchange	Sustainable Development Action Plan Promotion Conference for TWSE/TPEX Listed Companies	3
			2023/07/14	2023/07/14	Taiwan Industry and Commerce Association	Trade Secret Litigation Practice, Non-compete Clauses and Cases	3
			2023/07/31	2023/07/31		Trends in Fintech Innovation and Application	3

Evaluation item	Implementation (Note 1)			Deviation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary	
			(VII) Implementation of risk management policies and risk measurement standards: Based on corporate operations, the management team analyzes and categorizes risks into financial risks; supply chain and raw material risks; management risks; market risks; climate change risks; environment, safety and health risks; factory management risks and cybersecurity concerns. Control strategies and measures are formulated, reviewed on a rolling basis and implemented by responsible units. (VIII) Implementation of customer policies: We maintain a good and stable relationship with customers to generate profits for the Company. (IX) Purchase of liability insurance for directors and supervisors: We purchased directors' liability insurance and reported the renewal of the insurance, and reported the renewal of the insurance at the 2nd meeting of the 25th Board of Directors on August 7, 2023.	No major differences.
IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. According to the results of the Corporate Governance Evaluation released by the Corporate Governance Center of Taiwan Stock Exchange Corporation, the Company's improvements made in 2023 are as follows: Priorities and measures put forth to strengthen those areas where improvement has not yet emerged: 1.Planned objectives and plans for the sustainability report 2.The actual attendance rate of all directors at the board of directors meeting is over 85%				

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

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

1. To improve the Company's remuneration policies and systems for directors and managers, the Company resolved at the 4 meeting of the 21st Board of Directors on December 5, 2011 in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" to establish the Remuneration Committee.

On August 7, 2023, the Board of Directors approved the appointment of Wu Tong-Shung, Chang Jinn-Der, and Sun Chin-Feng as the members of the 5th Remuneration Committee. Their term of office will expire on June 20, 2026. They elected Chang Jinn-Der from among themselves to act as the convener.

2. Responsibilities of the Remuneration Committee: The Remuneration Committee should faithfully perform its duties with the due care of a good administrator and submit its suggestions to the Board of Directors for discussion.

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

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

(1) Information about Remuneration Committee members

April 15, 2024

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

(2) Information on the operation of the Remuneration Committee

- I. The Company's Remuneration Committee consists of 3 members.
- II. The term of the current members: June 21, 2023 - June 20, 2026. 3 (A) meetings of the Remuneration Committee have been held in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Proxy attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Chang Jinn-Der	3	0	100%	
Member	Wu Tong-Shung	2	1	66.67%	
	Sun Chin-Feng	3	0	100%	

Other particulars:

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

Date and period	Proposal	Remuneration Committee's resolution	Company's response to Remuneration Committee's opinions
March 6, 2023 4th Board 9th meeting	1. Motion for 2022 distribution of remuneration to employees and directors. 2. Approved the salary adjustment for important personnel.	Passed unanimously by all attending members following consultation by the chair.	Passed unanimously by all attending directors following consultation by the chair.
September 8, 2023 5th Board 1st meeting	1. Motion for remuneration to the Company's general manager. 2. Motion for remuneration to the Company's deputy general manager.	Passed unanimously by all attending members following consultation by the chair.	
November 6, 2023 5th Board 2nd meeting	1. Salary adjustment for personnel at manager level of the Company 2. Motion for review of various remunerations for the Company's directors. 3. Motion for review of the Company's managers' remuneration policies, systems, standards, structure and performance, and evaluation methods. 4. Motion for salary adjustment for the Company's employees .	Passed unanimously by all attending members following consultation by the chair.	

- II. If there is any resolution made by the Remuneration Committee with any objection or

reservation raised by its members and included in records or stated in writing, the date and session of the Remuneration Committee meeting, the contents of the proposal, all members' opinions, and the response to their opinions should be stated: None.

Note:

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

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

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

Evaluation item	Implementation_(Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary	
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is supervised by the Board of Directors? <u>(TWSE/TPEX-listed companies should describe the implementation status – not “comply or explain”)</u>	✓		Under the authorization from the Company’s Board of Directors and the leadership from President, Sustainable Development & ESG Task Force integrates internal departments, convenes ESG and sustainability meetings, identifies corporate development directions and sustainability issues pertinent to stakeholders and formulates corresponding strategies and guidelines. In addition to information disclosure in ESG reports, a systematic approach to planning and appropriate budgeting are included in annual work plans of respective units. The chair compiles the ESG implementation results every year and reports to the Board of Directors on May 10, 2023 (once a year) to supervise the implementation of sustainable management and evaluate the implementation results .	No difference
II. Does the Company establish a unit dedicated to (concurrently engaged in) promoting corporate social responsibilities? Does the Board of Directors authorize the top management to handle the relevant affairs? Does the top management report the handling to the Board of Directors?(Note 2) <u>(TWSE/TPEX-listed companies should describe the implementation status – not “comply or</u>	✓		1. The Company prepares sustainability reports. Risk assessment boundary is the Company’s operational performance in Taiwan. 2. To ensure corporate governance, develop a sustainable environment, protect the social welfare and communicate with internal and external stakeholders, material ESG issues are listed for assessment and formulation of relevant	No difference

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons															
	Yes	No	Summary																
<u>explain”)</u>			risk management strategies as follows: <table><tr><th>Risk categories</th><th>Potential risks</th><th>Control strategies and measures</th></tr><tr><td rowspan="4">Financial risks</td><td rowspan="3">Interest rate changes</td><td>Budget planning on a weekly, monthly and annual basis to optimize funding tools and lower capital costs</td></tr><tr><td>Maintaining good relations with banks to obtain best interest rates by leveraging the Company’s healthy financials</td></tr><tr><td>Appropriate borrowing periods and floating/fixed interest rate structures to reduce interest rate risks</td></tr><tr><td rowspan="2">Exchange rate changes</td><td>Keeping an eye on exchange rates each day, to stay on top of the market information and adjust the schedule for export bill negotiations accordingly</td></tr><tr><td>Natural hedging of assets and liabilities denominated in foreign currencies and financing with receivables denominated in foreign currencies to mitigate exchange rate risks</td></tr><tr><td rowspan="2">Supply chain and raw materials risks</td><td rowspan="2">Components on procurement list out of production and disruption to raw materials supply</td><td>Business intelligence and development trends are collated so that technical and production functions can respond in advance.</td></tr><tr><td>Cautious and continuing development of alternative materials. Reduction of single supplier risks to mitigate the risk associated with the supplier’s cease of production or disruption</td></tr></table>	Risk categories	Potential risks	Control strategies and measures	Financial risks	Interest rate changes	Budget planning on a weekly, monthly and annual basis to optimize funding tools and lower capital costs	Maintaining good relations with banks to obtain best interest rates by leveraging the Company’s healthy financials	Appropriate borrowing periods and floating/fixed interest rate structures to reduce interest rate risks	Exchange rate changes	Keeping an eye on exchange rates each day, to stay on top of the market information and adjust the schedule for export bill negotiations accordingly	Natural hedging of assets and liabilities denominated in foreign currencies and financing with receivables denominated in foreign currencies to mitigate exchange rate risks	Supply chain and raw materials risks	Components on procurement list out of production and disruption to raw materials supply	Business intelligence and development trends are collated so that technical and production functions can respond in advance.	Cautious and continuing development of alternative materials. Reduction of single supplier risks to mitigate the risk associated with the supplier’s cease of production or disruption	
Risk categories	Potential risks	Control strategies and measures																	
Financial risks	Interest rate changes	Budget planning on a weekly, monthly and annual basis to optimize funding tools and lower capital costs																	
		Maintaining good relations with banks to obtain best interest rates by leveraging the Company’s healthy financials																	
		Appropriate borrowing periods and floating/fixed interest rate structures to reduce interest rate risks																	
	Exchange rate changes	Keeping an eye on exchange rates each day, to stay on top of the market information and adjust the schedule for export bill negotiations accordingly																	
Natural hedging of assets and liabilities denominated in foreign currencies and financing with receivables denominated in foreign currencies to mitigate exchange rate risks																			
Supply chain and raw materials risks	Components on procurement list out of production and disruption to raw materials supply	Business intelligence and development trends are collated so that technical and production functions can respond in advance.																	
		Cautious and continuing development of alternative materials. Reduction of single supplier risks to mitigate the risk associated with the supplier’s cease of production or disruption																	

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)					Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons	
	Yes	No	Summary				
						of suppliers.	
						Prioritization of local procurement and flexible response to production requirements.	
				Manageme nt risks	Personnel changes	Step-up in employee training and key technical personnel development, to avoid disruption of normal operations due to gap in technical talents Equal pay for equal work, greater transparency, enhanced inter-department interactions, higher corporate identification and lower staff turnover	
						Labor relations	
				Market risks	Imbalance of productio n and sales	Simulation of a range of production and sales scenarios with forecasts of expected orders, in order to dynamically coordinate production plans.	
					Responses to the product market	The Company plans to study the feasibility of reducing carbon emissions in response to the "Domestic Climate Change Act" and the EU's "Carbon Border Adjustment Mechanism (CBAM)" to achieve ESG goals and sustainable corporate operations.	

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)					Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons	
	Yes	No	Summary				
					Price fluctuations	China's economic recovery, led by the elimination of COVID-19 cases, and the changes in the Fed's policy, will cause a slight rebound in the copper price this year.	
				Climate change risks	Carbon emission control	Continuing management in energy efficiency and carbon reduction	
						The cross-function organizationdiscusses and identifies climate change related risks and opportunities	
						Management of consumption of electricity,fossil fueland gas-fired powered mix enhancement of resource utilization efficiency and cost saving	
				Environme nt, safety and health	Environm ent, safety and health	Enhancement of training and education in safety and health. Strengthening of occupational safety and health.	
						Continued drive of plans and implementation of automated inspection	
						Enhanced occupational safety and health management by implementing ISO 45001	
				Factory manageme nt risks	Respond to climate change risks, comply with environme ntal	1. Change to power-saving LED lighting in production areas to save energy and reduce carbon emissions. 2. Install solar photovoltaic systems on the roof of the plant 3. Continue the power-saving improvements to oxygen-free	

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)					Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary			
				protection regulation s, and move towards net zero carbon emissions	copper furnace as planned	
				The equipment in the 69kV substation is outdated, and the risk of unexpected power outage is increasing	Scheduled the upgrading of ABS, added HVD, seven DS, and PT during the planned maintenance period of the plant	
				Response to the greater risk of flooding due to increased typhoon intensity and extreme rainfall	Plan for the completion of dredging and remediation of internal drainage channels	
				The production environment in the optical	Overall planning of floor cleaning and partition production in the optic cable assembly area	

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)					Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary			
				cable assembly area is poor, and there are concerns about quality defects.		
				It is difficult to obtain original electrical control parts for old and obsolete equipment , and the risk of downtime for repairs increases	Plan to upgrade and replace eight old and obsolete pieces of production equipment	
			Cybersecu rity concerns	Security concerns with IT system	Continuing updates of cybersecurity equipment to protect, manage, monitor systems and network activities	
					Continuing data backups and deployment of redundancy mechanisms	
					Regular drills in disaster recovery	
					Continuing advocacy of the importance of cybersecurity, intellectual property and personal data backups and integrity	

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary	
			Please refer to the sustainability reports and the Company's website (Website: www.hegroup.com.tw/)	
III. Environmental issue				
(I) Does the Company establish environmental management systems suitable for its industrial characteristics?	✓		(1) Hua Eng Wire & Cable has established an environmental management system specific to its industry characteristics by following the ISO14001:2015 standard. The system has been accredited by the DQS and has passed annual reassessments.	No difference
(II) Does the company commit to improve energy efficiency and using recycled materials with low impact on the environment?	✓		(2) Design of 3R (reuse, reduce, recycle) process specific to industry characteristics Hua Eng Wire & Cable obtained the ISO 14001:2015 environmental management system certification in 2019. Since then, we have been driving waste classification, recovery and reduction, pollution control and continuous improvements. Improvement for energy efficiency of oxygen-free copper (OFC) furnaces is continued as planned. Traditional boilers running on fuels and energy inefficient are being replaced across the board with zero-emission liquid nitrogen. Old forklifts with high waste emissions are gradually being phased out.	No difference
(III) Does the Company assess the current and future risks and opportunities that climate change potentially brings to the Company and take measures in response to climate-related issues?	✓		(3) Hua Eng Wire & Cable introduced the Task Force on Climate-related Financial Disclosures (TCFD) framework to counter the effects of climate change. The Task Force on Climate-related Financial	No difference

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons								
	Yes	No	Summary									
			Disclosures (TCFD) framework assesses and discloses the potential risks and opportunities due to climate change. The purpose is to continue risk mitigation, enhance resilience and create sustainable development. <table> <tr> <th>Governance</th> <th>Strategy</th> <th>Risk management</th> <th>Metrics and targets</th> </tr> <tr> <td>Hua Eng Wire & Cable has established the Task Force for Energy Efficiency and Carbon Reduction Management. Main departments involved appointment members to take responsibility in regular meetings and reviews on energy consumption and carbon emissions.</td> <td>The cross-function organization discusses and identifies climate change related risks and opportunities, control the electricity dependence on fissile fuels and gas-fired power, enhances resource utilization efficiency and reduces costs.</td> <td>Use of the TCFD framework to construct the workflow of identifying the Company’s climate risks Integration with the ISO 14001 risk management process to identify climate related risks and create the opportunity to improve and address climate issues</td> <td>In line with the government' s "green energy carbon reduction" goal and other government policies, install solar photovoltaic systems and change to energy-savi ng LED lamps so as to achieve 10% carbon reduction by 2030 and net zero emissions by 2050</td> </tr> </table>	Governance	Strategy	Risk management	Metrics and targets	Hua Eng Wire & Cable has established the Task Force for Energy Efficiency and Carbon Reduction Management. Main departments involved appointment members to take responsibility in regular meetings and reviews on energy consumption and carbon emissions.	The cross-function organization discusses and identifies climate change related risks and opportunities, control the electricity dependence on fissile fuels and gas-fired power, enhances resource utilization efficiency and reduces costs.	Use of the TCFD framework to construct the workflow of identifying the Company’s climate risks Integration with the ISO 14001 risk management process to identify climate related risks and create the opportunity to improve and address climate issues	In line with the government' s "green energy carbon reduction" goal and other government policies, install solar photovoltaic systems and change to energy-savi ng LED lamps so as to achieve 10% carbon reduction by 2030 and net zero emissions by 2050	
Governance	Strategy	Risk management	Metrics and targets									
Hua Eng Wire & Cable has established the Task Force for Energy Efficiency and Carbon Reduction Management. Main departments involved appointment members to take responsibility in regular meetings and reviews on energy consumption and carbon emissions.	The cross-function organization discusses and identifies climate change related risks and opportunities, control the electricity dependence on fissile fuels and gas-fired power, enhances resource utilization efficiency and reduces costs.	Use of the TCFD framework to construct the workflow of identifying the Company’s climate risks Integration with the ISO 14001 risk management process to identify climate related risks and create the opportunity to improve and address climate issues	In line with the government' s "green energy carbon reduction" goal and other government policies, install solar photovoltaic systems and change to energy-savi ng LED lamps so as to achieve 10% carbon reduction by 2030 and net zero emissions by 2050									

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)				Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons																			
	Yes	No	Summary																					
(IV) Does the Company make statistics of its greenhouse gas emissions, water consumption and total waste weight during the previous two years and have policies for energy saving and carbon reduction, reduction of greenhouse gas emissions, reduction of water consumption, or management of other waste?	✓		<table><tr><td></td><td></td><td></td><td></td></tr></table>						No difference															
			Considering the impact of climate change and the resulting heavy precipitation in summer, the Company intends to initiate engineering works to connect water sewages and regular dredging at the factory in order to prevent disruption caused by flooding of rain on production machinery as part of review and improvement of the drainage system.																					
(4) The Company's water consumption and total waste weight are related to the actual number of orders and the output of our products. We save water, implement waste sorting, reuse water, and decrease waste every year. Hua Eng Wire & Cable has calculated its GHG emissions, water consumption and waste disposal during the past two years.																								
			<table><tr><td colspan="4">(1) GHG emissions</td></tr><tr><td></td><td>2021</td><td>2022</td><td colspan="2">2023</td></tr><tr><td>Total CO2e ton</td><td>16,631</td><td>16,863</td><td colspan="2">17,010</td></tr><tr><td>Production value: million</td><td>5,211</td><td>7,342</td><td colspan="2">7,115</td></tr></table>		(1) GHG emissions					2021	2022	2023		Total CO2e ton	16,631	16,863	17,010		Production value: million	5,211	7,342	7,115		
(1) GHG emissions																								
	2021	2022	2023																					
Total CO2e ton	16,631	16,863	17,010																					
Production value: million	5,211	7,342	7,115																					

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons											
	Yes	No	Summary												
			<table><tr><td>Emission intensity</td><td>3.19</td><td>2.3</td><td>2.2</td></tr></table> Note:GHG emission intensity = total GGHG emissions (tons) / production value (NT\$ m) (2) Water consumption Unit: million liters <table><tr><td></td><td>Consumption of running water</td></tr><tr><td>2021</td><td>21.918</td></tr><tr><td>2022</td><td>22.027</td></tr><tr><td>2023</td><td>19.6</td></tr></table> (3)Total waste weight	Emission intensity	3.19	2.3	2.2		Consumption of running water	2021	21.918	2022	22.027	2023	19.6
Emission intensity	3.19	2.3	2.2												
	Consumption of running water														
2021	21.918														
2022	22.027														
2023	19.6														

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary	
			environmental authorities. Waste processors are required to keep track of the destination of wastes. Audits are conducted to ensure that all wastes are legally and process treated or reused.	
IV. Social issue				
(I) Does the Company develop management policies and procedures in accordance with the relevant regulations and international human rights conventions?	✓		(1) Work rules are established and implemented, in accordance with labor laws and regulations promulgated by the government.	No difference
(II) Does the Company establish and implement reasonable employee benefit measures (including remuneration, leave and other benefits)? Is the business performance or results properly reflected in the remuneration for employees?	✓		(2) Wages and holiday rules are determined in accordance with the Labor Standards Act. Employee Welfare Committee is established to distribute benefit money according to laws and regulations, subsidies for weddings and funerals, scholarships for children, gift money for childbirths, travel subsidies and birthday benefits to employees. According to Article 3 of the Labor Health Protection Act, the Company employs a medical doctor to provide labor health services and a nurse to organize health services at the factory. The purpose is to create a friendly and healthy workplace for all employees. This also helps the employer and occupational safety and health personnel to implement measures to prevent diseases and improve the work environment.	No difference
(III) Does the Company provide a safe and healthy work	✓		(3) In 2023, 82 person-times (895 man-hours) were	No difference

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation_(Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary	
environment to its employees and provide them with safety and health education regularly?				
(IV) Does the Company have effective programs for development and training of employees' career skills?	✓		dispatched to participate in off-site occupational safety and environmental protection courses; and an annual employee health examination was conducted for 160 people. There were 0 fire incidents, 0 casualties, and 0% of casualties in the total number of employees in 2023 (4) To address its own needs, each unit within the Company proposes its own personnel development and training plan each year. This includes new hire orientation ,on-the-job training, and management skills. The purpose is to assist colleagues in learning at multiple fronts, enhance capabilities and continue to grow and develop. In 2023, a total of 133 classes were organized for 570 participants and 2,023 man-hours.	No difference
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and set policies to protect consumers' or <u>customers'</u> rights and consumer appeal procedures?	✓		(5)All of Hua Eng Wire & Cable's products are clearly labeled according to regulations or customers' requestswith company data, product information, product certification details such as(CNS,UL,product testing & certification by the Standards, Metrology & Inspection, RoHS (Restriction of Hazardous Substances Directive),) so that customers fully understand the supplier information and safety of product use. This facilitates appropriate measures to	No difference

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary	
(VI) Does the Company have a supplier management policy that requires suppliers to comply with regulations concerning environmental protection, occupational safety and health or labor rights? How is the implementation?	✓		process end-of-life product, to mitigate the environmental and social impact. The Company complies with the Personal Data Protection Act by establishing “Declaration for Personal Data Policy” as a management measure, to properly protect personal data and customers’ privacy. Hua Eng Wire & Cable has put in place Management Guidelines on Handling of Customers’ Complaints and Goods Returned, in accordance with the ISO 9001 quality management system. Procedures are implemented to protect customers’ rights and process complaints. Communication channels are established for stakeholders. Please visit Hua Eng Wire & Cable’s website →Corporate Sustainability→Communication with Stakeholders. http://www.hegroup.com.tw/index.php?option=module&lang=cht&task=pageinfo&id=142&index=4) (6) The Company will take an even more proactive attitude to supplier management by fully considering environmental, social and economic aspects and keeping a close eye on significant or potential risks across the supply chain. By exercising our influence, we also urge suppliers to cultivate concepts and management ability in sustainable development. This will foster a	No difference

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary	
			positive cycle in the industry. Since the end of 2018, the procurement unit has been requesting suppliers to sign a Letter of Commitment to Corporate Social Responsibility. A total of 203 suppliers have signed it to date. In 2021, 100% of new suppliers signed the commitment to corporate social responsibility. During the course of business and the process of production and manufacturing, it is necessary to abide by the clauses regarding labor health and safety, ethics and integrity, environmental protection and continuous improvements. It is also required to adhere to relevant domestic and overseas laws and standards on corporate social responsibility and ensure a safe work environment across the supply chain and respect and dignity to employees. In addition, companies must assume accountability in environmental protection, practice code of conduct and work together in corporate social responsibility. In addition to fulfilling our own corporate social responsibility, we also ask suppliers to honor their responsibility to society.	
V. Does the Company refer to international reporting rules or guidelines to publish the <u>Sustainability Report</u> to disclose non-financial information of the Company? Has the said Report acquired third-party verification or statement of assurance?	✓		(1) The Company prepared its 2023 sustainability report by adopting the core option of the GRI (Global Reporting Initiative) Standards and referring to the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies; (SASB) Sustainability	No difference

Three. Corporate Governance Report

2023 Annual Report

Evaluation item	Implementation (Note 1)			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and its reasons
	Yes	No	Summary	
			Accounting Standards Board standard; and TCFD (Climate-related Financial Disclosures) framework for information disclosure. (2) This report has not yet been verified by third parties.	
VI. If the Company has established its sustainable development code of practice according to “Listed Companies Sustainable Development Code of Practice,” please describe the operational status and differences: (1) In November 2018, the Board of Directors formulated and approved the Company’s Practical Guidelines on Corporate Social Responsibility. In May 2022, the Board of Directors approved the amendment to these guidelines and renamed it “Practical Guidelines on Sustainability,” to better fulfill corporate social responsibility. The Company regularly reviews the implementation of the guidelines in order to make improvements. There has been no implementation variation to date. (2) The Company has produced a sustainability report. Please refer to the Sustainability Report for details. The Company has prepared a Sustainability report. For the implementation, please refer to “Sustainability report” of the Company. No difference				
VII. Other important information to facilitate better understanding of the Company’s <u>implementation of sustainable development</u>: Please check the introduction and description of the Company's “CSR” online at http://www.hegroup.com.tw/.				

Note 1: If “Yes” is selected for the execution status, please specify the important policies, strategies and measures and implementations. status; if “No” is checked, please explain the difference and its reason in the column of “Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof” and describe the relevant policy, strategy and measure to be taken in the future. Regarding the initiatives (1) and (2), the TWSE/TPEX listed company should describe the governance and oversight framework for sustainable development, including but not limited to management guidelines, strategies, goal setting and review methods. Please describe the Company’s risk management policies or strategies and assessments of operational risks in environmental, social and corporate issues.

Note 2: Materiality principle means topics related to environment, social and corporate governance that have material impacts on the Company’s investors and other stakeholders.

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

Climate-related Information on TWSE/TPEX-listed Companies**1. Implementation of climate-related information**

<u>Item</u>	<u>Implementation status</u>								
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board and the management.	1. Given the increasingly significant impact of climate change on corporate operations and taking into account the importance of climate change to the Company's sustainable operations, the Board authorized the Company to establish its ESG team in 2021. This team is responsible for strategic planning and implementation management regarding risks and opportunities related to climate change, and reports the progress of its work and the results of implementation to the Board on a regular basis.								
2. Describe the effects of the identified climate risks and opportunities on the Company's business, strategy and finance (in the short-term, medium-term, and long-term).	2. The Company pays close attention to trends in global climate change and to the development of international responses, and includes climate change as one of the material topics and crucial risks for sustainable corporate development. It continues to conduct analysis and management to identify potential major risks and opportunities for operations. We have specified our goals and promote management actions for carbon reduction strategies; these risks and opportunities are summarized as follows: (1). Four risks <table><tr><th>Term</th><th>Risk</th><th>Impact</th><th>Countermeasures</th></tr><tr><td>Mid-to-long-term</td><td>1. Introduction of the carbon border tax 2. Imposition of carbon fees 3. Renewable Energy Development Act</td><td>Increased operating costs</td><td>1. Participate in domestic regulation seminars and training and continue to focus on domestic and international trends and developments (i.e., ESG, carbon neutrality, and carbon trading systems). 2. Plan to study the feasibility of reducing carbon emissions in response to the "Domestic Climate Change Act" and the EU's "Carbon Border Adjustment Mechanism"</td></tr></table>	Term	Risk	Impact	Countermeasures	Mid-to-long-term	1. Introduction of the carbon border tax 2. Imposition of carbon fees 3. Renewable Energy Development Act	Increased operating costs	1. Participate in domestic regulation seminars and training and continue to focus on domestic and international trends and developments (i.e., ESG, carbon neutrality, and carbon trading systems). 2. Plan to study the feasibility of reducing carbon emissions in response to the "Domestic Climate Change Act" and the EU's "Carbon Border Adjustment Mechanism"
Term	Risk	Impact	Countermeasures						
Mid-to-long-term	1. Introduction of the carbon border tax 2. Imposition of carbon fees 3. Renewable Energy Development Act	Increased operating costs	1. Participate in domestic regulation seminars and training and continue to focus on domestic and international trends and developments (i.e., ESG, carbon neutrality, and carbon trading systems). 2. Plan to study the feasibility of reducing carbon emissions in response to the "Domestic Climate Change Act" and the EU's "Carbon Border Adjustment Mechanism"						

<u>Item</u>	<u>Implementation status</u>				
					(CBAM)" to achieve the sustainable operation of ESG enterprises. 3. Conduct GHG inventory and prepare for investigation in accordance with the requirements of ISO 14064-1. 4. Continue to implement the ISO 14001 environmental management system to improve energy efficiency, conserve energy and reduce carbon emissions. 5. Change to power-saving LED lighting in production areas to save energy and reduce carbon emissions. 6. Install a solar photovoltaic system on the roof of the plant. 7. Continue implementing power-saving improvements to the oxygen-free copper furnace according to the plan.
		Short-to-mid-term	Flooding due to increased typhoon intensity and extreme rainfall	Increase in capital expenditure Decrease in operating income (interruption of production)	1. Establish an emergency response organization to respond immediately and reduce losses due to climate incidents. 2. Regularly check the pumps, set up emergency power generation and water storage systems, and regularly dredge drainage channels. 3. Strengthen contingency measures against typhoons to ensure stable

<u>Item</u>	<u>Implementation status</u>			
				production in the event of natural disasters. 4. Carry out the drainage channel reconstruction project at the plant to accelerate drainage speed of the plant and reduce the risk of flooding due to heavy rain.
	Short-to-mid-term	Water consumption charges	Increased operating costs	1. Continuously monitor water consumption for abnormalities and correct issues on a timely basis. 2. Ensure the integrity of water pipes and water circulation equipment in the plant to reduce waste. 3. Recycle and reuse process cooling water.
	Mid-to-long-term	Financial institutions may raise interest rates on loans offered to high-carbon industries	Increased green energy and environmental protection transition costs for industry	Actively participate in domestic and foreign energy conservation and carbon reduction initiatives, promote various carbon reduction measures in line with national policies, and improve goodwill
	(2). Four opportunities			
	Term	Opportunity	Impact	Countermeasures
	Mid-to-long-term	Develop and promote low-carbon products	Reduce operating costs and increase operating	1. Recycle and reuse packaging materials (used ironwood shafts and sealing plates). 2. In line with market trends, develop low-smoke, non-toxic,

<u>Item</u>	<u>Implementation status</u>			
				income environmentally friendly wires and cables, and solar cables (IEC 62930, EN50618, and UL 4703).
		Mid-to-long-term	Actively participate in domestic and foreign energy conservation and carbon reduction initiatives, promote various carbon reduction measures in line with national policies, and improve goodwill	Increase in operating income Actively participate in international sustainability evaluations (e.g., CDP) and continue to refine ESG-related sustainability strategies and, in turn, increase market recognition.
		Mid-to-long-term	Green procurement and supplier management	Support low-carbon operations, improve goodwill, and reduce operating costs through green procurement and supplier management. Hua Eng's procurement policy is committed to the principles of "green procurement" and "energy-saving and carbon reduction," and the Company strives to align with relevant green, energy-saving and carbon reduction guidelines since 2018. It has promoted the "Commitment for Compliance with CSR" with suppliers to continue to implement procurement policies that are favorable and friendly to the environment and focus on the impact of hazardous chemicals on the environment. Plastic product suppliers are required to provide a "Substance

<u>Item</u>	<u>Implementation status</u>			
3. Describe the financial impact of extreme climate events and transition actions.				Safety Data Form” to strictly control the use of hazardous substances and prevent environmental pollution.
	Long-term	Natural disaster crisis management and prevention	Formulate and ensure the effectiveness of measures for adaptation and stable production, increase customer trust, and reduce operating losses	The Company has UPS, backup servers, emergency generators, and other backup systems in place, and it regularly carries out disaster response measures to ensure that equipment continues to operate normally in the event of a crisis.
	3. (1) For financial impacts of extreme weather (business interruption or flooding caused by extreme weather that result in operating losses) and transition actions (costs to respond to carbon reduction policies and regulations, transition costs from moving to green energy and undertaking environmental protection measures, and impact on the Company’s reputation due to industrial pollution), please see the description in the above item 2 for details. (2) The Company will continue to reduce the impact of climate risk factors on its operations through the ESG team. In addition, the Company will re-evaluate its risk tolerance and asset risk pricing based on scenario analysis results and measure possible business, strategic, and financial impacts on Hua Eng Wire & Cable Co., Ltd. (3) Properly manage extreme weather events and risks associated with the transition to a low-carbon economy, incorporate climate change risks into operational decision-making, identify and			

<u>Item</u>	<u>Implementation status</u>										
4. Describe the methods used for the integration of the identification, assessment, and management procedures of climate risks with the overall risk management system.	manage risks while facing the crises of global warming and resource depletion, and implement mitigation and adaptation measures to fully respond to developments in energy-saving and carbon reduction. 4. Based on a complete risk management framework that covers operational risks, legal and compliance risks, and environmental (including climate) risks, the Company takes environmental (E), social (S), and governance (G) aspects into consideration. The Company's risk management policy includes environmental (including climate) risks, demonstrating that the Company deems climate change to be a strategic operating risk and is taking measures to identify and manage related issues. The Company's climate risk management procedures are divided into four major steps; risk identification, assessment, management, and monitoring. These are described as follows: <table data-bbox="784 654 1939 1374"> <tr> <th data-bbox="784 654 985 730">Management procedure</th><th data-bbox="985 654 1939 730">Content</th></tr> <tr> <td data-bbox="784 730 985 957">Risk identification</td><td data-bbox="985 730 1939 957"> (1). Identify climate risks and opportunities each year, in line with the Company's ESG schedule. (2). All departments of the Company work together with the ESG Team to carry out the overall risk identification and integration process. (3). Refer to climate risk reports from both domestic and foreign institutions. </td></tr> <tr> <td data-bbox="784 957 985 1184">Risk assessment</td><td data-bbox="985 957 1939 1184"> (1). The Company evaluates the impact and the level of effects of various risks based on business characteristics (finance, supply chain, management, business markets, climate change, environmental safety and health, plant management, and information security). (2) The measurement scope includes the impact path, impact time, geographical scope, and financial impact. </td></tr> <tr> <td data-bbox="784 1184 985 1260">Risk management</td><td data-bbox="985 1184 1939 1260">Assess the importance and urgency of the impact of identified risk factors in order to prioritize and formulate control strategies and practices.</td></tr> <tr> <td data-bbox="784 1260 985 1374">Risk monitoring</td><td data-bbox="985 1260 1939 1374">Based on the results of the risk assessment, the audit unit formulates and executes audit plans to implement a supervisory system and control the management of various risks</td></tr> </table>	Management procedure	Content	Risk identification	(1). Identify climate risks and opportunities each year, in line with the Company's ESG schedule. (2). All departments of the Company work together with the ESG Team to carry out the overall risk identification and integration process. (3). Refer to climate risk reports from both domestic and foreign institutions.	Risk assessment	(1). The Company evaluates the impact and the level of effects of various risks based on business characteristics (finance, supply chain, management, business markets, climate change, environmental safety and health, plant management, and information security). (2) The measurement scope includes the impact path, impact time, geographical scope, and financial impact.	Risk management	Assess the importance and urgency of the impact of identified risk factors in order to prioritize and formulate control strategies and practices.	Risk monitoring	Based on the results of the risk assessment, the audit unit formulates and executes audit plans to implement a supervisory system and control the management of various risks
Management procedure	Content										
Risk identification	(1). Identify climate risks and opportunities each year, in line with the Company's ESG schedule. (2). All departments of the Company work together with the ESG Team to carry out the overall risk identification and integration process. (3). Refer to climate risk reports from both domestic and foreign institutions.										
Risk assessment	(1). The Company evaluates the impact and the level of effects of various risks based on business characteristics (finance, supply chain, management, business markets, climate change, environmental safety and health, plant management, and information security). (2) The measurement scope includes the impact path, impact time, geographical scope, and financial impact.										
Risk management	Assess the importance and urgency of the impact of identified risk factors in order to prioritize and formulate control strategies and practices.										
Risk monitoring	Based on the results of the risk assessment, the audit unit formulates and executes audit plans to implement a supervisory system and control the management of various risks										

<u>Item</u>	<u>Implementation status</u>
5. If a scenario analysis is used to evaluate resilience in the face of climate change risks, the scenarios, parameters, assumptions, analysis factors used, and the main financial impacts shall be described. 6. If there is a transition plan in response to the management of climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated. 8. If climate-related goals are set, the	5. (1) Considering the impact of climate change risks on its operations, Hua Eng has introduced the Task Force on Climate-related Financial Disclosures (TCFD) framework to carry out the inventory and disclosure of management of climate change risks and opportunities. Based on the four major aspects, including "governance," "strategy," "risk management," and "indicators and targets," the Company has built its management framework for responding to climate risks, identified risks and opportunities related to climate change, and adopted relevant response strategies to reduce and mitigate the substantial impact of climate risks on the Company's operations. (2) Currently, the Company does not use scenario analysis to evaluate and analyze financial impacts related to climate at different points of time and in different scenarios. 6. In accordance with the Company's low-carbon operation management indicators and targets, the Company is on track to achieve carbon reductions of 10% by 2030 and expects to reach net zero by 2050, based on the ratio of GHG emissions (Scope 1 and Scope 2) and renewable energy used. The implementation is as follows; (1). GHG emissions (Scope 1 and Scope 2) In 2023, carbon emissions were 15,680 tCO₂e/year, representing a 9.96% reduction from the preceding year; the Company will continue to move towards the target of net zero carbon emission by 2050. (2) Utilization of renewable energy The plan is to install a 780kW solar photovoltaic system, which is expected to generate 929,400 kWh of power per year for self-use. In addition, the Company switched to using 379 energy-saving LED lamps in 2023, which can save 397,950 kWh of power per year. This reflects our continued cooperation with the government's "green energy and carbon reduction" policy. 7. None

Three. Corporate Governance Report

2023 Annual Report

<u>Item</u>	<u>Implementation status</u>
activities covered, the scope of GHG emissions, the planning period, and the progress attained in each year shall be described; if carbon offsets or renewable energy certificates (RECs) were used to achieve the goals, the source and quantity of carbon reduction credits or quantity of RECs for which they are exchanged shall be described. 9. GHG inventory and assurance status, as well as reduction targets, strategies and substantial action plans (otherwise, please fill in 1-1 and 1-2).	8. (1). The goal of this stage is to reduce carbon by 10% by 2030 and to continue to strive towards the goal of net zero carbon emissions by 2050. We are installing solar photovoltaic systems, changing to energy-saving LED lamps, and carrying out process energy-saving improvements. (2) For the activities implemented in 2023, please refer to the description of the abovementioned Item 6.(2). 9. The Company expects to complete its GHG inventory by 2025 and gain certification of GHG inventory by 2027.

1-1-1. Greenhouse gas inventory

(Describe the GHG emission (tCO₂e), intensity (tCO₂e/NT\$ million) and data coverage in the most recent two years.)

Not applicable. According to the schedule in the Company's Sustainable Development Roadmap, it shall disclose information on the GHG inventory of the parent company in the 2024 annual report.

Note 1: Direct emissions (Scope 1, directly from emission sources owned or controlled by the Company), indirect energy emissions (Scope 2, indirect GHG emissions from imported electricity, heat or steam), and other indirect emissions (Scope 3, emissions generated from corporate activities that are not indirect energy emissions but from sources owned or controlled by other companies).

Note 2: The data coverage of direct emissions and indirect energy emissions shall be handled in accordance with the schedule prescribed in paragraph 2, Article 10 of the Principles. Information on other indirect emissions may be disclosed voluntarily.

Note 3: GHG inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of GHG emissions can be calculated based on per unit product/service or turnover; however, at a minimum, the data calculated based on turnover (NT\$ million) shall be stated.

1-1-2. GHG assurance

(Describes the assurance situation for the most recent two years and up to the publication date of the annual report, including the scope of assurance, assurance institution, assurance standard, and assurance opinion.)

Not applicable. According to the schedule under the Company's Sustainable Development Roadmap, it shall disclose information on GHG inventory and assurance of the parent company in the 2026 annual report.

Note 1: The process shall be conducted in accordance with the schedule specified in paragraph 2, Article 10 of the Principles. If the Company has not obtained the full GHG assurance opinion before the publication date of the annual report, it is necessary to indicate that "complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall state that "complete assurance information will be disclosed on the Market Observation Post System" and disclose the complete assurance information in the annual report of the following year.

Note 2: An assurance institution shall comply with requirements related to the assurance institutions on sustainability reports established by TWSE and TPEX.

Note 3: For the disclosure content, please refer to the samples of best practice principles on the website of the Corporate Governance Center, TWSE.

1-2 GHG reduction target, strategy, and substantial action plans

(Describe the GHG reduction base year and its data, reduction targets, strategies and substantial action plans, and the achievement status of reduction targets.)

Not applicable. According to the schedule under the Company's Sustainable Development Roadmap, the GHG reduction target, strategy, and substantial action plan for 2026 shall be disclosed in the 2025 annual report.

Note 1: It shall be processed in accordance with the schedule prescribed in paragraph 2, Article 10 of the Principles.

Note 2: The base year shall be the year that the inspection is completed based on the boundary of the consolidated financial statements. For example, pursuant to paragraph 2, Article 10 of the Principles, a company with a capital of more than 10 billion shall have completed the inventory of its 2024 consolidated financial statements by 2025; therefore, the base year is 2024. If the Company has completed the inventory of its consolidated financial statements ahead of schedule, the earlier year can be adopted as the base year, and the data of the base year can be calculated by a single year or the average of several years.

Note 3: For the disclosure content, please refer to the samples of best practice principles on the website of the Corporate Governance Center, TWSE.

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

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

Evaluation item	Implementation (Note 1)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary	
I. Establishment of ethical management policies and programs	✓		(1) To observe laws and regulations and follow ethical standards, in addition to complying with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, etc., we have established our ethical management principles adopted by the Board of Directors, formulated and implemented ethical requirements and policies with our management philosophies of integrity and honesty, fairness and transparency, self-discipline and responsibility, and created good corporate governance and risk control mechanisms to achieve sustainable development.	No difference
(I) Does the Company establish ethical management policies adopted by the Board of Directors? Does the Company clearly specify, in its regulations and external documents, the ethical management policies and practice and the commitment of the Board of Directors and the management to rigorous and thorough implementation of those policies?				
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion of the prevention measures against each behavior specified in Article 7 Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for	✓		(2) We have established work rules, discipline rules, ethical management principles and relevant management operations to prevent unethical conduct. We have rules regulating employees' conduct and ethics. For personnel holding posts related to the Company's business, procurement, storage of finished products, or supervision, they are reviewed with the internal control and audit system to prevent	No difference

Three. Corporate Governance Report

2023 Annual Report

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

Three. Corporate Governance Report

2023 Annual Report

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

Three. Corporate Governance Report

2023 Annual Report

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

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

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

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

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

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

Title	Name	Training date		Organizer	Course title	Training hours
		Commencement	Conclusion			
Deputy General Manager	Liu Hsiu-Mei	2023/06/06	2023/06/06	Securities & Futures Institute	Understanding and Application of Credit Rating	3
		2023/08/11	2023/08/11	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and AI	3
		2023/11/10	2023/11/10	Taiwan Corporate Governance Association	ESG Trends and Pandemic: Discussion on Global and Taiwanese Tax System Reform and Corporate Tax Governance	3
		2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-Disciplinary Management Practices for Net Zero Carbon Emissions	3
Manager (Corporate Governance Manager)	Lu Hsiu-Ying	2023/04/10	2023/04/10	Taiwan Investor Relations Institute	2023 KPMG Leadership Academy Forum - Business Opportunities and Challenges in the Net Zero Trend	3
		2023/06/09	2023/06/09	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3
		2023/10/20	2023/10/20	Securities & Futures Institute	2023 Insider Trading Prevention Conference	3
		2023/11/22	2023/11/22	Securities & Futures Institute	2023 Insider Equity Transaction Legal Compliance Promotion Seminar	3
Manager (Accounting Manager)	Wu Chia-Yu	2023/08/14	2023/08/15	Accounting Research and Development Foundation	Continuing Training Course for Issuing Broker Stock Exchange Accounting Supervisors	12
Audit Director	You Bao-Cing	2023/11/28	2023/11/28	Internal Audit Association of the Republic of China	How Do Auditors Detect Fraud in Financial Statements	6
		2023/12/19	2023/12/19	Internal Audit Association of the Republic of China	Reading, Analysis and Application of Financial Statements	6

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

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

3. Establishment of code of ethical conduct for employees:

(1) The Company adopted the "Work Rules" for its employees in accordance with relevant regulations, which is enacted after the approval of the board of

directors to regulate employee behaviors.

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

4. Formulation of procedures for handling internal material information:

- (1) On November 7, 2022, the Company formulated and implemented “Procedures of Handling Internal Material Information” upon approval from the Board of Directors.
- (2) Handling and disclosure of internal material information are prescribed in the Company’s internal control system – rules for insider trading prevention. Any public information filing shall be first authorized by responsible supervisor and controlled and uploaded by dedicated personnel who has the “certification software” installed in his/her computer along with the encryption key.
- (3) A spokesperson system has been established. When the Company has material information to be made public, the Company’s responsible person, spokesperson or deputy spokesperson shall be responsible to make external statements in a unified manner.

(IX) Implementation of the internal control system:

1. Statement on the internal control system

2023 Internal Control System Statement

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

Hua Eng Wire & Cable Co., Ltd. Internal Control System Statement		Date: March 4, 2024
Based on the self-assessment of Company's internal control system for year 2023, we declare that:		
I. The establishment, implementation and maintenance of an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system, designed to provide reasonable assurance with respect to the effectiveness and efficiency of business operations (including profitability, performance and safeguarding of assets) and accomplishment of the goals of reliable, timely and transparent reporting and compliance with relevant rules and regulations. II. An internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to the accomplishment of the above goals. Furthermore, because of changing conditions and circumstances, the effectiveness of an internal control system may vary over time. Notwithstanding, the internal control system of the Company contains self-oversight mechanisms, and actions are taken to correct deficiencies as they are identified. III. The Company examined the effectiveness of the design and implementation of its internal control system according to the criteria prescribed in the "Regulations Governing Establishment of Internal Control Systems by Public Companies " (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations. IV. The Company has evaluated the effectiveness of the design and implementation of its internal control system in accordance with the above criteria. V. Based on the assessment results of preceding paragraph, the Company believes that, on December 31, 2023, the design and implementation of its internal control system (that includes the supervision and management of its subsidiaries), including the understanding of the effectiveness and efficiency of operations, the degree of achieving the goals, reliable, timely and transparent reporting and compliance with relevant rules and regulations, are effective and can provide reasonable assurance with respect to the accomplishment of the above goals. VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any false representation, concealment, or other illegality in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171, and 174 of the Securities and Exchange Law. VII. This Statement has been unanimously approved by 7 attended directors in the Board of Directors meeting held on March 4, 2024.		
Hua Eng Wire & Cable Co., Ltd. Chairman: signature		
General Manager: signature		

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

- (X) Any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the annual report publication date, the main shortcomings, and the condition of improvement: None.
- (XI) Material resolutions made by the shareholders' meeting and the Board of Directors in the most recent year up to the publication date of the annual report:

1. Material resolutions of the shareholders' meeting

Date	Meeting type	Material resolution	Implementation
2023.06.21	2023 General meeting of shareholders	1. Acknowledgment of motion for 2022 business report and financial statements.	Approved the motion for 2022 business report and financial statements. Announcement of resolutions on the day of the shareholders' meeting.
		2. Acknowledgment of motion for the Company's 2022 earnings appropriation.	Executed as proposed, the Chairman was authorized to set July 18, 2023 as the dividend distribution base date and distribute cash dividends (NTD 0.4 per share) from August 16, 2023.
		3. Approved the motion for amendment to the Company's "Procedures for Election of Directors".	After the approval by the Shareholders' Meeting in 2023, it will be announced on the Company's website and handled in accordance with the revised procedures.

2. Material resolutions of the Board of Directors

Date	Meeting type	Material resolution
2023.03.06	18th Session of the 24th Board of Directors	- Approval of the distribution of employees' remuneration and directors' remuneration for 2022. - Approval of 2022 business report, parent company only financial statements and consolidated financial statements. - Approval of the earnings distribution for 2022. - Approval of the proposal to re-elect directors (including independent directors). - Approval of the removal of non-compete restrictions on the Company's new directors or their representatives. - Approval of amendment to the Company's Rules of Procedure for Election of Directors. - Approval for convening of the 2023 shareholders' meeting. - Approval of the Company's 2023 business budget.

Date	Meeting type	Material resolution
		9. Approval of the issued 2021 Statement of Internal Control Systems. 10. Approval of the appointment and remuneration of certified public accountants who audit the Company's 2023 financial reports. 11. Approval of change of the public certified accountants who audit the Company's financial statements as part of the internal rotation of the accounting firm. 12. Approval of the assessment on the independence and the suitability of the certified public accountants who audit the financial reports. 13. Approval of the Company's key personnel change. 14. Approval of the Company's limits on sales to other companies. 15. Approval of the proposal for the Company to apply to financial institutions for credit facilities.
2023.05.10	19th Session of the 24th Board of Directors	1. Approval of the Company's consolidated financial statements for the first quarter of 2023. 2. Nomination of candidates for the 25th session directors (including independent directors) were passed. 3. Approved the formulation of the general principles for pre-approved non-assurance service policies. 4. 4. Approved the amendment to the "internal control system" of the Company.
2023.06.21	1st Session of the 25th Board of Directors	1. Approved the motion for election of the Chairman of the Board.
2023.08.07	2nd Session of the 25th Board of Directors	1. Approved the motion for the Company's consolidated financial statements for 2023 Q2. 2. Approved the motion for appointment of the members of the Remuneration Committee. 3. Approved the motion for amendment to the Company's "Internal Control System for Stock Operations". 4. Approved the motion for application for an increase in financing limit from financial institutions.
2023.09.08	3rd Session of the 25th Board of Directors	1. Approved the motion for appointment of the Company's general manager. 2. Approved the motion for appointment of the Company's deputy general manager.

Date	Meeting type	Material resolution
2023.11.06	4th Session of the 25th Board of Directors	1. Approved the motion for the Company's consolidated financial statements for 2023 Q3. 2. Approved the motion for the 2024 audit plan. 3. Approved the motion for the 2024 share trading quota. 4. Approved the motion for appointment of a consultant for 2024. 5. Approved the motion for the Company's application for an increase in financing limit from financial institutions. 6. Approved the motion for the purchase of additional equipment for the Company's Kaonan Plant. 7. Approved the motion for amendment to the "Summary Table of the Division of Duties of Each Unit's Supervisor". 8. Approved the motion for changes to important personnel. 9. Approved the motion for review of various remunerations for the Company's directors. 10. Approved the motion for the review of the policy, system, standard, structure and performance evaluation method of remuneration to the Company's managers. 11. Approved the motion for employee salary adjustment of the Company.
2024.03.04	5th Session of the 25th Board of Directors	1. Approved the proposal for the distribution of remuneration of employees and Directors for 2023 2. Approved the 2023 business report, parent company only financial statements, and consolidated financial statements. 3. Approved the proposal for earnings distribution for 2023. 4. Approved the proposal for changes to the Articles of Incorporation. 5. Approved the proposal for convening the 2024 annual shareholders' meeting. 6. Approved the proposal for the operating budget in 2024. 7. Approved the proposal for the issuance of the 2023 "Statement of Internal Control System." 8. Approved the proposal for the appointment and remuneration of CPAs in 2024. 9. Approved the proposal for the independence and competence assessment of CPAs for financial statements. 10. Approved the proposal for the sales limit to a company. 11. Approved the proposal for the application of financing limit with a financial institution.
2024.05.06	6th Session of the 25th Board of Directors	1. Approved the motion for the Company's consolidated financial statements for of 2024. 2. Approved the motion for the Company to sell the land located in Neiwei Section, Gushan District, and Kaohsiung City.

- (XII) Any opinions raised by directors or supervisors against the major resolutions of the Board of Directors and included in records or stated in writing in the most recent year up to the publication date of the annual report: None.
- (XIII) Resignation or dismissal of the Company's chairman, general manager, accounting supervisor, financial officer, chief internal auditor, corporate governance supervisor, and R&D supervisor in the most recent year up to the publication date of the annual report:

Resignation and Dismissal of Personnel Related to the Company

April 15, 2024

Title	Name	Date assumed office	Date dismissed from office	Reasons for resignation or dismissal
General Manager	Fang Wu-Nan	August 1, 2007	August 28, 2023	Passed away

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

V. Information on CPA fees:

CPA Audit Fees

Currency unit: NTD thousand

Accounting firm	Name of CPA	CPA's audit period	Audit Fee	Non-audit fee	Total	Remark
KPMG Taiwan	Chen Yung-Hsiang, Su Yen-Ta	From January 1, 2023 to December 31, 2023	1,640	425	2,065	Tax compliance audit and assurance services

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

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

VI. Information on replacement of CPA:

Due to the internal job rotation of the CPA firm, the CPAs for financial statements have been changed from Hsu Chen-Lung, Chen Yung-Hsiang, to Chen Yung-Hsiang and Su Yen-Ta since the first quarter of 2023.

(I) Information about former CPAs: Not applicable.

(II) Information about succeeding CPAs: Not applicable.

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

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

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

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

Title	Name	2022		Current year, as of April 15, 2024. (The book closure date for the shareholders' meeting)	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	First Copper Technology Co., Ltd. (Major shareholder)	0	0	0	0
	Representative: Wang Hong-Ren	0	0	0	0
Director (2 seats)	Mei-Da Co., Ltd.	0	0	0	0
	Representative: Wang Yu-Fa	(11,089,162)	0	0	0
	Representative: Wang Wen-Ling	0	0	0	0
Director	First Copper Technology Co., Ltd. (Major shareholder)	0	0	0	0
	Representative: Yang Ming-Shan	0	0	0	0
Independent Director	Wu Tong-Shung	0	0	0	0
Independent Director	Chang Jinn-Der	0	0	0	0
Independent Director	Sun Chin-Feng	0	0	0	0
General Manager	Huang Hua-Chih	0	0	0	0
Factory Director	Chen Kun-Chin	0	0	0	0
Deputy General Manager	Liu Hsiu-Mei	0	0	0	0
Deputy Factory Director	Li Hsien-Chang	0	0	0	0
Manager	Wang Yun-Ming	0	0	0	0
Manager	Yang Jen-Cheng	0	0	0	0

Title	Name	2022		Current year, as of April 15, 2024. (The book closure date for the shareholders' meeting)	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Manager	Lin Tseng-Mao	0	0	0	0
Manager	Chen Chien-An	0	0	0	0
Manager	Chen Yung-Fu	0	0	0	0
Manager	Tsai Shang-Huan	0	0	0	0
Manager	Hung Chueh-Chien	0	0	0	0
Manager	He Chi-Mei	0	0	0	0
Manager	Lu Hsiu-Ying	0	0	0	0
Manager	Hsu Shou-An	0	0	0	0
Manager	Wu Chia-Yu	0	0	0	0
Manager	Chiang Huan-Lan	0	0	0	0

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

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

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

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

Information about the Relationships among the Top Ten Shareholders

Unit: Shares

Name (Note 1)	Shares held by the shareholder		Shares held by spouse and minor children		Total shares held in the names of others		The title or name and relation in case of the top ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship. (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
First Copper Technology Co., Ltd. Chairman: Wang Hung-Ren	208,569,277	32.96%	—	—	—	—	Wang Yu-Fa, Wang-Yang Pi-O Wang Feng-Shu, Wang Wen-Ling Wang Hung-Ming	Relative within the second degree of kinship	
	13,419,455	2.12%	—	—	—	—			
Hua Horng Investment Co., Ltd. Chairman: Wang Yu-Fa	46,738,000	7.38%	—	—	—	—	Wang-Yang Pi-O Wang Feng-Shu, Wang Wen-Ling, Wang Hung-Ren, Wang Hung-Min	Relative within the second degree of kinship	
	0	0%	33,147,094	5.24%	—	—			
Wang-Yang Pi-O	33,147,094	5.24%	0	0%	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd.	Chairman is a relative within the second degree of kinship	
							Wang Yu-Fa, Wang Wen-Ling Wang Feng-Shu, Wang Hung-Ren Wang Hung-Ming	Relative within the second degree of kinship	
Wang Feng-Shu	16,137,781	2.55%	—	—	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd.	Director Chairman is a relative within the second degree of kinship	

Three. Corporate Governance Report

2023 Annual Report

							Wang Yu-Fa, Wang-Yang Pi-O Wang Wen-Ling, Wang Hung-Ren Wang Hung-Ming	Relative within the second degree of kinship	
Wang Wen-Ling	13,941,804	2.20%	2,362,021	0.37%	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd.	Chairman is a relative within the second degree of kinship	
							Wang Yu-Fa, Wang-Yang Pi-O Wang Feng-Shu, Wang Hung-Ren Wang Hung-Ming	Relative within the second degree of kinship	
Wang Hung-Ren	13,419,455	2.12%	—	—	—	—	First Copper Technology Co., Ltd Hua Horng Investment Co., Ltd.	Director Chairman is a relative within the second degree of kinship	
							Wang Yu-Fa, Wang-Yang Pi-O Wang Wen-Ling, Wang Feng-Shu Wang Hung-Ming	Relative within the second degree of kinship	
Wang Hung-Ming	9,250,905	1.46%	—	—	—	—	First Copper Technology Co., Ltd, Hua Horng Investment Co., Ltd.	Chairman is a relative within the second degree of kinship	
							Wang Yu-Fa, Wang-Yang Pi-O Wang Wen-Ling, Wang Feng-Shu Wang Hung-Ren,	Relative within the second degree of kinship	
JPMorgan in Custody of JPMorgan Securities Account	7,424,000	1.17%					None	None	
Chen Kun-Jung	5,083,462	0.80%	—	—	—	—	None	None	

Three. Corporate Governance Report

2023 Annual Report

Citibank in custody for UBS Europe SE Investment Account	4,921,722	0.78%	—	—	—	—	None	None	

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

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

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

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

Consolidated Shareholding Ratio

Date: March 31, 2024; Unit: Shares; %

Investee (Note)	The Company's investment		Investment by directors, supervisors, and managerial officers, or by directly or indirectly controlled enterprises		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
First Copper Technology Co., Ltd.	141,818,196	39.44%	577,253	0.16%	142,395,449	39.60%
Hua Ho Engineering Co., Ltd.	1,726,000	49.31%	10,000	0.29%	1,736,000	49.60%
China Ecotek Corporation	11,843,730	9.57%	0	0.00%	11,843,730	9.57%
Wafer Works Corporation	5,699,013	1.05%	0	0.00%	5,699,013	1.05%
Far EasTone Telecommunications Co., Ltd.	8,292,187	0.23%	0	0.00%	8,292,187	0.23%
Savior Lifetec Corporation	3,496,402	1.10%	0	0.00%	3,496,402	1.10%
Bionime Corporation	7,004,900	11.49%	0	0.00%	7,004,900	11.49%
Co-Tech Development Corp.	7,812,375	3.09%	0	0.00%	7,812,375	3.09%
Pixon Technologies Corporation	2,281,200	9.31%	0	0.00%	2,281,200	9.31%
International United Technology Co., Ltd.	987,354	6.04%	0	0.00%	987,354	6.04%

Note: It constitutes the Company's primary investment.

I. Capital and share

(I) Equity capital sources

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

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

Type of shares

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

Information concerning the collective filing system: Not applicable.

(II) Shareholder structure

Unit: Shares / Book closure date for the shareholders' meeting, April 15, 2024

Shareholder structure Quantity	Government Agency	Financial Institution	Other Juristic Person	Individual	Foreign institution and foreigner	Total
Number of shareholders	0	14	66	58,237	92	58,409
Number of shares held	0	2,316,309	266,319,114	319,112,647	45,025,436	632,773,506
Shareholding ratio	0%	0.36%	42.09%	50.43%	7.12%	100.00%

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

(III) Distribution of equity

Distribution of common shares

Book closure date for the shareholders' meeting, April 15, 2024

Range of shareholding	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	21,322	4,575,644	0.72%
1,000 to 5,000	29,851	60,809,495	9.61%
5,001 to 10,000	4,045	32,813,526	5.19%
10,001 to 15,000	1,003	12,765,844	2.02%
15,001 to 20,000	763	14,325,986	2.26%
20,001 to 30,000	569	14,784,873	2.34%
<u>30,001 to 40,000</u>	228	8,343,724	1.32%
<u>40,001 to 50,000</u>	172	8,206,906	1.30%
50,001 to 100,000	236	17,250,531	2.73%
100,001 to 200,000	98	13,492,308	2.13%
200,001 to 400,000	54	15,838,526	2.50%
400,001 to 600,000	18	8,911,886	1.41%
600,001 to 800,000	10	6,719,586	1.06%
800,001 to 1,000,000	5	4,411,565	0.70%
1,000,001 or more	35	409,523,106	64.71%
Total	58,409	632,773,506	100.00%

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

(IV) List of major shareholders

Book closure date for the shareholders' meeting, April 15, 2024

Shares Name of major shareholder	Number of shares held	Shareholding ratio
First Copper Technology Co., Ltd.	208,569,277	32.96%
Hua Horng Investment Co., Ltd.	46,738,000	7.39%
Wang-Yang Pi-O	33,147,094	5.24%

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

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

Year		2023	2022	Current fiscal year up to the annual report publication date (Note 8)
Market price per share (Note 1)	Highest	25.05	24.25	17.30
	Lowest	13.45	11.45	13.45
	Average	21.11	19.06	15.55
Net value per share (Note 2)	Before distribution	12.13	11.00	11.58
	After distribution	—	17.60	
Earnings per share	Weighted average number of shares (Note 9)	424,209,682	424,209,682	424,209,682
	Earnings per share (Note 3)	2.23	(0.09)	0.69
Dividend per share	Cash dividend	1.0	0.40	—
	Stock dividends	—	—	—
		—	—	—
	Accumulated unpaid dividends (Note 4)	0	0	—
Analysis of return on investment	P/E ratio (Note 5)	9.46	(211.77)	—
	P/D ratio (Note 6)	21.11	47.65	—
	Cash dividend yield (Note 7)	4.74%	2.10%	—

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

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

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

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

- Note 4: If the conditions for issuing equity securities stipulate that the dividends not paid in the current year may accumulate until the year when there is a profit, the unpaid dividends accumulated until the current year shall be disclosed separately.
- Note 5: P/E ratio = Average closing price per share in the year/earnings per share.
- Note 6: P/E ratio = Average closing price per share in the year/cash dividend per share.
- Note 7: Cash dividend yield = Cash dividend per share/average closing price per share in the year.
- Note 8: The net value per share and earnings per share columns should be filled in with the data verified (reviewed) by CPAs up to the publication date of the annual report in the most recent quarter; the remaining columns should be filled in with the data of the current year up to the publication date of the annual report.
- Note 9: The weighted averages of outstanding shares, from which the Company's shares held by its subsidiaries deemed as treasury stocks were deducted, in 2023, 2022 and the first quarter of 2024 was 208,563,824 shares, 208,563,824 shares and 208,563,824 shares, respectively.

(VI) The Company's dividend policy and implementation

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

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

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

2. Dividend distribution proposed at the shareholders' meeting:

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

3. In order to consider the actual operation of the dividend policy, the Company intends to add the wording of Article 43 of the Articles of Incorporation as follows: "However, if the cumulative earnings available for distribution is less than 2% of the paid-in capital, the distribution may not be distributed." The proposal was approved by the Board of Directors on March 4, 2024, and submitted to the 2024 annual shareholders' meeting for discussion.

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

Not applicable as the earnings in 2023 were not distributed in the form of stock dividends.

(VIII) Remuneration to employees and directors:

1. Percentage or range of remuneration to employees and director as set out in the Articles of Incorporation:

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

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

The estimated amount of employee remuneration and director remuneration calculated based on the profit before tax of NTD 1,056,007 thousand in 2023 (the said profit before tax refers to the amount of profit that employee and director remunerations have not been deducted from), with the percentage as set forth in the Company's Articles of Incorporation is NTD 31,680 thousand and NTD 5,280 thousand, respectively. Any differences (if any) between the amount actually paid in the following year and the amount previously estimated are treated as a change in accounting estimate and recognized in profit/loss of 2024.

3. Remuneration for distribution approved by the Board of Directors

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

①The amount of remuneration to employees distributed in cash is NTD 31,680,209.

②The amount of remuneration to directors distributed in cash is NTD 5,280,035.

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

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

- (2) The amount of employee remuneration distributed in stocks and its proportion to the total of after-tax net profit and employee remuneration stated in the separate financial statements of the current period: None.
4. Actual distribution of employee and director remuneration in the previous year:
 - (1) The amount of remuneration to employees distributed in cash was NTD 2,883,638.
 - (2) The amount of remuneration to directors distributed in cash was NTD 480,606.
 - (3) If there was a difference with the recognized amount of remuneration to employees and directors, the difference, reasons and treatment should be stated:

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

(IX) Repurchase of the Company's shares:

Not applicable as the Company does not repurchase its shares.

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

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

I. Business item

(I) Business scope:

1. The Company's business activities are as follows:

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

- (18) Manufacturing, processing, and sales of stainless steel plates and stainless steel pipes.
 - (19) Manufacturing and sales of steel plates and steel.
 - (20) Processing, manufacturing and sale of electronic products.
 - (21) Operation of bowling alley business.
 - (22) Provision of technical services for hospital operation and management, and consulting, analysis and advisory services.
 - (23) Import and export of the said products.
 - (24) H703010 Rental of factories.
 - (25) H703020 Rental of warehouses.
 - (26) H703030 Rental of commercial buildings.
 - (27) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
2. Business proportion: (1) Copper wire: 22% (2) Power cable: 41% (3) Communication cable: 1% (4) Optical fiber cable: 1% (5) Copper sheet : 21% (6) Others: 14%

3. The Company's current products:

Item	Product name	Description of the use
1.	Oxygen-free copper wire	Conductors for various wires and cables, and ultra-thin electronic (motor) wires.
2.	Special oxygen-free copper	Special copper materials for wind power generation and electric vehicle industries
3.	Wire and cable	The power required for supplying the low, medium and high voltage transmission lines (300V~345kV) of Taiwan Power Company and medium and low voltage distribution lines of various private units.
4.	Communication cable	For digital transmission of communication and network information
5.	Fiber optic cable	Used as a high-speed digital broadband network and fiber-to-the-home service transmission.

4. New products planned for development:
 - (1) Development of new high-quality oxygen-free copper materials.
 - (2) Development of spider web ribbons
 - (3) Development of diameter reduction grooved optical cables.
 - (4) Development of multiplier fiber optic cable filled with micelles.

(II) Overview of the industry:

1. Current situation and development of the industry:
 - (1) The wire and cable industry in Taiwan has always been an important basic industry. The industry covers many fields, including energy, communication, transportation, and construction. Therefore, it plays an indispensable role in national infrastructure and economic development. According to the data from the Taiwan Electric Wire & Cable Industries Association, 109 of its members are wire companies that mainly produce SCR copper wires, copper wires, oxygen-free copper wires, copper bars, hard/soft drawn stranded copper wires, high-, medium-, and low-voltage wires, rubber wires, marine wires, general communication wires, optical fiber wires, enameled wires, electric wires, specific wires and other wires. Even though their product categories and production equipment still have room for replacement and breakthroughs, there is no significant changes in the production technologies, materials, marketing channels and product characteristics as a whole. The industry is at the maturity stage. We can meet the demand of domestic and foreign markets for a range of products from upstream bare copper wires to wires and cables with different specifications.
 - (2) Cables and wires are considered a traditional industry in Taiwan. The export ratio will gradually increase due to limited opportunities in the domestic market. Integration of supply chains from upstream to downstream and division of labor in production and sales for the export market Joint development of key components and materials by domestic industries, academia and government agencies, to eliminate the dependence of critical equipment from foreign countries
Introduction of full automation to reduce reliance on entry-level labor
Support of the government's gradual harmonization of the CNS standards with the IEC (International Electrotechnical Commission) consistent with decisions by the World Trade Organization (WTO), so as to reduce production cost and enhance industrial upgrade,

product quality and competitiveness

- (3) Taiwan's wire and cable industry has been able to benefit from increased global demand for environmental protection and renewable energy. Related developments include solar power, wind power, and other renewable energy projects, which have led to increased demand for wires and cables. Coupled with the popularization and application of 5G technologies, wires and cables play a crucial part in supporting high-speed, high bandwidth communications. The upgrade and expansion of Taiwan's communications infrastructure has brought about new business opportunities for the wire and cable industry.
2. Correlation among the upstream, middle-stream, and downstream industries:
 - (1) Upstream industry: SCR and oxygen-free copper manufacturers such as Hua Eng, Pacific Electric Wire and Cable, Walsin, etc..
 - (2) Middle-stream industry: Manufacturers of hard/soft drawn stranded copper wires, high-, medium-, and low-voltage power wires, communication wires, optical fiber wires, electric wires, enameled wires etc., such as Hua Eng, Walsin, Taya, etc..
 - (3) Downstream industry: Units using wires and cables, such as Taipower, Chunghwa Telecom, infrastructure, private contractors, etc..
3. Development trends and competition of products:
 - (1) Copper wire: Due to the offshoring in the industry, we export our copper wires to Mainland China and Thailand, develop our business in the automobile, electronic medical equipment, solar power, and ultra-thin copper wire markets, maintain the sale of oxygen-free copper, and achieve market segmentation with our advantage of high quality.
 - (2) Power cable:
 - ① According to “Grid Resilience Strengthening Construction Plan” announced by TaiPower, a total of NT\$564.5 billion will be invested over the next ten years. The plan consists of promotion of distributed grids (NT\$437.9 billion), enhancement of grids (NT\$125.0 billion) and strengthening of system defense capabilities (NT\$1.69 billion). The Company seeks to win orders by working with TaiPower’s roadmap.

- ② We improve the special armored cables for petrochemical plants.
 - ③ We increase the market share of our niche rubber products.
 - ④ We enhance our heat-resistant and eco-friendly RoHS cables.
 - ⑤ We reduce the cost of power cables and processing expenses.
- (3) Communication cable:
- ① As the number of communication copper cables used by Chunghwa Telecom has decreased year by year, we increase the number of communication copper cables exported overseas and integrate manufacturing processes to reduce the costs.
 - ② Chunghwa Telecom has promoted the 4G and 5G broadband networks, cloud storage and e-payment, FTTH program, IoV, autonomous driving through 5G and IoT.
- (4) Development of Products
- ① Development of the 345KV ultra-high voltage cable and its splicing materials.
 - ② FTTH optical fiber cables (flat optical fiber cables, indoor optical fiber cables, low-friction optical fiber cables, and micro-tube optical fiber cables).
 - ③ Introduction of new assembly equipment to produce wire-armored cables in British Standards
 - ④ EN 50618 and IEC 62930 certification of PV cables
 - ⑤ Coated annealed stranded copper wires received the CNS mark
- (5) With the support of the government's localization policy, technologies and R&D in the domestic market have been improved through technical cooperation, thereby progressively enhancing products. In addition to the domestic market, the products have also been exported to overseas markets. Owing to the gradual offshoring of the industry in recent years and the limited room for future growth in the industry in addition to the opportunity of Taipower's nuclear-free homeland, wire manufacturers currently need to focus on actively investing in the markets in Mainland China and developing countries.
- (6) The demand in the copper market grew, driven by investments or capacity expansions of returning Taiwanese businesses and

the government's policies for energy transformation. Selling prices went up as manufacturers reflected the significant increase of copper costs. As a result, the production value increased to NT\$107.9 billion for domestic copper wires and NT\$61.8 billion for electrical wires and cables. The Company continued to grow.

- (7) However, if the government can promote a range of economic policies to expand domestic demand in a timely manner (i.e., Taipower's "Grid Resilience Strengthening Construction Plan", coal-fired power plants, solar energy, wind power plants, HSR extensions, MRT systems, Taiwan Railways' improvement project and forward-looking track construction), such measures will contribute to an improved investment environment, as well as stimulating economic development. This would have a positive effect on the industry, bolstering its competitiveness.

(III) Overview of technologies and R&D

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

Unit: NTD thousand

Year	Research expense	Results
2023	5,240	1. R&D of spider web ribbons.
As of the publication date of the annual report	1,838	2. Development of fine-diameter grooved optical cables. 3. Development of multiplier optical cable filled with a micellar tube.

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

1. Short-term business development plan:
 - (1) Develop high-quality oxygen-free copper DIP and expand our business to the markets in Mainland China, Thailand and Japan.
 - (2) Power engineering project:
 - ① Ultra-high voltage power engineering projects, including 161KV and 345KV projects.
 - ② Submarine cable engineering projects.
 - ③ Special armored cables for petrochemical plants.
 - ④ Heat-resistant rubber cables for thermal power plants.
 - ⑤ Addition of wires specific for stations in the MRT and HSR.
 - ⑥ LSFH power cables for large-scale plants in science parks.
 - ⑦ Bid for the 161KV project in response to the "Phase I Plan for

Grid Enhancement through Offshore Wind Power”, a government's policy for developing offshore wind power generation.

- (3) FTTH communication and smart buildings
 - (4) Expand our business to the power cable markets in Japan and Southeast Asia.
2. Long-term development plan:
- (1) Keep in touch with the ITRI or other research institutions to seek for opportunities in new industries.
 - (2) Recruit and train talents to enhance the talent training program implemented together with the academic community on a continuous basis.
 - (3) Establish core technical capabilities.

II. Market and sales overview:

(I) Market analysis:

1. 94% of our main products are sold domestically. We mainly supply the products to public or private enterprises in the domestic market, and 6% of these products are exported to Japan, Mainland China, Southeast Asia and Middle East.
2. Market share, and future supply, demand and growth in the market:
 - (1) The proportion of our products in the domestic market is as follow:
Power wire and cable: 8%; communication wire and cable: 12%; copper wire: 6%.
 - (2) The government actively increases domestic demand by promoting the Phase I Plan for Grid Enhancement through Offshore Wind Power, MRT projects, Taipower's projects for building Linkou, Dalin, Tongxiao, Xingda, Taichung, and Longjian Power Plants, and private petrochemical plants in order to raise the demand for wires and cables.
 - (3) Taipower is currently encouraging the development of green energy, including solar power, on-land wind power, offshore wind power, hydraulic power (small hydropower and micro hydropower), geothermal power, community renewable energy projects. In addition, to facilitate the promotion and development of green energy, Taipower has initiated the first phase plan of the green energy project. It expects to build various facilities for renewable energy by 2024, including hundreds of electrical substations and long transmission lines. The massive demand for renewal and underground of wires and cables will also drive the demand for large-scale 345KV ultra-high engineering projects

with materials provided.

- (4) The government allows the privatization of telecom firms and the building of private landline systems. To improve the quality of domestic telecom transmission lines and respond to the digital transformation of network systems, IoT, e-payment and cloud storage, a 5G optical fiber transmission network has been built, thereby progressively increasing the use of optical fiber cables, and categories 5 and 6 network cables.
3. Competitive advantages, favorable and unfavorable factors for future development and countermeasures:
 - (1) Competitive advantage:
 - a. We offer precise delivery time, good quality, and R&D of new products.
 - b. We control technical design, production arrangement, inventory management, distribution and sale, etc. through the MIS information management system to strictly control costs.
 - c. We have been approved and registered under the International Organization for Standardization (ISO 9001) by the Commodity Inspection Bureau of the Ministry of Economic Affairs and passed the CSA and UL certifications. Our CNS4898, CNS3471, flame-resistant, heat resistant, and LSFH cables have passed the LR certification; the 840⁰C fire-resistant cables and 380⁰C heat-resistant cables have been certified by the National Fire Agency; the Category 6 Lan cable type CMR CM CMX cables have passed the UL certification; the marine cables have passed the ABS and DNV certifications. We also have passed the Taipower ACSR aluminum wire certification. We are qualified to produce 161KV power transmission and distribution cables for Taipower. We have passed the ISO-9001 Quality Assurance System certification. We have passed Japan's PSE certification for power wires. Eco-friendly RoHS cables. Also, our "Test Laboratory" passed the ISO IEC 17025(2017)TAF laboratory certificate.
 - d. Through experience and technologies that have been passed on for years, we conduct research, reduce costs and actively develop new products on a continuous basis to enable our products to be more competitive in the market.
 - (2) Favorable factors for future development:

Looking into the future, the government will continue to promote public safety policies, and the use of high quality wires and cables

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

(3) Unfavorable factors for future development:

- a. Domestic demand has been reduced by the rapid development of Mainland China and domestic industries moving overseas.
- b. As a result of the ambiguity in the architectural industry, the demand for architectural wires has decreased and the cost of materials has risen significantly, thereby lowering the gross profit of products. The number of our business orders shows a tendency to decrease thanks to the reducing demand for domestic plant construction or expansion as industries have moved overseas.
- c. Owing to the trend of global trade liberalization, the competition in the wire and cable market becomes more and more intense. Since Taiwan does not join the Association of Southeast Asian Nations, there are tariff barriers for export. Moreover, the competitiveness in the domestic and foreign market has been significantly affected by increasing management costs as a result of the worse investment environment, shortened working hours, increased labor costs, and raised awareness of environmental protection in Taiwan, and the competition has been getting fierce in the industry. Therefore, there is a trend towards a decrease in business profits.
- d. The government's orientation for energy policies will affect the sale of cables.

(4) Countermeasures:

- a. In response to the government's policies to stop building nuclear power plants and raise the power generation of thermal power plants, solar power, wind power and other green energy sources, which increase the operational capacity of generating units in the thermal power plants and the demand for rubber cables, we have countermeasures in place to strengthen our competitiveness in the cable market.
- b. We reduce production costs, enhance product quality, reinforce quality control and actively develop new products to respond to domestic and foreign industrial upgrades and to

meet the demand of government agencies, national defense and economic construction so as to gain the most favorable competitive advantage for the Company.

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

1. Important uses of main products:

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

2. Production process:

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

(III) Supply status of primary raw materials:

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

(IV) Main suppliers and customers:

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

Unit: NTD thousand

Item	2023				2022				As of March 31, 2024 (Note 2)			
	Name	Amount	Proportion to annual net purchases %	Relationship with issuer	Name	Amount	Proportion to annual net purchases %	Relationship with issuer	Name	Amount	Proportion to net purchase in current year up to the end of the previous quarter %	Relationship with issuer
1	Supplier A	1,880,217	24.06	None	Supplier A	2,078,802	21.85	None	Supplier A	351,212	16.22	None
2	Supplier B	779,728	9.98	None	Supplier B	1,838,328	19.32	None	Supplier B	105,104	4.85	None
3	Others	5,155,899	65.96	—	Others	5,596,992	58.83	—	Others	1,709,584	78.93	—
	Net purchase	7,815,844	100.00		Net purchase	9,514,122	100.00		Net purchase	2,165,900	100.00	

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

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

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

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

Unit: NTD thousand

Item	2023				2022				As of March 31, 2024 (Note 2)			
	Name	Amount	Proportion to annual net purchases %	Relationship with issuer	Name	Amount	Proportion to annual net purchases %	Relationship with issuer	Name	Amount	Proportion to annual net purchases %	Relationship with issuer
1	Customer A	1,920,067	19.68	None	Customer A	2,580,185	24.00	None	Customer A	522,455	19.93	None
2	Others	7,834,850	80.32	—	Others	8,169,712	76.00	—	Others	2,098,865	80.07	—
	Net sales	9,754,917	100.00		Net sales	10,749,897	100.00		Net sales	2,621,320	100.00	

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

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

Reasons for increase or decrease: None.

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

Units: NTD thousand/tons

Production volume Main product	Year	2023			2022		
		Capacity	Production volume	Production value	Capacity	Production volume	Production value
Copper wire		52,800	17,239	4,673,462	52,800	18,362	5,106,253
Power cable		24,000	12,423	3,082,893	24,000	14,588	3,710,110
Communication cable		20	2	4,240	20	7	3,695
Optical fiber cable		500	193	75,363	500	233	90,061
Copper plate		25,350	7,433	2,027,531	25,870	10,627	2,771,926
Others		800	287	76,013	800	262	111,012
Total		103,470	37,577	9,939,502	103,990	44,079	11,793,057

Note 1: Capacity refers to the volume that the Company can produce under normal operations using existing production equipment after taking necessary shutdowns, holidays, and other factors into account.

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

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

Units: NTD thousand/ Tons

Sales volume Main product	Year	2023				2022			
		Domestic market		Export		Domestic market		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Copper wire		4,430	1,239,470	3,401	949,390	6,073	1,693,251	1,451	403,362
Power cable		13,967	4,008,610	—	—	16,391	4,679,054	—	—
Communication cable		181	53,896	—	—	200	53,778	—	—
Optical fiber cable		243	142,038	—	—	334	189,058	—	—
Copper plate		4,240	1,326,976	2,291	716,232	4,285	1,374,745	3,874	1,289,182
Others		5,686	1,318,305	—	—	4,728	1,067,467	—	—
Total		28,747	8,089,295	5,692	1,665,622	32,011	9,057,353	5,325	1,692,544

III. Employee information

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

Year		2023	2022	As of March 31, 2024
Number of employees	Management personnel	227	237	226
	Technical personnel	72	74	75
	Construction personnel	370	359	369
	Total	669	670	670
Average age		47.71	47.89	47.67
Average years of service		17.13	17.15	17.10
Education distribution	Ph.D.	1	1	1
	Master's degree	47	46	48
	College and university	307	305	312
	High school	253	264	242
	Below high school	61	54	67

IV. Information on environmental protection expenditures:

- (I) There were no violations regarding environmental protection in the most recent year up to the publication date of the annual report.
- (II) Future countermeasures and possible expenditures:
 - 1. Future countermeasures or improvements: We observe laws and regulations and make improvements on a continuous basis.
 - 2. Possible expenditures: The expenditure required in 2024 is about NTD 4.0 million.

V. Labor relation:

- (I) The Company's employee welfare measures, continuing education, training, retirement systems and their implementation, as well as the agreements between labor and management, and measures for protecting employees' rights.
 - 1. Main employee welfare measures are as follows:
 - (1) Safety and healthcare
 - a. Regular health checks for employees
 - b. Doctors providing consultation at the factory
 - c. Health workshops
 - d. Infirmary and library facilities
 - e. Uniforms and safety shoes
 - (2) Bonuses and holiday benefits
 - a. Employees' remuneration
 - b. Bonuses for special contributions
 - c. Year-end bonus
 - d. Labor Day souvenir
 - e. Gift money for Mid-Autumn Festival
 - f. Birthday gift money for employees
 - (3) Education and entertainment
 - a. Employee canteen and meal groups
 - b. Subsidies for employee travels
 - c. Recreation subsidies
 - d. Year-end celebrations
 - (4) Family care
 - a. Gift money, wall hangings with words of congratulations and flowers for weddings of employees and their children
 - b. Condolence money, wall hangings with words of solace and

- flowers for funerals of employees, their spouses and children
- c. Scholarships for employees and their children
- d. Childbirth gift money for employees and their spouses
- e. Unpaid parental leave
- f. Breastfeeding room
- g. Corporate childcare contract with nearby kindergartens
- (5) Safety and protection
 - a. Labor insurance
 - b. National health insurance
 - c. Group injury insurance for employees
 - d. Pensions and severance pays
 - e. Gold medal for retirement at full age

2. Employee training and continuing education:

- (1) We budget for internal training, external training and various continuing education allowances for employees every year to organize skill and knowledge training.
- (2) The Company's training expense in 2023 was NTD 334,760. The continuing training for employees is described as follows:

Course title	Session	Total number of persons	Total hours	Expense amount
Management	17	36	330	105,840
Specialized study and training	44	289	426	29,200
Quality control	15	86	150	0
Environment, safety and health	49	145	1068	199,720
Computer information	8	14	49	0
Total	133	570	2,023	334,760

3. Retirement system

To allow our employees to have peace of mind while working and feel protected regarding their retirement life, we have established employee retirement regulations based on the “Labor Standards Act” (hereinafter referred to as “old pension system”) and the “Labor Pension Act” (hereinafter referred to as “new pension system”) to ensure our employees' retirement rights. For employees who choose to use the old pension system, an authorized percentage of the employee’s monthly salary is appropriated for labor pension funds and employee retirement funds every month; for employees who choose

to use the new pension system, the Company appropriates no less than 6% of the employee's monthly salary to the individual labor pension account every month.

4. Collective bargaining agreements

The Company has established an enterprise labor union. However, to date, the labor union has not submitted a negotiation draft of a collective agreement to the Company, and no collective agreement has been signed.

5. Other important agreements: None.

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

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

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

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

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

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

(1) We have formed a safety and health management committee with the factory director serving as the head member. The committee holds regular meetings to discuss related issues and establish safety and health

management guidelines. The number of labor representatives accounts for more than one third of the members of the committee as required by laws in order to provide an official channel for the management and employees to discuss safety and health issues face to face.

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

3. Promotion of the factory greening program:

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

4. Supplier and contractor management:

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

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

- (1) High-risk tasks are defined to conduct targeted control measures.
- (2) Suppliers are required to present professional technician licenses required by laws.

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

records.

5. Important safety and health management works:
 - (1) In response to the amendment of laws and regulations, we modify our safety and health work rules on a regular basis and establish management rules and safe operational standards for each machinery equipment in line with the 5S system for employees' reference.
 - (2) Machinery and equipment: An inspection is carried out per day, week, month, quarter, six months or year as appropriate. We conduct auto inspection for special machinery and equipment, and our hazardous machinery and equipment under supervision are regularly inspected by the competent authority, in order to ensure safe operation of the machinery and equipment.
 - (3) Operational environment: We improve and manage the work environment for employees through the 5S management system on a continuous basis. For special operational sites, we monitor the operational environment for employees every quarter, every six months and every year as required by laws and record relevant data.
 - (4) Training: We offer training courses for new personnel, rotated personnel, personnel operating machinery and equipment, personnel conducting auto inspection, personnel carrying out special operations, and supervisors in accordance with laws and require them to obtain relevant licenses.
 - (5) Medical check-up: Our employees are classified as new personnel, personnel carrying out special operations, and common personnel. They are required to receive medical examination every year for us to know their health conditions that are used as a reference for employees' job rotation and the improvement and management of the operational environment.
 - (6) Fire safety: Subject to the Fire Services Act, we set up a complete fire safety system to provide protection for the factory and personnel. We also conduct regular inspections, submit reports, perform fire safety training and emergency drills pursuant to laws and regulations.
6. Safety and environment management and performance evaluation measures:
 - (1) Regular inspection for hazardous machinery and equipment and work sites: All machinery and equipment are legally qualified through regular inspections. Operators have professional licenses and regularly take on-the-job training.
 - (2) Safety and health inspection: The headquarters formulates project plans, conducts on-site inspections regarding safety, health, environmental protection and fire safety on a regular basis, makes sure that there are measures protecting the safety in the workplace and of our employees, and gives suitable advice on improvement, so as to offer a safe

workplace to our employees.

7. Appointment of nurses and stationed doctors:

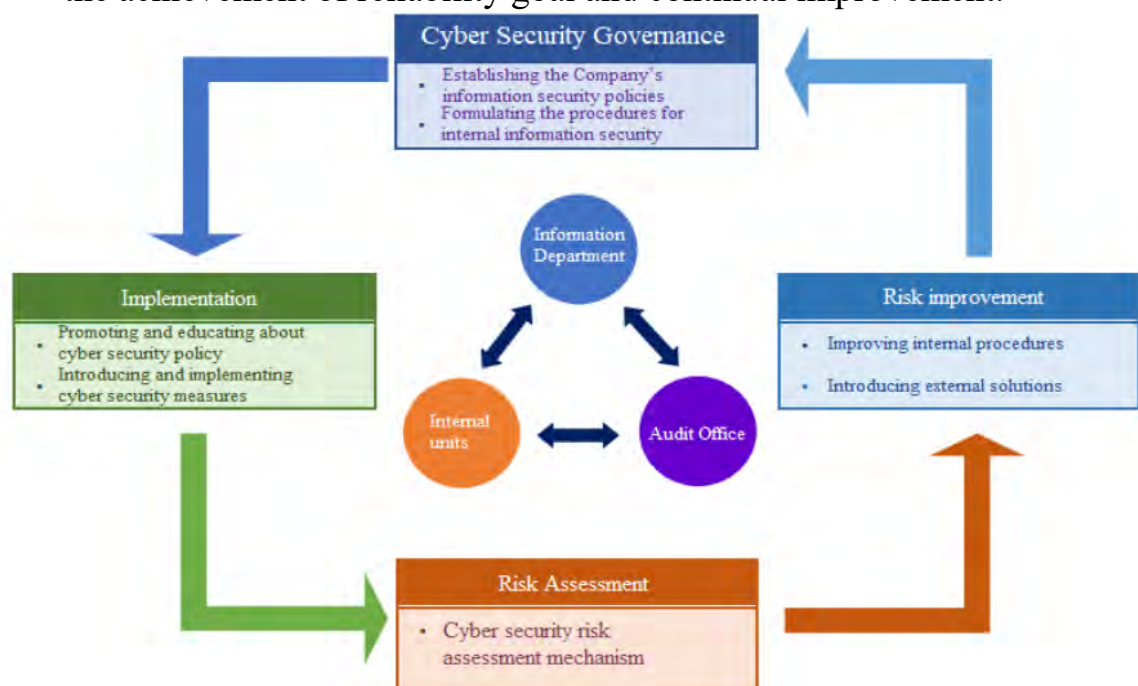
- (1) Employee medical check-ups and medical examination data management.
- (2) Free doctor consultation and nurses' health care
- (3) Helping employees participate in health improvement programs.
- (4) Dealing with incidents employees encounter and coordinate related matters.
- (5) Providing information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

VI. Cyber Security Management:

(1) Cyber Security Risk Management:

1. Cyber security risk management framework

- The Company's IT Department is responsible for its information security and takes charge of planning, implementing and promoting matters related to information security as well as increasing awareness for information security.
- The Company's Audit Office is the audit unit for information security control. If any shortcoming is found, the audited unit is required to propose the improvement plan and submit such a plan to the board of directors' meeting. Subsequently, regular follow-up shall be made to further reduce the internal cyber security risk.
- The organizational operation is managed with the PDCA method to ensure the achievement of reliability goal and continual improvement.



2. Cyber Security Policy

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

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

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

4. Resources investments of Cyber Security Policy

- (1) Manpower: Currently, the two members of the IT Division are responsible for related information security.
- (2) Act: Regular review of information security meetings and disaster recovery drills, signing of maintenance contracts with professional vendors for information equipment fire insurance and related equipment systems to ensure the stable operation of the system.
- (3) Budget: For information on equipment fire insurance and related equipment system maintenance, the total amount in 2023 was about NTD 800,000.

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

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

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

Nature of contract	Parties	Contract term	Main contents	Restrictive clauses
International technology cooperation	SWCC Showa Holdings Co., Ltd.	2022.03 – 2025.03	Cooperation on ultra-high voltage cable technology	None
Domestic turnkey project	Taiwan Power Company	2013.05 – 2024.03	161KV cable turnkey project at Shanshang District, Tainan	None

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

(I) Condensed balance sheet

1. Separate Condensed Balance Sheet - IFRSs

Unit: NTD Thousand

Item \ Year		Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2024 (Note 3)
		2023	2022	2021	2020	2019	
Current assets		4,695,289	4,748,089	4,492,044	3,597,158	3,391,304	
Property, plant and equipment		2,168,858	2,139,906	2,083,343	2,107,094	2,120,866	
Intangible assets		404	425	445	—	—	
Other assets		3,505,790	3,506,113	4,087,466	4,047,838	4,137,507	
Total assets		10,370,341	10,394,533	10,663,298	9,752,090	9,649,677	
Current liabilities	Before distribution	1,973,394	2,707,076	2,091,056	2,175,856	2,017,831	
	After distribution	Note 4	2,960,186	3,040,216	2,618,798	2,435,462	
Non-current liabilities		721,104	723,847	771,442	775,501	790,274	
Total liabilities	Before distribution	2,694,498	3,430,923	2,862,498	2,951,357	2,808,105	
	After distribution	Note 4	3,684,033	3,811,658	3,394,299	3,225,736	
Equity attributable to the owner of the parent company		7,675,843	6,963,610	7,800,800	6,800,733	6,841,572	
Capital stock		6,327,735	6,327,735	6,327,735	6,327,735	6,327,735	
Capital reserve		271,623	238,719	115,333	57,753	3,463	
Retained earnings	Before distribution	2,077,821	1,390,511	2,354,052	1,424,698	1,523,846	
	After distribution	Note 4	1,137,401	1,404,892	981,756	1,106,215	
Other equities		(32,665)	(24,684)	(27,649)	(40,782)	(44,801)	
Treasury stock		(968,671)	(968,671)	(968,671)	(968,671)	(968,671)	

Item \ Year		Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2024 (Note 3)
		2023	2022	2021	2020	2019	
Non-controlling equity		—	—	—	—	—	
Total equity	Before distribution	7,675,843	6,963,610	7,800,800	6,800,733	6,841,572	
	After distribution	Note 4	6,710,500	6,851,640	6,357,791	6,423,941	

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

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

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

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

Note 3: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed. (The Company did not prepare the parent company only financial statements for the first quarter of 2024.)

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

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

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

Year Item		Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2024 (Note 3)
		2023	2022	2021	2020	2019	
Current assets		6,866,787	7,115,405	6,829,616	5,461,277	5,379,111	7,245,834
Property, plant and equipment		3,199,504	3,203,094	3,142,323	3,125,844	2,983,585	3,199,071
Intangible assets		488	557	445	—	—	477
Other assets		3,245,263	3,201,105	3,693,651	3,756,354	3,940,631	3,223,814
Total assets		13,312,042	13,520,161	13,666,035	12,343,475	12,303,327	13,669,196
Current liabilities	Before distribution	3,631,264	4,445,160	3,612,967	3,377,729	3,328,745	3,712,451
	After distribution	Note 4	4,698,270	4,562,127	3,820,671	3,746,376	—
Non-current liabilities		988,614	993,508	1,048,062	1,042,663	1,064,695	968,129
Total liabilities	Before distribution	4,619,878	5,438,668	4,661,029	4,420,392	4,393,440	4,680,580
	After distribution	Note 4	5,691,778	5,610,189	4,863,334	4,811,071	—
Attributable to the Owner of the Parent Company		7,675,843	6,963,610	7,800,800	6,800,733	6,841,572	7,971,526
Capital stock		6,327,735	6,327,735	6,327,735	6,327,735	6,327,735	6,327,735
Capital surplus		271,623	238,719	115,333	57,753	3,463	271,623
Retained earnings	Before distribution	2,077,821	1,390,511	2,354,052	1,424,698	1,523,846	2,369,803
	After distribution	Note 4	1,137,401	1,404,892	981,756	1,106,215	—
Other equities		(32,665)	(24,684)	(27,649)	(40,782)	(44,801)	(28,964)
Treasury stock		(968,671)	(968,671)	(968,671)	(968,671)	(968,671)	(968,671)
Non-controlling equity		1,016,321	1,117,883	1,204,206	1,122,350	1,068,315	1,017,090
Total equity	Before distribution	8,692,164	8,081,493	9,005,006	7,923,083	7,909,887	8,988,616
	After distribution	Note 4	7,828,383	8,055,846	7,480,141	7,492,256	—

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

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

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

- Note 2: If asset revaluation has been conducted in the current year, the date and the amount of the revaluation increment should be provided.
- Note 3: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed. (Financial data as of March 31, 2024 have been reviewed by CPAs)
- Note 4: The figures listed above after distribution are based on the resolutions of the board of shareholders' meeting or of the shareholders' meeting in the following year. (The 2022 earnings distribution resolved by the Board of Directors has not yet been approved by the general meeting of shareholders in 2023.)
- Note 5: If the Company has been noticed by the competent authority to correct or restate financial data, the above sheet should be prepared with the corrected or restated figures, and the correction or restatement and the reasons thereof should be specified.

(II) Condensed statement of comprehensive income

1. Condensed Statement of Comprehensive Income - IFRSs

Unit: NTD thousand

Item \ Year	Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2024 (Note 2)
	2023	2022	2021	2020	2019	
Operating revenue	7,115,224	7,926,122	7,341,649	5,211,730	5,344,240	
Operating gross profit	698,317	551,718	641,935	357,160	177,594	
Operating profit	565,180	432,139	504,535	246,120	65,173	
Non-operating revenue and expense	453,867	(339,382)	1,038,383	131,185	659,032	
Profit (loss) before tax	1,019,047	92,757	1,542,918	377,305	724,205	
Current net profit (loss) of continuing operations	947,847	(36,464)	1,388,143	323,664	792,653	
Loss of discontinued operations	—	—	—	—	—	
Net profit (loss) for the period	947,847	(36,464)	1,388,143	323,664	792,653	
Other comprehensive income (after tax) for the period	(15,408)	25,048	(2,714)	(1,162)	(24,270)	
Total comprehensive income for the period	932,439	(11,416)	1,385,429	322,502	768,383	
Net profit attributable to the owner of parent company	947,847	(36,464)	1,388,143	323,664	792,653	
Net profit attributable to non-controlling equity	—	—	—	—	—	
Total comprehensive income attributable to the owner of the parent company	932,439	(11,416)	1,385,429	322,502	768,383	
Total comprehensive income attributable to non-controlling equity	—	—	—	—	—	
Earnings (losses) per share (NTD)	2.23	(0.09)	3.27	0.76	1.87	

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

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

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

Note 2: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed. (The Company did not prepare the parent company only financial statements for the first quarter of 2024.)

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

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

2. Consolidated Condensed Comprehensive Income Statement - IFRSs

Unit: NTD thousand

Item \ Year	Financial data for the most recent five years					Financial data for the current fiscal year up to March 31, 2024 (Note 2)
	2023	2022	2021	2020	2019	
Operating Revenue	9,754,917	10,749,897	10,484,814	7,440,063	7,832,617	2,621,320
Gross Profit	696,258	529,121	990,815	347,091	98,059	162,019
Operating profit (loss)	502,204	340,606	784,959	171,863	(76,578)	109,369
Non-operating income and expenses	526,956	(140,550)	1,069,459	255,408	740,402	204,971
Profit (loss) before tax	1,029,160	200,056	1,854,418	427,271	663,824	314,340
Net profit (loss) from continuing operations for the period	942,557	89,748	1,652,047	371,697	732,419	292,751
Loss of discontinued operations	—	—	—	—	—	—
Net profit (loss) for the period	942,557	89,748	1,652,047	371,697	732,419	292,751
Other comprehensive income (net after tax) for the period	(18,385)	32,965	(10,519)	4,840	(27,584)	3,701
Total comprehensive income for the period	924,172	122,713	1,641,528	376,537	704,835	296,452
Net profit attributable to the owner of parent company	947,847	(36,464)	1,388,143	323,664	792,653	291,982
Net profit attributable to non-controlling interests	(5,290)	126,212	263,904	48,033	(60,234)	769
Total comprehensive income attributable to the owner of the parent company	932,439	(11,416)	1,385,429	322,502	768,383	295,683
Total comprehensive income attributable to non-controlling interests	(8,267)	134,129	256,099	54,035	(63,548)	769
Earnings (losses) per share (NTD)	2.23	(0.09)	3.27	0.76	1.87	0.69

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

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

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

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

on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be disclosed. (Financial data as of March 31, 2024 have been reviewed by CPAs)

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

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

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

Year	Name of CPA firm	CPA	Audit opinion
2019	KPMG Taiwan	Hsu Chen-Lung, Yang Po-Jen	Unqualified opinion
2020	KPMG Taiwan	Hsu Chen-Lung, Yang Po-Jen	Unqualified opinion
2021	KPMG Taiwan	Hsu Chen-Lung, Yang Po-Jen	Unqualified opinion
2022	KPMG Taiwan	Hsu Chen-Lung, Chen Yung-Hsiang	Unqualified opinion
2023	KPMG Taiwan	Chen Yung-Hsiang, Su Yen-Da	Unqualified opinion

II. Financial analysis for the most recent five years

(1) Financial Analysis - Separate (IFRSs)

Analysis item \ Year		Financial analysis for the most recent five years					for the current fiscal year up to March 31, 2024 (Note)
		2023	2022	2021	2020	2019	
Financial structure	Ratio of liabilities to assets (%)	25.98	33.00	26.84	30.26	29.10	
	Ratio of long-term funds to property, plant, and equipment (%)	387.15	359.24	411.46	359.55	359.84	
Solvency	Current ratio (%)	237.92	175.39	214.82	165.32	168.06	
	Quick ratio (%)	123.95	89.47	117.31	95.44	92.99	
	Times interest earned (%)	3384.81	583.46	12396.16	2418.72	4759.19	
Operating capacity	Receivables turnover ratio (times)	5.13	6.00	7.61	6.86	6.60	
	Average collection days	71.15	60.83	47.96	53.20	55.30	
	Inventory turnover ratio (times)	2.85	3.42	3.78	3.21	3.61	
	Payables turnover ratio (times)	16.26	18.44	20.71	16.94	16.08	
	Average sales days	128.07	106.72	96.56	113.70	101.10	
	Property, plant and equipment turnover (times)	3.30	3.75	3.50	2.46	2.52	
	Total asset turnover ratio (times)	0.68	0.75	0.71	0.53	0.58	
Profitability	Return on assets (%)	9.36	(0.20)	13.69	3.45	8.72	
	Return on equity (%)	12.94	(0.49)	19.01	4.74	12.22	
	Ratio of pre-tax profit to paid-in capital (%)	16.10	1.46	24.38	5.96	11.44	
	Net profit margin (%)	13.32	(0.46)	18.90	6.21	14.83	
	Earnings (losses) per share (NTD)	2.23	(0.09)	3.27	0.76	1.87	
Cash flow	Cash flow ratio (%)	45.91	2.93	—	21.99	0.71	
	Cash flow adequacy ratio (%)	41.65	37.47	42.15	77.87	82.59	
	Cash reinvestment ratio (%)	5.52	—	—	0.62	0.13	

Leverage	Operating leverage	3.34	5.01	3.35	5.65	20.32	
	Financial leverage	1.05	1.04	1.02	1.06	1.26	

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

1. Description of changes in the financial structure: Mainly due to the decrease in bank loans in the current year.
2. Description of changes in solvency: Mainly due to the decrease in bank borrowings this year; additionally, due to the increase in net profits before tax, the interest coverage ratio increased.
3. Description of change in profitability: Mainly due to the operating profits during the year.
4. Description of cash flow changes: Mainly due to an increase in net cash inflow from operating activities and a decrease in bank loans in the current year .
5. Description o changes in leverage: Mainly due to the decrease in sales volume and the average international copper price this year, resulting in a decline in revenue.

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

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

(2) Financial Analysis - Consolidated (IFRSs)

Analysis item \ Year		Financial analysis for the most recent five years					For the current fiscal year up to March 31, 2024 (Note 2)
		2023	2022	2021	2020	2019	
Financial Structure	Ratio of liabilities to assets (%)	34.70	40.22	34.10	35.81	35.70	34.24
	Ratio of long-term funds to property, plant and equipment (%)	300.26	282.39	318.45	285.65	293.99	309.44
Solvency	Current ratio (%)	189.10	160.07	189.03	161.68	161.59	195.17
	Quick ratio (%)	78.60	62.60	84.16	76.05	78.79	81.14
	Times interest earned (%)	1871.61	661.34	9102.31	1831.72	2896.70	2666.87
Operating capacity	Accounts receivable turnover (times)	6.13	6.88	8.71	8.13	7.88	6.78
	Average collection days	59.54	53.05	41.90	44.89	46.31	53.83
	Inventory turnover (times)	2.19	2.48	2.89	2.55	2.81	2.41
	Accounts payable turnover (times)	21.53	22.25	23.43	20.10	19.52	21.27
	Average sales days	166.66	147.17	126.29	143.13	129.89	151.45
	Property, plant and equipment turnover (times)	3.03	3.37	3.33	2.40	2.60	3.25
	Total assets turnover (times)	0.72	0.79	0.80	0.60	0.66	0.19
Profitability	Return on assets(%)	7.37	0.86	12.81	3.16	6.32	2.24
	Return on equity (%)	11.23	1.05	19.51	4.69	9.63	3.31
	Ratio of pre-tax profit to paid-in capital (%)	16.26	3.16	29.30	6.75	10.49	4.96
	Net profit margin (%)	9.66	0.83	15.75	4.99	9.35	11.16
	Earnings (losses) per share (NTD)	2.23	(0.09)	3.27	0.76	1.87	0.69
Cash Flow	Cash flow ratio (%)	27.44	—	—	13.50	2.39	4.29
	Cash flow adequacy ratio (%)	31.13	37.34	42.82	72.90	88.50	44.09
	Cash reinvestment ratio (%)	4.13	—	—	0.63	0.51	0.89

Leverage	Operating leverage	6.51	9.77	4.03	15.22	(33.53)	8.38
	Financial leverage	1.13	1.11	1.02	1.15	0.77	1.12

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

1. Description of changes in solvency: Mainly due to the decrease in bank borrowings this year; additionally, due to the increase in net profits before tax, the interest coverage ratio increased.
2. Description of change in profitability: Mainly due to the increase of operating profits during the year.
3. Description of changes in leverage: Mainly due to the decrease in sales volume and the average international copper price this year, resulting in a decline in revenue.

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

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

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

Note 2: As of the publication of the annual report, if a company that has been listed on an exchange or whose stock has been listed on an exchange for trade has financial data audited or certified by CPAs in the most recent period, the data should also be analyzed. (Financial data as of March 31, 2024 have been reviewed by CPAs)

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

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

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

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

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

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

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

Note 7: If the Company's shares have no par value or the par value per share is not NTD 10, the ratio of the paid-in capital mentioned above will be calculated based on the ratio of the net value.

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

Audit Committee's Review Report

The Board of Directors prepared the Company's 2023 annual business report and financial statements (including parent company only financial statements and consolidated financial statements) and earnings distribution proposal. Among them, the financial statements have been checked by KPMG Taiwan accountants Chen Yung-Hsiang and Su Yen-Da and an audit report has been issued. The above-mentioned business report, financial statements and profit distribution proposal have been reviewed by the Audit Committee and found to have no inconsistencies. These reports are to be submitted in accordance with the relevant provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2024 Annual General Meeting of Shareholders of the Company

Hua Eng Wire & Cable Co., Ltd.

Convener of Audit Committee: Chang Jinn-Der

March 4, 2024

- IV. Consolidated financial statements certified by CPAs in the most recent year:
See pages 168–240 for details.
- V. Separate financial statements certified by CPAs in the most recent year: See
pages 241–309 for details.
- VI. If the Company or any of its affiliates has any financial difficulties in the
most recent year up to the publication date of the annual report, the impact
thereof on the Company's financial status should be specified: None.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issue

2023 Annual Report

I. Financial status:

Comparative Analysis of Financial Status in the Most Recent Two Years

Unit: NTD thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	6,866,787	7,115,405	(248,618)	(3.49)
Financial assets measured at fair value through profit or loss - non-current	1,763,034	1,698,220	64,814	3.82
Financial assets measured at fair value through other comprehensive income - non-current	66,629	73,263	(6,634)	(9.06)
Property, plant and equipment	3,199,504	3,203,094	(3,590)	(0.11)
Investment property - net	1,051,739	1,055,729	(3,990)	(0.38)
Other assets	364,349	374,450	(10,101)	(2.70)
Total assets	13,312,042	13,520,161	(208,119)	(1.54)
Current liabilities	3,631,264	4,445,160	(813,896)	(18.31)
Non-current liabilities	988,614	993,508	(4,894)	(0.49)
Total liabilities	4,619,878	5,438,668	(818,790)	(15.05)
Capital stock	6,327,735	6,327,735	—	—
Capital reserve	271,623	238,719	32,904	13.78
Retained earnings	2,077,821	1,390,511	687,310	49.43
Other equities	(32,665)	(24,684)	(7,981)	(32.33)
Treasury stock	(968,671)	(968,671)	—	—
Non-controlling equity	1,016,321	1,117,883	(101,562)	(9.09)
Total equity	8,692,164	8,081,493	610,671	7.56

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

(I) Main reason for changes:

1. Increase in retained earnings: Mainly due to profit from operations in the current year.

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

(III) Future response plans: None.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues 2023 Annual Report

II. Financial performance:

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

Unit: NTD thousand

Item \ Year	2023	2022	Increase (decrease) amount	Change in percentage %
Net operating revenue	9,754,917	10,749,897	(994,980)	(9.26)
Operating cost	9,058,659	10,220,776	(1,162,117)	(11.37)
Operating gross profit	696,258	529,121	167,137	31.59
Operating expense	194,054	188,515	5,539	2.94
Operating profit (loss)	502,204	340,606	161,598	47.44
Non-operating revenue and expense	526,956	(140,550)	667,506	474.92
Profit before tax	1,029,160	200,056	829,104	414.44
Income tax expense (profit)	86,603	110,308	(23,705)	(21.49)
Net profit for the period	942,557	89,748	852,809	950.23
Other comprehensive (loss) income (after tax)	(18,385)	32,965	(51,350)	(155.77)
Total comprehensive (loss) income for the period	924,172	122,713	801,459	653.12

If operating revenue, operating profit, and pre-tax profit have increased/decreased by more than 20% in the most recent two years, the main reasons should be analyzed and explained, and the possible impact on the Company's future finance and business and response plans should be described:

1. Main reason for changes:

- (1) Increase in gross profit: The international copper price soared in the first quarter of this year, the net realizable value of inventories increased, and the reversed inventory devaluation losses leveled off in the second quarter. The average international copper price fell from the same period last year, which lowered the procurement cost of raw materials; heat sinks, semiconductors, electric vehicles and other industries and private demand have reduced, resulting in a decrease in sales and revenue. However, the copper wire products meet customer needs and the increase in demand for cables for Taipower's public construction projects, this year's operating gross profit has increased compared to last year.
- (2) Increase in operating profits: primarily due to higher gross profits during the year. Please refer to (1) above for description.
- (3) Increase of non-operating revenue: Mainly due to the recognition of the valuation gain on the fair value of financial assets in the current year.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues 2023 Annual Report

- (4) Increase in net profits before tax: Mainly caused by the increase in the operating gross profit and increase in the non-operating income of the current year. Please refer to (1) and (3) above for description.
- (5) Decrease in income tax expenses: Mainly the reduction of income tax from realized investment losses on financial assets recognized by APAC and Far EasTone.
- (6) Increase in net profits for the current period: Mainly caused by the increase in the operating gross profit and increase in the non-operating income of the current year. Please refer to (1) and (3) above for description.
- (7) Decrease in other comprehensive income (net of tax): Mainly due to actuarial losses recognized during the year.
- (8) Increase in total comprehensive income: Mainly due to Higher net income during the year. Please refer to (6) above for description.
2. There is no changes to the Company's main business activities.
3. Expected sales volume and its basis, possible impact on the Company's future finance and business, and response plans:
 - (1) Expected sales volume:
9,950 tons of copper wires; 12,816 tons of electric cables; 85,194 KM-C of fiber optic cables; and 10,200 tons of copper sheets
 - (2) Basis:
 - ① R&D of high-quality copper wires for market needs and customer segmentation
 - ② Demand for electric cables driven by the government's Grid Resilience Strengthening Construction Plan and offshore wind power development plan; deployment of solar energy generation equipment; and large-scale transmission turnkey projects and construction of factories. Demand for fiber optic cables from 5G infrastructure in Taiwan and indoors Internet of Things (IoT)
 - ③ The demand for reflow plating is growing in the automotive terminal and connector markets.
 - ④ High-quality red copper electric terminals and heat spreader materials can replace imports.
 - ⑤ The demand for wireless charging is growing, driven by the stay-at-home economy.
 - (3) Possible impact on the Company's finance and business in the future, and responsive plans:
 - ① Satisfying the customers' long-term demand for oxygen-free copper (OFC) wires and development of high-quality copper wires to stabilize orders
 - ② To meet the higher demand for electric cables driven by the government's plans to improve power distribution and promote wind power, the

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

Company is developing new products and enhancing quality control for greater competitiveness.

- ③ Prioritization of supply to domestic customers in semiconductors and LED materials. Increase in the supply of tin plated materials for automotive connectors and terminals and promotion of high-end tin plated alloys and copper-nickel-tin alloys for lithium battery packs in automobiles and power tools.
- ④ Procurement of raw materials and inventory control and adjustments based on annual projects of production and sales. Careful use of hedging mechanisms to mitigate the risk associated with raw materials price fluctuation, to reduce the uncertainty with operating profits and to maintain reasonable profits.

III. Cash flow:

Analysis of cash flow in the most recent year

Unit: NTD thousand

Beginning cash balance	Annual net cash outflow from operating activities	Net cash outflows from investing and financing activities for the year.	Cash surplus (deficiency) amount	Remedial measures for cash shortage	
				Investment plan	Financing plan
179,163	996,551	(1,004,997)	170,717	—	—

1. Analysis of changes in cash flow in the current year:

- (1) Operating activities: Mainly due to the increase in profit and decrease of inventory in the current year, resulting in cash inflow.
- (2) Investing activities: The main cash outflows for the current year were for the purchase of real estate, factories, and equipment. Additionally, cash inflows were generated from the disposal of financial assets measured at fair value through profit or loss.
- (3) Financing activities: Mainly due to the repayment of bank loans and payout of cash dividends for this year, resulting in cash outflows.

2. Remedial measures and liquidity analysis for cash shortage: Not applicable as there is no cash shortage.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

3. Analysis of cash flow for the coming year:

Unit: NTD thousand

Beginning cash balance	Net cash inflow from operating activities for the year	Investing activities and financing activities for the year.	Cash surplus (shortage) amount	Remedies for cash shortage	
				Investment Plan	Investment Plan
170,717	1,348,040	(1,291,170)	227,587	—	—

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

- ① Operating activities: Mainly due to the anticipated cash inflows from operating profits, payment collections and lower inventory.
- ② Investing activities: Mainly due to the anticipated purchase of property, plant and equipment and the resulting cash outflows.
- ③ Financing activities: Mainly due to the anticipated repayment of bank loans, commercial paper and payout of cash dividends, resulting in cash outflows.

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

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues 2023 Annual Report

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

(I) Use of funds and sources of funds

Unit: NTD Thousand

Planned item	Actual or expected source of funds	Actual or expected completion date	Total funds required	Actual or scheduled use of funds						
				2022	2023	2024	2025	2026	2027	2028
Machinery Equipment and plant	Private funds and loans	2022.12.31	226,668	226,668						
Machinery Equipment and plant	Private funds and loans	2023.12.31	203,204		203,204					
Machinery Equipment and plant	Private funds and loans	2024.12.31	482,358			342,406	139,952			

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

(II) Expected benefits

1. Upgrade equipment electronic control and upgrade of old equipment to increase equipment availability and output .
2. Some parts of the oxygen-free copper process are updated to improve equipment reliability to meet the needs of the electric vehicle and green energy industries .
3. Upgrade of high-voltage equipment and coated electric control and part of the equipment to increase production capacity for Taipower's resilient grid project .
4. Upgrade the electric control equipment of the roasting and annealing furnace, stabilize the furnace temperature control quality, reduce equipment downtime, and stabilize the production capacity.
5. The factory has fully upgraded to LED lighting, saving power and reducing energy consumption, in response to the government's carbon reduction policy , and achieving net zero emissions by 2050 .
6. The construction of solar photovoltaic renewable energy project meets the regulatory requirements and green energy supply in response to global climate change , and continues to achieve international energy conservation and carbon reduction requirements.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

V. Investment policies, main reasons for gains or losses from investments in the most recent year, improvement plans, and investment plans for the coming year:

1. Investment policy: We have selected promising industries as targets of investment, such as the communication industry, semiconductor industry and electric machinery industry

2. Main reason for profits or losses of investees

(1) First Copper Technology Co., Ltd: It is an exchange-listed company and a significant subsidiary of the Company. The company is engaged in the production, sale and processing of copper products and copper plates. The revenue decline in 2023 resulted in a net loss for the current period. Net loss was NT\$9,494 thousand in 2023,(1) First Copper Technology Co., Ltd: It is an exchange-listed company and a significant subsidiary of the Company. The company is engaged in the production, sale and processing of copper products and copper plates.

(2) China Ecotek Corporation: It is an exchange-listed company and a subsidiary of China Steel Corporation. The company is engaged mainly in the planning, design, installation, maintenance and environmental impact assessment of environmental protection engineering equipment, cogeneration engineering equipment, and engineering equipment for the steel industry. In addition, in line with the government's policies, it is also dedicated to the promotion of energy saving and carbon reduction measures and the circular economy to actively develop its green energy generation and reclaimed water businesses. Thanks to stable growth in revenues, the net income in 2023 increased from 2022. Net income was NT\$11,185,918 thousand in 2022, translating to an earnings per share of NT\$3.42.

(3) Far EasTone Telecommunications: A publicly traded company. Asia Pacific Telecom Co. , Ltd. was merged with Far EasTone Telecommunications Corporation to become Far EasTone Telecommunications Corporation . It is a domestic comprehensive telecommunications service company. Its business includes fixed communication

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

services: providing local, long- distance and international calling services ; personal mobile communication services: providing mobile voice and Internet services and various communication-related services ; and professional telecommunications integration services, etc. In 2023, the revenue growth was stable and the profit was stable , and the net profit for the current period increased compared with that in 2022. Net income was NT\$11,185,918 thousand in 2023, translating to an earnings per share of NT\$3.42.

- (4) Wafer Works Corporation: It is an OTC-listed company. It is mainly engaged in R&D, design and production of semiconductors and related materials; design, process, import and export, and after-sales service of semiconductor silicon wafer materials, wafer processing machinery and components. The net profit for this period decreased due to a decline in revenue in the 2023. The net profit was NT\$568,755 thousand in 2023, translating to an earnings per share of NT\$1.05.
- (5) Co-Tech Development Corp.: It is an OTC-listed company. The company is mainly engaged in copper smelting, metal surface treatment and electronic components production, as well as the manufacture and sale of single product, electronic-grade copper foil. Net income was reduced in 2023 due to declining revenues. Net income was NT\$532,906 thousand in 2023, translating to an earnings per share of NT\$2.11.

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

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

VI. Risks:

(I) Impacts of changes in interest rate and exchange rate, and inflation on the Company's profit/loss and future countermeasures:

1. Inflation has slowed down, the increase in interest rates by central banks of major countries is coming to an end, and the global economy is slowly recovering. However, international economics and trade are still affected by many uncertain factors, including climate change, geopolitical risks, and the U.S. presidential election. The interest rate risk for the Company comes mainly from the cost of loans for the purchase of materials. Actively maintaining good relationships with banks and keeping a stable financial position is beneficial for the Company in obtaining better interest rates. It is expected that future changes in interest rates will not have a significant impact on the Company's overall operations.
2. Raw materials are mainly supplied by overseas sources and are denominated in USD. Therefore, the Company's net foreign currency positions are liabilities in USD. As the foreign exchange market fluctuates drastically, the Company is actively staying abreast of exchange rate trends, utilizing market information, making timely adjustments to the export bill schedule, and adopting accounts receivable (foreign currency) financing or pre-purchase of forward exchange to mitigate the risk of exchange rate fluctuations. Exchange loss in 2023 accounted for 0.03% of our operating income, and the impact was insignificant.

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

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

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

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

Name of plan	Current progress of plan	Expense	Time	Primary success factors
R&D of spider web ribbons	Trial operation ongoing	NTD 1.5 million.	2023–2024	How to bundle or dispense glue for fiber optic mesh
Development of narrower grooved optical cables.	Trial operation ongoing	NTD 1 million	2022–2024	(1) How to obtain the thinned groove body (2) How to successfully embed the parallel belt into the groove body

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

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

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

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

1. Technological change:

- (1) Impacts: Changes in the electric vehicle technology enhance the strength of competitors in the industry. The competitors progressively dominate the channels and market through improvement of their equipment and technologies.
- (2) Countermeasures: Our marketing strategies and product policies are oriented towards increasing the demand of the automobile industry for high-quality oxygen-free copper, raising the market share in other niche product markets, differentiating channels, and further establishing a point of sale information system.

2. Impact of cyber security risk on the Company's financial and business performance and responsive measures:

- (1) Impact: The Company's network communication is mainly applied in its internal operational control procedures and does not directly connect to its upstream or downstream supply chain. Specific management measures include that antivirus software has been installed in the corporate intranet terminal and all servers; uninterruptible power system is installed in the server room; high availability is set for major servers; daily backup and remote back, etc. The Company has signed the maintenance contracts with professional cyber security providers, terminal maintenance vendor and information integration vendor for prompt support on any cyber security issues. For the connection to and transmission with specific external financial institutes or authorities, the Company follows the regulated transmission protocol and executes in compliance with the procedures of authorization. In conclusion, cyber security risk has minor impact on the Company's financial and business performance.
- (2) Countermeasures: Although all kinds of cyber security threats are unpredictable and vary continually, the Company keeps monitoring the risk with the existing protective system, implements cyber security management measures, and closely cooperates with supporting partners to fortify its information security protection technology.

3. Industrial change:

- (1) Impacts: Taipower's nuclear-free homeland, and thermal power, wind power, solar power generation construction plans have been outsourced by implementing the turnkey approach. The contractors must be able to conduct planning, design, civil engineering construction, the manufacturing of wire and cable materials, cabling, and connection.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

- (2) Countermeasures: We arrange tie-ups with other industries and strategic alliances and improve our adaptability to jointly seek for projects and sales opportunities with team effort.
- (VI) Impacts of changes in the Company's image on its crisis management and countermeasures:
1. Impacts: In recent years, to improve the Company's profits, we continuously develop high value-added niche products, enhance the implementation of corporate governance, and create a good corporate image.
 2. Countermeasures: We strengthen the management ability regarding team communication/integration and decision monitoring. Internal control, risk management and spokesperson systems have been established to timely deal with crises in a hierarchical model and have adequate response strategies.
- (VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures: The Company does not have plans for mergers or acquisitions.
- (VIII) Expected benefits and possible risks of plant expansion and countermeasures: The Company does not have plans for plant expansion.
- (IX) Risks and countermeasures with regard to concentrated purchases or sales:
We purchase from world-class famous suppliers that have a long-term collaboration with us. In addition, we implement decentralized procurement to easily purchase good without risks.
Most of our customers are public sectors, and therefore, the sales risk is low.
- (X) Impacts and risks from any major transfer of shares held by directors, supervisors, or major shareholders holding more than 10% of the Company's shares, and response measures: There is no major transfer of shares held by the Company's directors, supervisors or major shareholders whose shareholding exceeds 10%.
- (XI) Impacts and risks from the change of the management right, and response measures: Since there is no major transfer of shares held by the Company's directors, supervisors or major shareholders whose shareholding exceeds 10%, the risk of the change of the management right is low.
- (XII) Litigation or non-litigation events involving the Company and its directors, supervisors, general manager, de facto responsible person, major shareholders whose shareholding ratio exceeds 10%, and affiliates:

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Issues

2023 Annual Report

1. Major litigation, non-litigation or administrative disputes that have been resolved or are still in process: None.
2. Main parties involved, facts and handling status: None.

(XIII) Other important risks and countermeasures:

Explanation of information security risk assessment and analysis:

1. Prevention of computer viruses and malware

We install antivirus software in our computers to scan computer systems and data storage media and automatically update virus pattern files. Operating systems and software fix programs are regularly updated to effectively prevent computer virus and malware.

2. Safety of computer media, data and documents

Once reusable data storage media are no longer being used, all contents stored therein will be deleted. We back up data stored in computer media regularly and perform off-site backups to ensure the safety of important media and data relevant to the Company's operation and management. Moreover, we adopt protective measures when conducting electronic data interchange with external units to prevent data damage and unauthorized data access and alteration.

3. Network system safety

We implement rigorous identification operations and use firewall to record and control online behavior. The highest system permission is managed by reliable personnel after careful assessment by the responsible supervisor. Once personnel resign (or are suspended) from their posts, their access to the Company's network is canceled according to the information safety regulations and procedures. We prepare a backup host for the main host server in our network system to continue important system operations when the main operating host is unable to work normally. UPS systems are used for our network hardware equipment in case of abnormal power outages.

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

VII. Other important matters: None.

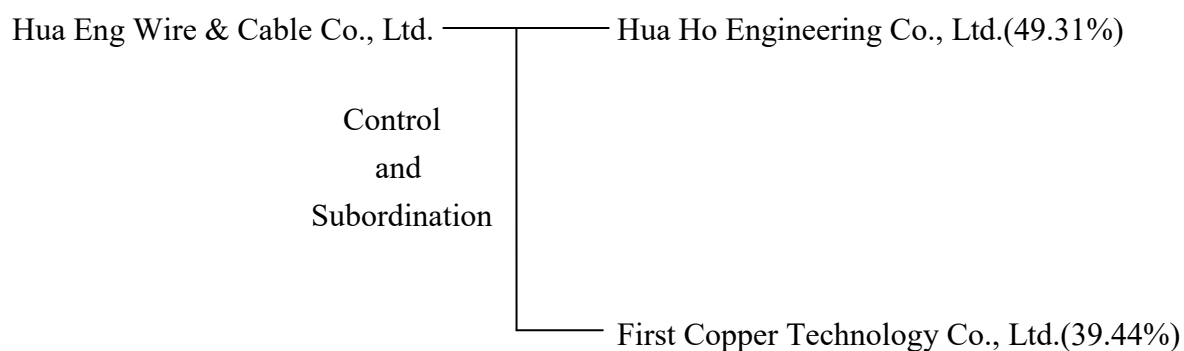
I. Information on affiliates:

(I) Affiliated business merger report

1. Organization chart of affiliates

Hua Eng Wire & Cable Co., Ltd.

Organization Chart of Affiliates

2023

Note: Controlling company and subordinate relationships

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

① Hua Ho Engineering Co., Ltd.

② First Copper Technology Co., Ltd.

2. Basic information on affiliates

December 31, 2023 Units: NTD thousand

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

3. Entities presumed to have a controlling and subordinate relation according to Article 369-3 of the Company Act: None.
4. Industries covered by the business of the affiliates as a whole: Manufacturing and sales of wires/cables and copper products, and relevant engineering projects.

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

5. Information on the directors and general managers of affiliates

As of December 31, 2023

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

6. Overview of the operation of each affiliate

December 31, 2023; Units: NTD Thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Hua Eng Wire & Cable Co., Ltd.	6,327,735	10,370,341	2,694,498	7,675,843	7,115,224	565,180	947,847	2.23
Hua Ho Engineering Co., Ltd.	35,000	94,762	48,776	45,986	53,002	829	912	0.26
First Copper Technology Co., Ltd.	3,596,222	7,936,182	1,956,340	5,979,842	2,646,149	(67,349)	(9,494)	(0.03)

(II) Consolidated financial statements of affiliates:

(Same as the consolidated financial statements of the parent company and subsidiaries, please see pages 168 to 240).

Statement on No Separate Preparation of
Consolidated Financial Statements of Affiliates

Statement

The companies to be included in the consolidated financial statements of affiliates in 2023 (January 1, 2023 - December 31, 2023) pursuant to the “Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises” are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10 recognized by the Financial Supervisory Commission. Further, the related information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the said consolidated financial statements of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliates separately.

The Statement is hereby presented.

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

Chairman: Wang Hong-Ren

Date: March 4, 2024

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

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

Unit: NTD thousand; shares; %

Name of subsidiary (Note 1)	Paid-in capital	Sources of funds	The Company's shareholding ratio	Date of acquisition or disposal	Acquisition (Note 2)		Disposal (Note 2)		Investment gains and losses	Holding as of the publication date of the annual report (Note 3)		Pledge status (Note 4)	Amount of endorsements/guarantees made by the Company for subsidiaries	Amount of funds loaned by the Company to subsidiaries
					Number of shares	Amount	Number of shares	Amount		Number of shares	Amount			
First Copper Technology Co., Ltd.	3,596,222	Private	39.44%	2023.01~2024.04	—	—	—	—	—	208,563,824	2,456,063	None	None	None

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

Note 1: Please list the name of subsidiaries separately.

Note 2: The amount refers to the actual amount of the acquisition or disposal.

Note 3: The holding and disposal status should be listed separately.

Note 4: The impact on the Company's operating results and financial status should be explained.

IV. Other necessary supplementary explanations: None.

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



安侯建業聯合會計師事務所

KPMG

高雄市前金區801301中正四路211號12樓之6
12th Fl., - 6, No. 211, Chung Cheng 4th Road,
Kaohsiung, 801301, Taiwan (R.O.C.)

電話	Tel	+ 886 7 213 0888
傳真	Fax	+ 886 7 271 3721
網址	Web	kpmg.com/tw

Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of HUA ENG WIRE & CABLE CO., LTD. ("the Company") and subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 consolidated financial statements of the Group for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Valuation of inventory

Please refer to Note 4(h) for significant accounting policies on inventory valuation, Note 5 for significant accounting assumptions, and estimation uncertainty on inventory valuation, information regarding the inventory valuation is shown in Note 6(g) of the consolidated financial statements.

Description of the key audit matter:

The Group's inventories are wire, cable and copper products, which are measured at the lower of cost and net realizable value. Since the selling price is affected by copper price fluctuations, and the international copper price is highly volatile, 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 whether the valuation of inventories is in compliance with the accounting policy of the Group, obtaining information on the lower of cost and net realizable value of inventories and ageing statements prepared by management, performing reviews of estimated selling price on a sample basis to recent sales records and analyzing such data with respect to fluctuations in the international price of copper, and testing on a sample basis the correctness of the ageing statements of inventories, as well as evaluating the basis for management's estimation of the net realizable value of inventories and the reasonableness of the estimation.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements fairly represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yung Hsiang, Chen and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)
March 4, 2024

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 170,717	1	179,163	1	2100	Short-term borrowings (note 6(o))	\$ 1,756,035	13	2,951,392	22
1110	Current financial assets at fair value through profit or loss (note 6(c))	871,454	7	739,994	6	2110	Short-term notes and bills payable (notes 6(o)(p))	1,149,465	9	619,329	5
1140	Current contract assets (note 6(x))	146,784	1	158,187	1	2130	Current contract liabilities (note 6(x))	21,305	-	49,936	-
1136	Current financial assets at amortized cost (notes 6(b) and 8)	23,119	-	2,900	-	2150	Notes payable (note 6(t))	14,159	-	8,800	-
1150	Notes receivable (notes 6(e)(x))	27,694	-	40,888	-	2170	Accounts payable	385,012	3	445,302	3
1172	Accounts receivable (notes 6(e)(x))	1,519,634	12	1,593,300	12	2180	Accounts payable to related parties (note 7)	105	-	109	-
1200	Other receivables (notes 6(e)(f))	94,802	1	68,519	1	2200	Other payables (note 6(t))	267,683	2	255,651	2
1220	Current tax assets	36	-	7	-	2230	Current tax liabilities	10,165	-	86,127	1
130X	Inventories (note 6(g))	3,968,832	30	4,268,597	32	2280	Current lease liabilities (note 6(r))	17,829	-	16,418	-
1470	Other current assets (note 6(n))	43,715	-	63,850	-	2300	Other current liabilities (notes 6(q) and 7)	9,506	-	12,096	-
	Total current assets	<u>6,866,787</u>	<u>52</u>	<u>7,115,405</u>	<u>53</u>		Total current liabilities	<u>3,631,264</u>	<u>27</u>	<u>4,445,160</u>	<u>33</u>
Non-current assets:						Non-Current liabilities:					
1510	Non-current financial assets at fair value through profit or loss (note 6(c))	1,763,034	13	1,698,220	13	2570	Deferred tax liabilities (note 6(u))	790,646	6	791,530	6
1517	Non-current financial assets at fair value through other comprehensive income (note 6(d))	66,629	1	73,263	1	2580	Non-current lease liabilities (note 6(r))	193,307	2	197,273	1
1600	Property, plant and equipment (note 6(j))	3,199,504	24	3,203,094	23	2640	Non-current net defined benefit liability (note 6(t))	481	-	1,206	-
1755	Right-of-use-assets (note 6(k))	264,999	2	274,073	2	2645	Guarantee deposits received	4,180	-	3,499	-
1760	Investment property, net (note 6(l))	1,051,739	8	1,055,729	8		Total non-current liabilities	<u>988,614</u>	<u>8</u>	<u>993,508</u>	<u>7</u>
1780	Intangible assets (note 6(m))	488	-	557	-		Total liabilities	<u>4,619,878</u>	<u>35</u>	<u>5,438,668</u>	<u>40</u>
1840	Deferred tax assets (note 6(u))	44,813	-	58,191	-	Equity attributable to owners of parent (note 6(v)):					
1915	Prepayments for equipment	24,587	-	10,468	-	3110	Ordinary share	6,327,735	47	6,327,735	46
1920	Refundable deposits (note 6(f))	357	-	288	-	3200	Capital surplus	271,623	2	238,719	2
1975	Non-current net defined benefit asset (note 6(t))	20,231	-	21,999	-	3300	Retained earnings:				
1990	Other non-current assets, others (note 6(n))	8,874	-	8,874	-	3310	Legal reserve	234,075	2	234,075	2
	Total non-current assets	<u>6,445,255</u>	<u>48</u>	<u>6,404,756</u>	<u>47</u>	3320	Special reserve	884,911	7	884,911	7
						3350	Unappropriated retained earnings	958,835	7	271,525	2
								<u>2,077,821</u>	<u>16</u>	<u>1,390,511</u>	<u>11</u>
						3400	Other equity	(32,665)	-	(24,684)	-
						3500	Treasury shares	(968,671)	(7)	(968,671)	(7)
							Sub-total equity attributable to owners of parent:	<u>7,675,843</u>	<u>58</u>	<u>6,963,610</u>	<u>52</u>
						36XX	Non-controlling interests (note 6(i))	<u>1,016,321</u>	<u>7</u>	<u>1,117,883</u>	<u>8</u>
							Total equity	<u>8,692,164</u>	<u>65</u>	<u>8,081,493</u>	<u>60</u>
	Total assets	<u>\$ 13,312,042</u>	<u>100</u>	<u>13,520,161</u>	<u>100</u>		Total liabilities and equity	<u>\$ 13,312,042</u>	<u>100</u>	<u>13,520,161</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6(x))	\$ 9,754,917	100	10,749,897	100
5000	Operating costs (notes 6(g)(q)(t)(y), 7 and 12)	<u>9,058,659</u>	<u>93</u>	<u>10,220,776</u>	<u>95</u>
5900	Gross profit	696,258	7	529,121	5
6000	Operating expenses (notes 6(t)(y), 7 and 12)	<u>194,054</u>	<u>2</u>	<u>188,515</u>	<u>2</u>
6900	Net operating income	<u>502,204</u>	<u>5</u>	<u>340,606</u>	<u>3</u>
7000	Non-operating income and expenses (notes 6(c)(h)(j)(l)(r)(s)(z) and 7):				
7100	Interest income	1,169	-	386	-
7010	Other income	204,051	2	344,499	3
7020	Other gains and losses	379,649	4	(449,601)	(4)
7050	Finance costs	(57,913)	(1)	(35,509)	-
7060	Share of profit (loss) of associates accounted for using equity method, net	<u>-</u>	<u>-</u>	<u>(325)</u>	<u>-</u>
		<u>526,956</u>	<u>5</u>	<u>(140,550)</u>	<u>(1)</u>
7900	Profit before income tax	1,029,160	10	200,056	2
7950	Less: Income tax expenses (note 6(u))	<u>86,603</u>	<u>1</u>	<u>110,308</u>	<u>1</u>
8200	Profit	<u>942,557</u>	<u>9</u>	<u>89,748</u>	<u>1</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	(16,453)	-	37,696	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,222)	-	2,808	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(u))	<u>(3,290)</u>	<u>-</u>	<u>7,539</u>	<u>-</u>
	Other comprehensive income (after tax)	<u>(18,385)</u>	<u>-</u>	<u>32,965</u>	<u>-</u>
8500	Comprehensive income	<u><u>\$ 924,172</u></u>	<u><u>9</u></u>	<u><u>122,713</u></u>	<u><u>1</u></u>
	Profit attributable to:				
8610	Owners of parent	\$ 947,847	9	(36,464)	-
8620	Non-controlling interests (note 6(i))	<u>(5,290)</u>	<u>-</u>	<u>126,212</u>	<u>1</u>
		<u><u>\$ 942,557</u></u>	<u><u>9</u></u>	<u><u>89,748</u></u>	<u><u>1</u></u>
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ 932,439	9	(11,416)	-
8720	Non-controlling interests (note 6(i))	<u>(8,267)</u>	<u>-</u>	<u>134,129</u>	<u>1</u>
		<u><u>\$ 924,172</u></u>	<u><u>9</u></u>	<u><u>122,713</u></u>	<u><u>1</u></u>
	Earnings per share (note 6(w)):				
9750	Basic earnings per share (in New Taiwan Dollars)	<u><u>\$ 2.23</u></u>		<u><u>(0.09)</u></u>	
9850	Diluted earnings per share (in New Taiwan Dollars)	<u><u>\$ 2.23</u></u>		<u><u>(0.09)</u></u>	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Retained earnings					Other equity				
					Unappropriated	Unrealized gains		Total equity	Non-controlling	Total equity
	Ordinary	Capital	Legal	Special	retained	(losses) from	Treasury shares	attributable to	interests	
	shares	surplus	reserve	reserve	earnings	financial assets		owners of parent		
						measured at fair				
						value through other				
						comprehensive				
						income				
Balance at January 1, 2022	\$ 6,327,735	115,333	96,845	884,911	1,372,296	(27,649)	(968,671)	7,800,800	1,204,206	9,005,006
Profit (loss) for the year ended December 31,2022	-	-	-	-	(36,464)	-	-	(36,464)	126,212	89,748
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	22,234	2,814	-	25,048	7,917	32,965
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	(14,230)	2,814	-	(11,416)	134,129	122,713
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	137,230	-	(137,230)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(949,160)	-	-	(949,160)	-	(949,160)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	123,386	-	-	-	-	-	123,386	-	123,386
Cash dividends to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(220,452)	(220,452)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(151)	151	-	-	-	-
Balance at December 31, 2022	6,327,735	238,719	234,075	884,911	271,525	(24,684)	(968,671)	6,963,610	1,117,883	8,081,493
Profit (loss) for the year ended December 31,2023	-	-	-	-	947,847	-	-	947,847	(5,290)	942,557
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(10,192)	(5,216)	-	(15,408)	(2,977)	(18,385)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	937,655	(5,216)	-	932,439	(8,267)	924,172
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(253,110)	-	-	(253,110)	-	(253,110)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	32,904	-	-	-	-	-	32,904	-	32,904
Cash dividends to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	(93,295)	(93,295)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	2,765	(2,765)	-	-	-	-
Balance at December 31, 2023	\$ 6,327,735	271,623	234,075	884,911	958,835	(32,665)	(968,671)	7,675,843	1,016,321	8,692,164

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,029,160	200,056
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	210,053	207,750
Amortization expense	217	132
Net (gain) loss on financial assets at fair value through profit or loss	(392,469)	587,827
Interest expense	57,913	35,509
Interest income	(1,169)	(386)
Dividend income	(138,287)	(280,590)
Share of loss of associates accounted for using equity method	-	325
Gain on disposal of property, plant and equipment	(379)	(1,182)
Gain on disposal of investment property	-	(150,166)
Gain on disposal of accounted for using equity method	-	(370)
Reversal for liabilities	(777)	(62)
Total adjustments to reconcile (loss) profit	(264,898)	398,787
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease in contract assets	11,403	18,622
Decrease in notes receivable	13,194	23,465
Decrease (increase) in accounts receivable	73,666	(167,046)
Increase in other receivables	(56,033)	(3,903)
Decrease (increase) in inventories	299,765	(525,189)
Decrease (increase) in other current assets	20,135	(18,419)
Total net changes in operating assets	362,130	(672,470)
Net changes in operating liabilities:		
Decrease in contract liabilities	(28,631)	(25,895)
Increase (decrease) in notes payable	5,359	(1,362)
Decrease in accounts payable	(60,290)	(1,172)
(Decrease) increase in accounts payable to related parties	(4)	4
Increase (decrease) in other payable	18,970	(89,712)
Decrease in other current liabilities	(1,813)	(9,497)
Increase in net defined benefit assets and decrease in net defined benefit liabilities	(15,410)	(25,507)
Total net changes in operating liabilities	(81,819)	(153,141)
Total net changes in operating assets and liabilities	280,311	(825,611)
Total adjustments	15,413	(426,824)
Cash inflow (outflow) generated from operations	1,044,573	(226,768)
Interest received	1,148	361
Dividends received	138,518	280,359
Interest paid	(40,878)	(21,911)
Income taxes paid	(146,810)	(193,906)
Net cash flows from (used in) operating activities	996,551	(161,865)
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	-	(47,457)
Proceeds from disposal of financial assets at fair value through profit or loss	195,917	119,998
Acquisition of financial assets at amortized cost	(23,073)	(2,900)
Proceeds from disposal of financial assets at amortized cost	2,900	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	148
Proceeds from disposal of accounted for using equity method	-	11,190
Proceeds from liquidation in financial assets at fair value through other comprehensive income - non-current	1,412	-
Acquisition of property, plant and equipment	(189,085)	(226,668)
Proceeds from disposal of property, plant and equipment	786	1,280
Decrease (increase) in refundable deposits	29,703	(2,236)
Acquisition of intangible assets	(148)	(244)
Proceeds from disposal of investment property	-	201,192
Increase in prepayments for equipment	(14,119)	-
Net cash flows from investing activities	4,293	54,303
Cash flows used in financing activities:		
(Decrease) increase in short-term loans	(1,195,357)	1,355,264
Increase (decrease) in short-term notes and bills payable	512,938	(386,894)
Decrease in guaranteed deposits received	(146)	(829)
Payment of lease liabilities	(20,621)	(19,266)
Cash dividends paid	(212,809)	(794,479)
Cash dividends to non-controlling interests	(93,295)	(220,452)
Net cash flows used in financing activities	(1,009,290)	(66,656)
Net decrease in cash and cash equivalents	(8,446)	(174,218)
Cash and cash equivalents at beginning of period	179,163	353,381
Cash and cash equivalents at end of period	\$ 170,717	179,163

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history:

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

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

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

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit 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(q).

- (ii) Functional and presentation currency

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

(Continued)

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

Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Business Activity	Shareholding		Description
			December 31, 2023	December 31, 2022	
The Company	First Copper Technology Co., Ltd.	Processing, manufacture and sale of copper wire and copper plate	39.44 %	39.44 %	The Company accounted for 4 of the 7 directors of First copper Technology Co., Ltd, who can, directly or indirectly, control its personnel, finance or business activities. (Note1)
The Company	Hua Ho Engineering Co., Ltd.	Design, bidding and construction of general electrical engineering and communication engineering	49.31 %	49.31 %	The Company accounted for 2 of the 4 directors of Hua Ho Engineering Co., Ltd, who can, directly or indirectly, control its personnel, finance or business activities. (Note2)
First Copper Technology Co., Ltd.	Hua Ho Engineering Co., Ltd.	Design, bidding and construction of general electrical engineering and communication engineering	0.29 %	0.29 %	(Note 2)

Note 1: Significant subsidiary.

Note 2: Non-significant subsidiary.

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

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

Exchange differences are generally recognized in profit or loss.

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

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

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

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

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

(f) Cash and cash equivalents

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Financial assets at fair value through other comprehensive income (FVOCI)

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

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

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

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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

3) Financial assets at fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the management's strategy focuses on earning contractual cashflows, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

6) Impairment of financial assets

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

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

(Continued)

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

Notes to the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Equity instrument

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

3) Treasury shares

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

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

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

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

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their consolidated financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

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

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

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

(j) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant and equipment.

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings	2 to 55 years
2)	Machinery and equipment	2 to 25 years
3)	Other equipment	2 to 20 years

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

(l) Lease

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

(i) As a lessee

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) 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:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) 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
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

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

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(ii) As a lessor

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

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

(m) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets, and net defined benefit 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).

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

(o) Provisions

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

Provision for onerous contracts

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

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

(p) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could

(Continued)

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

Notes to the Consolidated Financial Statements

affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

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

2) Construction contracts

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

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

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

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

3) Financing components

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

(iii) Short-term employee benefits

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

(r) Income taxes

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

Current taxes comprise the expected 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 at the reporting date 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 at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

- (t) Operating segments

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

Valuation of inventories

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

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

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

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash and cash on hand	\$ 425	555
Checking deposits and demand deposits	170,292	159,005
Time deposits	-	19,603
Cash and cash equivalents in the consolidated statement of cash flows	\$ 170,717	179,163

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

(b) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits maturing in excess of three months	\$ 23,119	2,900
Less: Loss allowance	-	-
Total	\$ 23,119	2,900

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

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

The Group provide above financial assets measured at amortized cost as collateral or restricted, please refer to note 8.

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss :		
Non-derivative financial assets		
Listed stocks	\$ 2,531,315	2,338,798
Non-listed stocks	103,173	99,416
	\$ 2,634,488	2,438,214
Classified as :		
Current	\$ 871,454	739,994
Non-current	1,763,034	1,698,220
	\$ 2,634,488	2,438,214

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

During the years ended December 31, 2023 and 2022, the dividends of \$83,214 and \$87,462, respectively, related to mandatorily measured at fair value through profit or loss holds on the years then ended, were recognized.

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

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income :		
Non-listed stocks - International United Technology Co., Ltd.	\$ 12,658	11,967
Non-listed stocks - Pack & Proper Co., Ltd.	-	17,116
Non-listed stocks - United Electronics Industrial Co., Ltd.	25,088	15,805
Non-listed stocks - Taiwan Sugar Corporation	28,883	26,918
Subtotal	<u>66,629</u>	<u>71,806</u>
Liquidation receivables of Global Corporation	-	1,457
	<u>\$ 66,629</u>	<u>73,263</u>

The Group designated its investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic investment and not for trading purposes.

During the years ended December 31, 2023 and 2022, the dividends of \$4,551 and \$3,668, respectively, related to equity investments as fair value through other comprehensive income held on the years then ended, were recognized.

During the year ended December 31, 2023, the liquidation receivables of Global Corporation had been received in cash 1,412, profit 2,765, which had been reclassified from other equity to retained earnings.

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

As of June 30, 2023, the Pack & Proper Co., Ltd. suffered an excessive amount of losses, resulting in a negative net equity value, which had not improved as of December 31, 2023. Therefore, its fair value was recognized as 0.

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 27,694	40,888
Accounts receivable-measured as amortized cost	1,493,802	1,583,154
Accounts receivable-measured at fair value through other comprehensive income	25,832	10,146
Less: Loss allowance	-	-
	<u>\$ 1,547,328</u>	<u>1,634,188</u>

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

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

	December 31, 2023		
	Gross carrying amounts of notes and accounts receivable	Weighted- average loss rate	Loss allowance provision
Non-overdue	\$ 1,547,328	-	-
Overdue	-	-	-
	<u>\$ 1,547,328</u>		<u>-</u>
	December 31, 2022		
	Gross carrying amounts of notes and accounts receivable	Weighted- average loss rate	Loss allowance provision
Non-overdue	\$ 1,634,188	-	-
Overdue	-	-	-
	<u>\$ 1,634,188</u>		<u>-</u>

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

	2023	2022
Balance at January 1 (Balance at December 31)	<u>\$ -</u>	<u>-</u>

The Group did not provide notes and accounts receivable as collateral or restricted.
For further credit risk information, please refer to note 6(aa).

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

December 31, 2023						
Purchaser	Amount derecognized	Amount advanced		Balance of factoring accounts receivable	Range of interest rate	Significant transferring terms
		Unpaid	paid			
Taishin Bank	\$ 65,866	59,280	-	65,866	-	None
CTBC Bank	22,883	20,595	-	22,883	-	None
CTBC Bank	303	272	-	303	-	None
	<u>\$ 89,052</u>		<u>-</u>	<u>89,052</u>		

December 31, 2022						
Purchaser	Amount derecognized	Amount advanced		Balance of factoring accounts receivable	Range of interest rate	Significant transferring terms
		Unpaid	paid			
Taishin Bank	\$ 9,960	8,964	-	9,960	-	None
CTBC Bank	19,683	17,715	-	19,683	-	None
CTBC Bank	2,521	2,269	-	2,521	-	None
	<u>\$ 32,164</u>		<u>-</u>	<u>32,164</u>		

(f) Other receivables (including refundable deposits)

	December 31, 2023	December 31, 2022
Other receivables-factoring accounts receivable	\$ 89,052	32,164
Other receivables-dividends	-	231
Other receivables-share trade settlement	278	-
Other receivables-others	2,819	3,699
Refundable deposits	3,010	32,713
Less: Loss allowance	-	-
	<u>\$ 95,159</u>	<u>68,807</u>
Classified as:		
Other receivables	\$ 94,802	68,519
Refundable deposits	357	288
	<u>\$ 95,159</u>	<u>68,807</u>

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 1,164,982	1,344,953
Work in progress	1,782,950	1,450,715
Raw materials and supplies	783,303	1,051,720
Merchandise	78,494	125,521
Inventory in transit	159,103	295,688
	\$ 3,968,832	4,268,597

The details of the cost sales were as follows:

	2023	2022
Inventory that has been sold	\$ 8,996,254	9,852,635
Reversal of write-downs	(105,810)	114,490
Unallocated production overheads	138,910	118,715
Construction cost	55,270	166,441
Others	(25,965)	(31,505)
	\$ 9,058,659	10,220,776

The reversal of write-down of inventories in 2023 was due to the fluctuation of copper price which resulted in an increasing of realizable value. The write-down of inventories in 2022 was due to the declining in copper price which resulted in a decrease of realizable value.

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

(h) Investments accounted for using equity method

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

	December 31, 2023	December 31, 2022
Associates	\$ -	-

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

	2023	2022
Attributable to the Group:		
Loss from continuing operations	\$ -	(325)
Other comprehensive income	-	-
Total comprehensive income	\$ -	(325)

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Collateral

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

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

(i) Material non-controlling interests of subsidiaries

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

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2023	December 31, 2022
First Copper Technology Co., Ltd.	Taiwan	60.56 %	60.56 %
Hua Ho Engineering Co., Ltd.	Taiwan	50.58 %	50.58 %

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

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

	December 31, 2023	December 31, 2022
Current assets	\$ 2,160,900	2,336,148
Non-current assets	5,775,282	4,216,001
Current liabilities	(1,689,489)	(1,762,327)
Non-current liabilities	(266,851)	(268,423)
Net assets	<u>\$ 5,979,842</u>	<u>4,521,399</u>
Non-controlling interests	<u>\$ 993,145</u>	<u>1,088,791</u>
	2023	2022
Operating revenues	<u>\$ 2,646,149</u>	<u>2,895,412</u>
Profit (loss)	\$ (9,494)	196,940
Other comprehensive income (loss)	1,611,786	(1,759,962)
Comprehensive income (loss)	<u>\$ 1,602,292</u>	<u>(1,563,022)</u>
Profit, (loss) attributable to non-controlling interests	<u>\$ (5,750)</u>	<u>119,267</u>
Comprehensive income, (loss) attributable to non-controlling interests	<u>\$ (8,525)</u>	<u>127,037</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2023	2022
Net cash flows from (used in) operating activities	\$ 198,317	(7,178)
Net cash flows used in investing activities	(515)	(58,090)
Net cash flows used in financing activities	(215,812)	(1,968)
Net decrease in cash and cash equivalents	<u>\$ (18,010)</u>	<u>(67,236)</u>
Paid cash dividends of non-controlling interest	<u>\$ 87,121</u>	<u>217,806</u>

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

	December 31, 2023	December 31, 2022
Current assets	\$ 90,335	120,278
Non-current assets	4,427	3,550
Current liabilities	(48,118)	(64,866)
Non-current liabilities	(659)	(1,239)
Net assets	<u>\$ 45,985</u>	<u>57,723</u>
Non-controlling interests	<u>\$ 23,176</u>	<u>29,092</u>

	2023	2022
Operating revenues	<u>\$ 53,002</u>	<u>106,013</u>
Profit	\$ 912	13,779
Other comprehensive (loss) income	(400)	292
Comprehensive income	<u>\$ 512</u>	<u>14,071</u>
Profit, attributable to non-controlling interests	<u>\$ 460</u>	<u>6,945</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 258</u>	<u>7,092</u>

	2023	2022
Net cash flows (used in) from operating activities	\$ (12,170)	33,721
Net cash flows from (used in) investing activities	1,127	(4,155)
Net cash flows used in financing activities	(7,411)	(5,276)
Net (decrease) increase in cash and cash equivalents	<u>\$ (18,454)</u>	<u>24,290</u>
Paid cash dividends of non-controlling interest	<u>\$ 6,174</u>	<u>2,646</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

The Cost, depreciation, and impairment of the property, plant and equipment of the Group 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, 2023	\$ 2,056,148	1,675,956	6,089,057	149,506	96,512	10,067,179
Additions	-	14,714	87,151	8,871	68,053	178,789
Reclassifications	-	1,908	77,294	-	(79,202)	-
Disposals	-	-	(24,148)	(12,065)	-	(36,213)
Balance at December 31, 2023	<u>\$ 2,056,148</u>	<u>1,692,578</u>	<u>6,229,354</u>	<u>146,312</u>	<u>85,363</u>	<u>10,209,755</u>
Balance at January 1, 2022	\$ 2,056,148	1,656,407	6,015,979	139,728	23,474	9,891,736
Additions	-	14,694	100,650	17,060	107,734	240,138
Reclassifications	-	5,000	29,696	-	(34,696)	-
Disposals	-	(145)	(57,268)	(7,282)	-	(64,695)
Balance at December 31, 2022	<u>\$ 2,056,148</u>	<u>1,675,956</u>	<u>6,089,057</u>	<u>149,506</u>	<u>96,512</u>	<u>10,067,179</u>
Depreciation and impairment loss:						
Balance at January 1, 2023	\$ -	1,285,231	5,461,242	117,612	-	6,864,085
Depreciation	-	54,033	120,146	7,793	-	181,972
Disposals	-	-	(23,741)	(12,065)	-	(35,806)
Balance at December 31, 2023	<u>\$ -</u>	<u>1,339,264</u>	<u>5,557,647</u>	<u>113,340</u>	<u>-</u>	<u>7,010,251</u>
Balance at January 1, 2022	\$ -	1,228,732	5,401,971	118,710	-	6,749,413
Depreciation	-	56,644	116,465	6,160	-	179,269
Disposals	-	(145)	(57,194)	(7,258)	-	(64,597)
Balance at December 31, 2022	<u>\$ -</u>	<u>1,285,231</u>	<u>5,461,242</u>	<u>117,612</u>	<u>-</u>	<u>6,864,085</u>
Carrying amounts:						
Balance at December 31, 2023	<u>\$ 2,056,148</u>	<u>353,314</u>	<u>671,707</u>	<u>32,972</u>	<u>85,363</u>	<u>3,199,504</u>
Balance at December 31, 2022	<u>\$ 2,056,148</u>	<u>390,725</u>	<u>627,815</u>	<u>31,894</u>	<u>96,512</u>	<u>3,203,094</u>
Balance at January 1, 2022	<u>\$ 2,056,148</u>	<u>427,675</u>	<u>614,008</u>	<u>21,018</u>	<u>23,474</u>	<u>3,142,323</u>

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

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

(k) Right-of-use assets

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

	<u>Land</u>
Cost:	
Balance at January 1, 2023	\$ 365,896
Additions	15,017
Balance at December 31, 2023	<u>\$ 380,913</u>
Balance at January 1, 2022	\$ 365,896
Balance at December 31, 2022	<u>\$ 365,896</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>
Accumulated depreciation:	
Balance at January 1, 2023	\$ 91,823
Depreciation for the year	<u>24,091</u>
Balance at December 31, 2023	<u>\$ 115,914</u>
Balance at January 1, 2022	\$ 68,983
Depreciation for the year	<u>22,840</u>
Balance at December 31, 2022	<u>\$ 91,823</u>
Carrying amount:	
Balance at December 31, 2023	<u>\$ 264,999</u>
Balance at December 31, 2022	<u>\$ 274,073</u>
Balance at January 1, 2022	<u>\$ 296,913</u>

(l) Investment property

The details of investment property were as follows:

	<u>Owned property</u>		
	<u>Land and improvements</u>	<u>Buildings and others</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2023	\$ 996,627	139,776	1,136,403
Balance at December 31, 2023	<u>\$ 996,627</u>	<u>139,776</u>	<u>1,136,403</u>
Balance at January 1, 2022	\$ 996,627	252,800	1,249,427
Disposals	<u>-</u>	<u>(113,024)</u>	<u>(113,024)</u>
Balance at December 31, 2022	<u>\$ 996,627</u>	<u>139,776</u>	<u>1,136,403</u>
Depreciation and impairment loss:			
Balance at January 1, 2023	\$ -	80,674	80,674
Depreciation	<u>-</u>	<u>3,990</u>	<u>3,990</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>84,664</u>	<u>84,664</u>
Balance at January 1, 2022	\$ -	137,031	137,031
Depreciation	<u>-</u>	<u>5,641</u>	<u>5,641</u>
Disposals	<u>-</u>	<u>(61,998)</u>	<u>(61,998)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>80,674</u>	<u>80,674</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 996,627</u>	<u>55,112</u>	<u>1,051,739</u>
Balance at December 31, 2022	<u>\$ 996,627</u>	<u>59,102</u>	<u>1,055,729</u>
Balance at January 1, 2022	<u>\$ 996,627</u>	<u>115,769</u>	<u>1,112,396</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Owned property	
	<u>Land and improvements</u>	<u>Buildings and others</u>
		<u>Total</u>
Fair value:		
Balance at December 31, 2023		\$ <u><u>1,985,386</u></u>
Balance at December 31, 2022		\$ <u><u>1,940,622</u></u>
Balance at January 1, 2022		\$ <u><u>1,899,302</u></u>

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

As of December 31, 2023 and 2022, the investment property is measured at fair value on recurring basis and the fair value of the investment property was based on comparative method and cost method used by the Group. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

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

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

(m) Intangible assets

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

	<u>Computer software</u>
Cost:	
Balance at January 1, 2023	\$ 719
Additions	<u>148</u>
Balance at December 31, 2023	\$ <u><u>867</u></u>
Balance at January 1, 2022	\$ 475
Additions	<u>244</u>
Balance at December 31, 2022	\$ <u><u>719</u></u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2023	\$ 162
Amortization for the year	<u>217</u>
Balance at December 31, 2023	\$ <u><u>379</u></u>
Balance at January 1, 2022	\$ 30
Amortization for the year	<u>132</u>
Balance at December 31, 2022	\$ <u><u>162</u></u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Computer software</u>
Carrying amounts:	
Balance at December 31, 2023	\$ <u>488</u>
Balance at December 31, 2022	\$ <u>557</u>
Balance at January 1, 2022	\$ <u>445</u>

For the amortization of intangible assets, please refer to note 12.

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepaid expenses	\$ 6,046	5,566
Prepaid raw materials and construction	2,659	28,108
Excess business tax paid and refundable tax	28,427	25,282
Right to the returned goods	3,208	4,458
Others	12,249	9,310
	<u>\$ 52,589</u>	<u>72,724</u>
Current	\$ 43,715	63,850
Non-current	8,874	8,874
	<u>\$ 52,589</u>	<u>72,724</u>

(o) Short-term borrowings

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Letters of credit	\$ 362,035	1,020,392
Unsecured loans	1,394,000	1,931,000
Total	<u>\$ 1,756,035</u>	<u>2,951,392</u>
Unused credit lines	<u>\$ 4,993,004</u>	<u>4,098,291</u>
Range of interest rates	<u>1.78%~1.85%</u>	<u>1.32%~2.09%</u>

The Group did not provide any assets as collateral for short-term borrowings. Please refer to note 6(aa) for exchange rate risk, interest rate risk, sensitive analysis and liquid risk of the financial liabilities of the Group.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Short-term notes and bills payable

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

	December 31, 2023	December 31, 2022
Commercial paper payable	\$ <u>1,149,465</u>	<u>619,329</u>
Range of interest rates	<u>1.808%~1.85%</u>	<u>1.888%~2.038%</u>

The Group did not provide any assets as collateral for short-term notes and bills payable. Unused credit lines for short-term notes and bills payable are combined in short-term borrowings, please refer to note 6(o).

(q) Other current liabilities

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

	December 31, 2023	December 31, 2022
Advance receipts	\$ 5,145	5,056
Provision	165	942
Refund liabilities	4,111	6,027
Temporary credits	75	66
Others	<u>10</u>	<u>5</u>
	<u>\$ 9,506</u>	<u>12,096</u>

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

The movement of provisions were as follows:

	Onerous contracts	Provision for warranties	Total
Balance at January 1, 2023	\$ 325	617	942
Provisions used and reversed during the year	(314)	(880)	(1,194)
Provisions made during the year	<u>45</u>	<u>372</u>	<u>417</u>
Balance at December 31, 2023	<u>\$ 56</u>	<u>109</u>	<u>165</u>
Balance at January 1, 2022	\$ 66	938	1,004
Provisions used and reversed during the year	(7,522)	(1,724)	(9,246)
Provisions made during the year	<u>7,781</u>	<u>1,403</u>	<u>9,184</u>
Balance at December 31, 2022	<u>\$ 325</u>	<u>617</u>	<u>942</u>

The provision for warranties, which relates mainly to copper products and copper sold in 2023, is expected to be settled in the following year based on the estimates calculated using the historical warranty data associated with the Group.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	\$ <u>17,829</u>	<u>16,418</u>
Non-current	\$ <u>193,307</u>	<u>197,273</u>

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ <u>3,049</u>	<u>3,085</u>
Expenses relating to short-term leases	\$ <u>1,947</u>	<u>1,840</u>

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

	2023	2022
Total cash outflow for leases	\$ <u>22,568</u>	<u>21,106</u>

(i) Real estate leases

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

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

(ii) Other leases

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

(s) Operating lease

Leases as lessor

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	December 31, 2023	December 31, 2022
Less than one year	\$ 46,901	57,597
One to two years	22,190	39,221
Two to three years	12,947	15,142
Three to four years	6,259	9,049
Four to five years	-	6,259
Total undiscounted lease payments	<u><u>\$ 88,297</u></u>	<u><u>127,268</u></u>

In 2023 and 2022, the rental income for investment property amounting to \$58,167 and \$56,538, respectively, is included in other income in the consolidated statements of comprehensive income.

The direct expenses including repairs and maintenance arising from income-generating investment property amounting to \$4,500 and \$4,699 in 2023 and 2022, respectively, are included in other gains and losses in the consolidated statements of comprehensive income.

(t) Employee benefits

(i) Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 411,480	409,591
Fair value of plan assets	(431,230)	(430,384)
Net defined benefit assets	<u><u>\$ (19,750)</u></u>	<u><u>(20,793)</u></u>
Classified as:	December 31, 2023	December 31, 2022
Net defined benefit assets	\$ (20,231)	(21,999)
Net defined benefit liabilities	481	1,206
	<u><u>\$ (19,750)</u></u>	<u><u>(20,793)</u></u>

The Group 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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Composition of plan assets

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

The balance of the Group's pension reserve accounts for labor in Bank of Taiwan amounted to \$431,230 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	<u>2023</u>	<u>2022</u>
Defined benefit obligations at January 1	\$ 409,591	437,321
Current service costs and interest	7,044	3,628
Remeasurement of the net defined benefit liabilities (assets) :		
–Actuarial loss (gain) arising from change in financial assumptions	3,326	(936)
–Actuarial loss (gain) arising from experience adjustment	15,938	(3,966)
Benefits paid by the plan	(24,419)	(26,456)
Defined benefit obligations at December 31	<u>\$ 411,480</u>	<u>409,591</u>

3) Movements in the fair value of plan assets

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

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 430,384	394,911
Interest income	6,368	1,934
Remeasurements of the net defined benefit liabilities (assets):		
–Return on plan assets (excluding interest)	2,811	32,794
Contributions made	16,086	27,201
Benefits paid by the plan	(24,419)	(26,456)
Fair value of plan assets at December 31	<u>\$ 431,230</u>	<u>430,384</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

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

	2023	2022
Current service costs	\$ 1,063	1,509
Net interest of net defined benefit liabilities (assets)	(387)	185
	\$ 676	1,694
Operating costs	\$ 606	1,521
Operating expenses	70	173
	\$ 676	1,694

5) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.375 %	1.500 %
Future salary increase rate	2.000 %	2.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$25,996.

The weighted-average lifetime of the defined benefits plans is 7.75 years to 8.34 years.

6) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increased	Decreased
As of December 31, 2023		
Discount rate (Decreasing or increasing in 0.25%)	\$ (6,607)	6,782
Future salary increasing rate (Decreasing or increasing in 0.25%)	6,533	(6,395)
As of December 31, 2022		
Discount rate (Decreasing or increasing in 0.25%)	\$ (7,205)	7,408
Future salary increasing rate (Decreasing or increasing in 0.25%)	7,153	(6,994)

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used in the sensitivity analysis is consistent with the calculation of pension (assets) liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

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

The Group recognized the pension costs under the defined contribution method amounting to \$18,760 and \$18,921 for 2023 and 2022, respectively. As of December 31, 2023 and 2022 the payables which had not been contributed to the Bureau of Labor Insurance were \$3,147 and \$3,157, respectively, and they were recognized as notes payable and other payables in the consolidated balance sheets.

(iii) Short-term benefit liabilities

As of December 31, 2023 and 2022, the Group's short-term benefit liabilities for vacation were \$20,318 and \$20,023, respectively, and were recognized as other payables in the consolidated balance sheets.

(u) Income taxes

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

	<u>2023</u>	<u>2022</u>
Current tax benefit		
Current period	\$ <u>70,819</u>	<u>132,604</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	<u>15,784</u>	<u>(22,296)</u>
Income tax expense	<u>\$ <u>86,603</u></u>	<u><u>110,308</u></u>

No income tax was recognized directly in equity for 2023 and 2022.

The amount of income tax expense recognized in other comprehensive income for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items not reclassified to profit or loss :		
Remeasurements of defined benefit plans	\$ <u><u>(3,290)</u></u>	<u><u>7,539</u></u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reconciliation of income tax expense and profit before tax for 2023 and 2022 were as follows:

	2023	2022
Profit before income tax	\$ 1,029,160	200,056
Income tax using the Company's domestic tax rate	\$ 205,832	40,011
Unrealized losses (gains) on valuation of financial assets	(78,493)	117,565
Realized investment losses of financial assets	(45,610)	-
Dividends income	(27,664)	(56,118)
Non-recognized tax losses	16,697	675
Effect of investment losses (gains) under equity method	-	65
Unrecognized tax losses of deferred tax assets	15,779	-
Additional tax on undistributed earnings	-	7,937
Others	62	173
	\$ 86,603	110,308

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
The carryforward of unused tax loss	\$ 567,812	488,917

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

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Year of expiry
2016 (approved)	\$ 281,765	2026
2019 (approved)	207,152	2029
2023 (not yet approved)	78,895	2033
	\$ 567,812	

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Land value increment tax provision	Defined benefits plan	Others	Total
Deferred tax liabilities:				
Balance at January 1, 2023	\$ 786,248	4,601	681	791,530
Debit (credit) profit or loss	-	3,081	(675)	2,406
Debit (credit) other comprehensive income	-	(3,290)	-	(3,290)
Balance at December 31, 2023	<u>\$ 786,248</u>	<u>4,392</u>	<u>6</u>	<u>790,646</u>
Balance at January 1, 2022	\$ 786,248	-	8	786,256
Debit (credit) profit or loss	-	5,910	673	6,583
Debit (credit) other comprehensive income	-	(1,309)	-	(1,309)
Balance at December 31, 2022	<u>\$ 786,248</u>	<u>4,601</u>	<u>681</u>	<u>791,530</u>

	Defined benefits plan	Allowance for inventory losses	Unallocated production overheads	Adjustment of difference of useful life of PPE between financial and tax methods	Others	Total
Deferred tax assets:						
Balance at January 1, 2023	\$ -	25,268	12,436	15,562	4,925	58,191
Debit (credit) profit or loss	-	(21,162)	3,738	3,403	643	(13,378)
Balance at December 31, 2023	<u>\$ -</u>	<u>4,106</u>	<u>16,174</u>	<u>18,965</u>	<u>5,568</u>	<u>44,813</u>
Balance at January 1, 2022	\$ 8,035	2,370	9,782	12,294	5,679	38,160
Debit (credit) profit or loss	813	22,898	2,654	3,268	(754)	28,879
Debit (credit) other comprehensive income	(8,848)	-	-	-	-	(8,848)
Balance at December 31, 2022	<u>\$ -</u>	<u>25,268</u>	<u>12,436</u>	<u>15,562</u>	<u>4,925</u>	<u>58,191</u>

(iii) Assessment of tax

The Company's income tax returns for the years through 2021 were assessed by the tax authorities.

(v) Capital and other equity

(i) Capital stock

As of December 31, 2023 and 2022, the authorized shares capital of the Company were both \$6,327,735, comprising 632,774 thousand shares, with a par value \$10. All issued shares were paid up upon issuance.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Treasury share transactions	\$ 268,160	235,256
Difference arising from subsidiary's share price and its carrying value	3,463	3,463
	<u>\$ 271,623</u>	<u>238,719</u>

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

(iii) Retained earnings

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

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

1) Legal reserve

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

2) Special reserve

According to Securities and Futures Bureau (SFB, former SFC) regulations, the investment income resulting from the sale of long-term equity investment in First Copper Technology Co., Ltd. in 1988 should be treated as unrealized gain, and such gain cannot be distributed until such long-term equity investment is resold. As of December 31, 2023 and 2022, the amount of the unrealized gain was both \$95,408.

(Continued)

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

Notes to the Consolidated Financial Statements

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs approved by the FSC, unrealized revaluation gains shall be reclassified as unappropriated retained earnings at the adoption date. According to regulations, the increase in retained earnings amounted to \$888,766. It exceeded the increase in retained earnings occurring before the date of first-time adoption of IFRSs amounting to \$776,576. In accordance with the FSC, an increase in retained earnings due to the first-time adoption of IFRSs shall be retained as a special reserve, and when the relevant assets are used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately.

In accordance with the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRS and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2023 and 2022, the balance of special reserve was both \$12,927.

3) Earnings distribution

Earnings distribution for 2022 and 2021 were decided by the general meeting of shareholders held on June 21, 2023 and June 16, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2022</u>	<u>2021</u>
Dividends distributed to ordinary shareholders per share (in dollars):		
Cash	\$ <u>0.4</u>	<u>1.5</u>

Earnings distribution for 2023 was proposed by the resolution adopted at the board meeting held on March 4, 2024. The relevant dividend distribution to shareholders was as follows:

	<u>2023</u>
Dividends distributed to ordinary shareholders per share (in dollars):	
Cash	\$ <u>1.0</u>

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Treasury stock

First Copper Technology Co., Ltd, controlled by the Company, held the Company's common stocks for finance management. Such shares are treated as treasury stock in preparation of financial statements. As of December 31, 2023 and 2022, the investee, First Copper Technology Co., Ltd., held 208,564 thousand shares of the Company's common stock, and their market values amounted to \$4,473,694 and \$2,857,325, respectively. As of December 31, 2023 and 2022, the total amount which the Company recognized as treasury stock was both \$968,671.

(v) Other equity (net of tax)

	Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2023	\$ (24,684)
Changes of the Group	(5,216)
Disposal of investments in equity instrument measured at fair value through other comprehensive income	<u>(2,765)</u>
Balance at December 31, 2023	<u>\$ (32,665)</u>
Balance at January 1, 2022	\$ (27,649)
Changes of the Group	2,814
Disposal of investments in equity instruments measured at fair value through other comprehensive income	<u>151</u>
Balance at December 31, 2022	<u>\$ (24,684)</u>

(w) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022, were as follows (excluding 208,564 thousand shares, of common stock outstanding held by the Company's subsidiaries as treasury stock):

	<u>2023</u>	<u>2022</u>
Basic earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company	<u>\$ 947,847</u>	<u>(36,464)</u>
Weighted-average number of common shares outstanding (shares in thousands)	<u>424,210</u>	<u>424,210</u>
Basic earnings per share (deficit) (in dollars)	<u>\$ 2.23</u>	<u>(0.09)</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>2023</u>	<u>2022</u>
Diluted earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company (After adjusting to dilutive potential ordinary share effect)	<u>\$ 947,847</u>	<u>(36,464)</u>
Weighted-average number of common shares outstanding (shares in thousands)	424,210	424,210
Effect of dilutive potential ordinary shares		
Effect of employee share bonus (shares in thousands)	<u>1,510</u>	<u>-</u>
Weighted-average number of common shares outstanding (shares in thousands) (After adjusting to dilutive potential ordinary share effect)	<u>425,720</u>	<u>424,210</u>
Diluted earnings per share (deficit) (in dollars)	<u>\$ 2.23</u>	<u>(0.09)</u>

For the year ended December 31, 2022, the effects of common shares were not included in the calculation of the diluted earnings per share, due to their anti-dilutive impact on earnings per share.

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>				
	<u>Wire</u>	<u>Cable</u>	<u>Copper</u>	<u>Other</u>	<u>Total</u>
Primary geographical markets:					
Taiwan	\$ 1,453,421	4,604,216	1,919,898	111,760	8,089,295
Mainland China	949,390	-	334,284	-	1,283,674
Others	<u>-</u>	<u>-</u>	<u>381,948</u>	<u>-</u>	<u>381,948</u>
Total	<u>\$ 2,402,811</u>	<u>4,604,216</u>	<u>2,636,130</u>	<u>111,760</u>	<u>9,754,917</u>
Major products/services lines:					
Oxygen free copper wire	\$ 2,188,860	-	-	-	2,188,860
Wire and cable	-	4,204,544	-	-	4,204,544
Copper product	-	-	2,559,357	-	2,559,357
Processing revenue	96	1,894	75,202	-	77,192
Construction contract revenue	-	-	-	67,563	67,563
Others	<u>213,855</u>	<u>397,778</u>	<u>1,571</u>	<u>44,197</u>	<u>657,401</u>
Total	<u>\$ 2,402,811</u>	<u>4,604,216</u>	<u>2,636,130</u>	<u>111,760</u>	<u>9,754,917</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		2023				
		Wire	Cable	Copper	Other	Total
Timing for revenue recognition:						
Products transferred at a point in time	\$	2,402,811	4,604,216	2,636,130	44,197	9,687,354
Construction transferred over time		-	-	-	67,563	67,563
Total	\$	<u>2,402,811</u>	<u>4,604,216</u>	<u>2,636,130</u>	<u>111,760</u>	<u>9,754,917</u>
		2022				
		Wire	Cable	Copper	Other	Total
Primary geographical markets:						
Taiwan	\$	1,865,685	5,340,913	1,593,385	257,370	9,057,353
Mainland China		385,420	-	626,268	-	1,011,688
Others		<u>17,942</u>	<u>-</u>	<u>662,914</u>	<u>-</u>	<u>680,856</u>
Total	\$	<u>2,269,047</u>	<u>5,340,913</u>	<u>2,882,567</u>	<u>257,370</u>	<u>10,749,897</u>
Major products/services lines:						
Oxygen free copper wire	\$	2,096,613	-	-	-	2,096,613
Wire and cable		-	4,921,890	-	-	4,921,890
Copper product		-	-	2,741,559	-	2,741,559
Processing revenue		628	3,127	137,619	-	141,374
Construction contract revenue		-	-	-	222,603	222,603
Others		<u>171,806</u>	<u>415,896</u>	<u>3,389</u>	<u>34,767</u>	<u>625,858</u>
Total	\$	<u>2,269,047</u>	<u>5,340,913</u>	<u>2,882,567</u>	<u>257,370</u>	<u>10,749,897</u>
Timing for revenue recognition:						
Products transferred at a point in time	\$	2,269,047	5,340,913	2,882,567	34,767	10,527,294
Construction transferred over time		-	-	-	222,603	222,603
Total	\$	<u>2,269,047</u>	<u>5,340,913</u>	<u>2,882,567</u>	<u>257,370</u>	<u>10,749,897</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	\$ 1,547,328	1,634,188	1,490,607
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,547,328</u>	<u>1,634,188</u>	<u>1,490,607</u>
Contract assets — construction	\$ 146,784	158,187	176,809
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 146,784</u>	<u>158,187</u>	<u>176,809</u>
Contract liabilities — advance sales receipts	<u>\$ 21,305</u>	<u>49,936</u>	<u>75,831</u>

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

For details on onerous contracts as of December 31, 2023 and 2022, please refer to note 6(q).

The amount of revenue which was recognized in 2023 and 2022, and included in the contract liability balance at January 1, 2023 and 2022 were \$44,893 and \$74,271, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(y) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute a minimum of 3% of the profit as employee remuneration and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should first be used to offset the deficits.

For the year ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$31,680 and \$2,884, respectively, and directors' remuneration amounting to \$5,280 and \$481, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating cost or operating expenses during 2023 and 2022. 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 2023 and 2022.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Non-operating income and expenses

(i) Interest income

Details of interest income of the Group were as follows:

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>1,169</u>	<u>386</u>

(ii) Other income

Details of other income of the Group were as follows:

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 138,287	280,590
Rental income	58,311	56,681
Revenue from sale of scrap	1,911	2,078
Directors' and supervisors' remuneration	3,544	3,033
Others	1,998	2,117
	\$ <u>204,051</u>	<u>344,499</u>

(iii) Other gains and losses

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

	<u>2023</u>	<u>2022</u>
Foreign exchange (losses) gains, net	\$ (2,610)	547
Gain on disposal of accounted for using equity method	-	370
Net gains (losses) of financial assets at fair value through profit or loss	392,469	(587,827)
Net gains on disposal of property, plant and equipment	379	1,182
Gain on disposal of investment property	-	150,166
Depreciation of investment property	(3,990)	(5,641)
Others	(6,599)	(8,398)
	\$ <u>379,649</u>	<u>(449,601)</u>

(iv) Finance costs

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

	<u>2023</u>	<u>2022</u>
Interest expenses		
Bank loans and short-term notes and bills payable	\$ (54,796)	(32,387)
Lease liabilities	(3,049)	(3,085)
Others	(68)	(37)
	\$ <u>(57,913)</u>	<u>(35,509)</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss :		
Mandatorily measured at fair value through profit or loss	\$ 2,634,488	2,438,214
Financial assets at fair value through other comprehensive income :		
Equity investments	66,629	71,806
Accounts receivable	25,832	10,146
Receivables-the distribution of remaining on liquidation	-	1,457
Subtotal	92,461	83,409
Financial assets measured at amortized cost :		
Cash and cash equivalents	170,717	179,163
Financial assets at amortized cost	23,119	2,900
Notes receivable, accounts receivable, and other receivables	1,616,298	1,692,561
Refundable deposits	357	288
Subtotal	1,810,491	1,874,912
Total	\$ 4,537,440	4,396,535

2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term borrowings	\$ 1,756,035	2,951,392
Short-term notes and bills payable	1,149,465	619,329
Payables (including related parties)	661,744	704,605
Lease liabilities (including current portion)	211,136	213,691
Guarantee deposits received	4,180	3,499
Total	\$ 3,782,560	4,492,516

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Credit risk

1) Exposure to credit risk

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

2) Concentration to credit risk

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

The major customers of the Group are centralized in industries within similar areas and dealers. As of December 31, 2023 and 2022, one customer accounted for 43.06% and 52.15% of the notes and accounts receivable, respectively, and thus caused a concentration of credit risk.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(e). Other financial assets at amortized cost includes other receivables, time deposits maturing in excess of three month and other financial assets (refundable deposits).

All of these other financial assets at amortized cost are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g)). No impairment loss allowance were recognized or reversed for the years ended December 31, 2023 and 2022.

(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>
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings (floating interest rate)	\$ 1,756,035	1,759,711	1,759,711	-	-	-	-
Short-term notes and bills payable (fixed interest rate)	1,149,465	1,150,000	1,150,000	-	-	-	-
Notes payable (non-interest bearing)	14,159	14,159	14,159	-	-	-	-
Accounts payable (including related parties) (non-interest bearing)	385,117	385,117	385,117	-	-	-	-
Other payables (non-interest bearing)	262,468	262,468	260,675	200	890	703	-
Lease liabilities (including current portion) (fixed interest rate)	211,136	226,822	20,620	-	20,620	61,861	123,721
Guarantee deposits received (non-interest bearing)	4,180	4,180	-	-	1,740	2,440	-
	<u>\$ 3,782,560</u>	<u>3,802,457</u>	<u>3,590,282</u>	<u>200</u>	<u>23,250</u>	<u>65,004</u>	<u>123,721</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<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>
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings (floating interest rate)	\$ 2,951,392	2,963,873	2,831,773	132,100	-	-	-
Short-term notes and bills payable (fixed interest rate)	619,329	620,000	620,000	-	-	-	-
Notes payable (non-interest bearing)	8,800	8,800	8,800	-	-	-	-
Accounts payable (including related parties) (non-interest bearing)	445,411	445,411	445,411	-	-	-	-
Other payables (non-interest bearing)	250,394	250,394	247,711	1,090	-	1,593	-
Lease liabilities (including current portion) (fixed interest rate)	213,691	231,195	19,266	-	19,266	57,799	134,864
Guarantee deposits received (non-interest bearing)	3,499	3,499	-	-	739	2,760	-
	<u>\$ 4,492,516</u>	<u>4,523,172</u>	<u>4,172,961</u>	<u>133,190</u>	<u>20,005</u>	<u>62,152</u>	<u>134,864</u>

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

(iv) Foreign currency risk

1) Exposure to foreign currency risk

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

	December 31, 2023			December 31, 2022			
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	5,904	30.705	181,280	3,647	30.71	111,998
EUR	-	-	-	-	77	32.72	2,508
JPY	-	-	-	-	3,220	0.2324	748
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$	177	30.705	5,418	200	30.71	6,141
EUR		4	33.98	146	216	32.72	7,045
JPY		845	0.2172	184	66,661	0.2324	15,466

2) Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, and other payables. As of December 31, 2023 and 2022, if the exchange rate of the NTD versus the other currency had increased or decreased by 1%, given no changes in other factors, the impact were as follow:

<u>2023</u>		<u>2022</u>	
<u>Depreciate 1%</u>	<u>Appreciate 1%</u>	<u>Depreciate 1%</u>	<u>Appreciate 1%</u>
<u>Increase in net profit after tax</u>	<u>Decrease in net profit after tax</u>	<u>Increase in net profit after tax</u>	<u>Decrease in net profit after tax</u>
<u>\$ 1,404</u>	<u>1,404</u>	<u>693</u>	<u>693</u>

The analysis is performed in the same basis for 2023 and 2022.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Exchange gains and losses from monetary items

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

	2023	2022
	Exchange gains (losses)	Exchange gains (losses)
USD	\$ (2,854)	1,243
JPY	244	(712)
Others	-	16
Total	\$ (2,610)	547

(v) Interest rate analysis

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

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

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

2023		2022	
Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Decrease in net profit after tax	Increase in net profit after tax	Decrease in net profit after tax	Increase in net profit after tax
\$ 3,512	3,512	5,903	5,903

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

(vi) Equity securities price risk

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

	2023		2022	
Prices at reporting date	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increase by 1%	\$ 666	26,345	718	24,382
Decrease by 1%	\$ (666)	(26,345)	(718)	(24,382)

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Fair value of financial instruments

1) Fair value of financial instruments

The financial assets of the company at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured at fair value on recurring basis. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows, however, the financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

December 31, 2023					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Listed stocks	\$ 2,531,315	2,531,315	-	-	2,531,315
Non-listed stocks	<u>103,173</u>	68,073	-	35,100	103,173
Total	<u>\$ 2,634,488</u>				
Financial assets at fair value through other comprehensive income					
Non-listed stocks	\$ 66,629	-	-	66,629	66,629
Accounts receivable	<u>25,832</u>	-	25,832	-	25,832
Total	<u>\$ 92,461</u>				

December 31, 2022					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Listed stocks	\$ 2,338,798	2,338,798	-	-	2,338,798
Non-listed stocks	<u>99,416</u>	67,331	-	32,085	99,416
Total	<u>\$ 2,438,214</u>				
Financial assets at fair value through other comprehensive income					
Non-listed stocks	\$ 71,806	-	-	71,806	71,806
Accounts Receivables	10,146	-	10,146	-	10,146
Receivables-the distribution of remaining on liquidation	<u>1,457</u>	-	1,457	-	1,457
Total	<u>\$ 83,409</u>				

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques used in financial instruments at 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 value of the Group's listed securities, and open-end funds with standard terms and conditions, and traded in active markets, were determined by the quoted market prices.

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

The fair value of the equity instruments which do not have any quoted market price is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

3) Transfer between level 1 to level 2

There was no transfer between the fair value hierarchy levels for the year ended December 31, 2023 and 2022.

4) Movements of financial assets in level 3

	Fair value through profit or loss	Fair value through other comprehensive income
	Equity investment without an active market	Equity investment without an active market
Balance at January 1, 2023	\$ 32,085	71,806
Total gains or losses		
Recognized in profit (loss)	3,015	-
Recognized in other comprehensive income (loss)	-	(5,177)
Balance at December 31, 2023	\$ 35,100	66,629
Balance at January 1, 2022	\$ 29,790	69,108
Total gains or losses		
Recognized in profit (loss)	2,295	-
Recognized in other comprehensive income (loss)	-	2,846
Disposals	-	(148)
Balance at December 31, 2022	\$ 32,085	71,806

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	<u>2023</u>	<u>2022</u>
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ 3,015	2,295
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	(5,177)	2,866

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss— equity investments” and “financial assets measured at fair value through other comprehensive income — equity investments”.

The Group’s financial instrument that use Level 3 inputs to measure fair value has only one significant unobservable input. As of December 31, 2023 and 2022, quantified information of significant unobservable inputs were as follows:

<u>Items</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets measured at fair value through profit or loss-equity investments without an active market	Comparable listed company approach	Lack of marketability discount rate (30% on December 31, 2023 and 2022)	The higher the lack-of-marketability discount is, the lower the fair value will be.
Financial assets measured at fair value through other comprehensive income -equity investments without an active market	Comparable listed company approach	Lack of marketability discount rate (30% on December 31, 2023 and 2022)	The higher the lack-of-marketability discount is, the lower the fair value will be.

(Continued)

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

Notes to the Consolidated Financial Statements

6) Fair value measurements in Level 3 – sensitivity analysis reasonably possible alternative assumptions

The fair value measurements of the Group's financial instruments are reasonable. However, change in the use of valuation models or variables may affect the estimations. For fair value measurements in Level 3, the information of changes in the use of valuation variable were as follows:

			Fair value change in profit or loss		Fair value change in other comprehensive income	
	Inputs	Increase (decrease)	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2023						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	\$ 5,014	(5,014)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	9,518	(9,518)
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	\$ 4,584	(4,584)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	10,258	(10,258)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(ab) Financial risk management

(i) Overview

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

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

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

(ii) Risk management framework

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

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

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

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

2) Deposits and other financial assets

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

(iv) Liquidity risk

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

As of December 31, 2023 and 2022, unused credit lines were amounted to \$4,993,004 and \$4,098,291, respectively.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Market risk

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

1) Currency risk

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

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

2) Interest risk

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

3) Market price risk of equity instruments

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

(ac) Capital management

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

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In 2023, the Group's capital management strategy is consistent with the prior year. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 4,619,878	5,438,668
Less: cash and cash equivalents	170,717	179,163
Net debt	4,449,161	5,259,505
Total equity	8,692,164	8,081,493
Capital after adjustment	\$ 13,141,325	13,340,998
Debt-to-equity ratio	33.86%	39.42%

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

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

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Others	Amortized interest	
Short-term borrowings	\$ 2,951,392	(1,195,357)	-	-	1,756,035
Short-term notes and bills payable	619,329	512,938	-	17,198	1,149,465
Lease liabilities (including current portion)	213,691	(20,621)	15,017 (note)	3,049	211,136
Guarantee deposit received (including in other payables of current portion)	7,198	(146)	-	-	7,052
Total liabilities from financing activities	\$ 3,791,610	(703,186)	15,017	20,247	3,123,688

Note: Increase in right-of-use assets.

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Others	Amortized interest	
Short-term borrowings	\$ 1,596,128	1,355,264	-	-	2,951,392
Short-term notes and bills payable	999,866	(386,894)	-	6,357	619,329
Lease liabilities (including current portion)	229,872	(19,266)	-	3,085	213,691
Guarantee deposit received (including in other payables of current portion)	8,027	(829)	-	-	7,198
Total liabilities from financing activities	\$ 2,833,893	948,275	-	9,442	3,791,610

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
National Ship Demolition Co., Ltd.	Controlled by key management personnel of the Group (Note)
Taiwan Times Co., Ltd.	Controlled by key management personnel of the Group (Note)
Mei Da Co., Ltd.	Controlled by key management personnel of the Group (Note)
Shebao Loulan Social Welfare Foundation	Controlled by key management personnel of the Group (Note)

(Note) Summarized as other related parties.

(b) Significant transactions with related parties

(i) Purchases

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

	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>6</u>	<u>10</u>

The prices for purchases from related parties have not comparison with whose purchase from third-party vendors. Payment terms with related parties were 1 to 3 months. The purchasing prices with related parties were not significantly different from those with third-parties suppliers.

(ii) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Other related parties	\$ <u>105</u>	<u>109</u>

(iii) Others

Rental income is from office premises leased to other related parties. The above rental income was collected monthly or in advance. The price is decided by using the nearby office rental rates and negotiated each other. Rental incomes in 2023 and 2022 were \$192 and \$168, respectively, and were included in other income of non-operating income and expenses in the consolidated statements of comprehensive income. As of December 31, 2023, the advance receipts \$8 which was included in other current liabilities in balance statement. As of December 31, 2022, the receivables from above transaction were settled in full.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts of advertising expense incurred by other related parties in 2023 and 2022 were both \$200, which were included in operating expenses in consolidated statements of comprehensive income.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 27,099	21,242
Post-employment benefits	448	417
Termination benefits	-	-
Other long-term employee benefits	-	-
Share-based payments	-	-
	<u><u>\$ 27,547</u></u>	<u><u>21,659</u></u>

(8) Assets pledged as security:

The carrying values of assets pledged as security were as follows:

<u>Assets pledged as security</u>	<u>Liability secured by pledged</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Certificate of Deposit (Current financial assets measured at amortized cost)	Performance security	<u><u>\$ 23,119</u></u>	<u><u>-</u></u>

(9) Commitments and contingencies:

Major commitments and contingencies were as follows:

(i) Unrecognized contingencies of contracts:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	<u><u>\$ 83,038</u></u>	<u><u>142,321</u></u>

(ii) Unused standby letters of credit:

	December 31, 2023	December 31, 2022
Purchase of material	<u><u>\$ 709,878</u></u>	<u><u>623,197</u></u>

(10) Losses due to major disasters: None.

(11) Significant subsequent events: None.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

The employee benefits, depreciation, and amortization expenses, categorized by function, were as follows:

By function By item	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary and wages	374,486	78,890	453,376	359,987	69,548	429,535
Labor and health insurance	39,627	8,689	48,316	40,957	8,698	49,655
Pension	15,536	3,900	19,436	16,552	4,063	20,615
Remuneration of directors	-	8,430	8,430	-	4,495	4,495
Other personnel costs	16,318	11,572	27,890	17,291	12,121	29,412
Depreciation	201,340	4,723	206,063	197,859	4,250	202,109
Amortization	167	50	217	107	25	132

(Continued)

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

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “the Regulations” for the Group for the years ended December 31, 2023.

(i) Loans to other parties: None.

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

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Highest percentage of ownership during the year		Note
				Units (shares)	Carrying value	Percentage of ownership (%)	Fair value	Units (shares)	Percentage of ownership (%)	
The Company	China Ecotek Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	11,843,730	667,987	9.57 %	667,987	11,843,730	9.57 %	
The Company	Wafer Works Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	4,699,013	203,467	0.87 %	203,467	4,699,013	0.87 %	
The Company	Far Eastone Telecommunications Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	8,292,187	661,717	0.23 %	661,717	8,292,187	0.23 %	
The Company	Bionime Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,014,900	524,714	11.53 %	524,714	7,485,900	12.34 %	
The Company	Co-Tech Development Corp. stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,812,375	473,430	3.09 %	473,430	7,812,375	3.09 %	
The Company	Pixon Technologies Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	2,361,200	68,073	9.64 %	68,073	3,551,200	14.49 %	
The Company	Liyu Technology Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	4,500,000	35,100	7.73 %	35,100	4,500,000	7.73 %	
The Company	International United Technology Co., Ltd. stock	The Company is a director of the investee	Non-current financial assets at fair value through comprehensive income	987,354	12,658	6.04 %	12,658	987,354	6.04 %	
The Company	Pack & Proper Co., Ltd. stock	-	Non-current financial assets at fair value through comprehensive income	2,466,288	-	4.78 %	-	2,466,288	4.78 %	
The Company	United Electric Industry Co., Ltd. stock	-	Non-current financial assets at fair value through comprehensive income	2,312,205	25,088	2.77 %	25,088	2,312,205	2.77 %	
The Company	Taiwan Sugar Corporation stock	-	Non-current financial assets at fair value through comprehensive income	457,087	28,883	0.01 %	28,883	457,087	0.01 %	
First Copper Technology Co., Ltd.	Hua Eng Wire & Cable Co., Ltd. stock	The Company	Non-current financial assets at fair value through comprehensive income	208,563,824	4,473,694	32.96 %	4,473,694	208,563,824	32.96 %	(Note 1)

Note 1: It was eliminated in the consolidation financial report.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	First Copper Technology Co., Ltd.	1	Operating revenue	330	(Note 2)	- %
0	The Company	First Copper Technology Co., Ltd.	1	Purchases	10,019	No transactions with third parties for comparison	0.10 %
0	The Company	First Copper Technology Co., Ltd.	1	Reduction of operating expense- management service	19,200	No other trading terms for comparison	0.20 %
0	The Company	First Copper Technology Co., Ltd.	1	Rental income	240	No other trading terms for comparison	- %
0	The Company	Hua Ho Engineering Co., Ltd.	1	Construction costs	49,109	No transactions with third parties for comparison	0.50 %
				Accounts payable	78,148		0.59 %
0	The Company	Hua Ho Engineering Co., Ltd.	1	Reduction of operating expense- management service	1,440	No other trading terms for comparison	0.01 %
0	The Company	Hua Ho Engineering Co., Ltd.	1	Rental income	1,715	No other trading terms for comparison	0.02 %

Note 2: The selling prices could not be compared to those of the third-parties customers. The selling prices with related parties were not significantly different from those with third-parties customers. The credit terms with other customers are from one to three months.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits /losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	First Copper Technology Co., Ltd.	Kaohsiung	Manufacturing of copper plate	1,401,129	1,401,129	141,818,196	39.44 %	502,119	(9,494)	(36,648)	Subsidiary Company (Note 2)
The Company	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	17,195	17,195	1,726,000	49.31 %	22,675	912	450	Subsidiary Company (Note 2)
First Copper Technology Co., Ltd.	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	165	165	10,000	0.29 %	134	912	2	Subsidiary Company (Note 2)

Note 2: It was eliminated in the consolidation financial report.

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
First Copper Technology Co., Ltd.		208,569,277	32.96 %
Hua Hong Investment Co., Ltd.		46,738,000	7.38 %
Pai Wor, Wang Yang		33,147,094	5.23 %

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

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

(14) Segment information:

(a) General Information

The Group has three reportable segments: Wire segment, Cable segment and Copper segment. Wire segment produces products such as oxygen free copper wire. Cable segment produces power cable, communication cable and optical fiber cable; Copper Segment produces copper plate. The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately.

The Group's other reportable segments are mainly engaged in project contracting and material trading. The above segments did not meet the quantitative thresholds; therefore, were classified as other segments.

The operating segment accounting policies are similar to those described in note 4 significant accounting policies. The Group's operating segment measured by the operating profit before income tax and make a performance evaluation.

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information about reportable segments and their measurement and reconciliation

The Group's operating segment information and reconciliation are as follows:

2023						
	<u>Wire segment</u>	<u>Cable segment</u>	<u>Copper segment</u>	<u>Other segment</u>	<u>Reconciliation and eliminations</u>	<u>Total</u>
Revenue:						
Revenue from external customers	\$ 2,402,811	4,604,216	2,636,130	111,760	-	9,754,917
Intersegment sales	-	330	10,019	49,109	(59,458)	-
Total revenue	<u>\$ 2,402,811</u>	<u>4,604,546</u>	<u>2,646,149</u>	<u>160,869</u>	<u>(59,458)</u>	<u>9,754,917</u>
Reportable segment profit or loss	<u>\$ 89,625</u>	<u>661,640</u>	<u>(11,219)</u>	<u>13,798</u>	<u>275,316</u>	<u>1,029,160</u>

2022						
	<u>Wire segment</u>	<u>Cable segment</u>	<u>Copper segment</u>	<u>Other segment</u>	<u>Reconciliation and eliminations</u>	<u>Total</u>
Revenue:						
Revenue from external customers	\$ 2,269,047	5,340,913	2,882,567	257,370	-	10,749,897
Intersegment sales	42,127	18,351	12,845	104,327	(177,650)	-
Total revenue	<u>\$ 2,311,174</u>	<u>5,359,264</u>	<u>2,895,412</u>	<u>361,697</u>	<u>(177,650)</u>	<u>10,749,897</u>
Reportable segment profit or loss	<u>\$ (5,504)</u>	<u>559,215</u>	<u>(50,904)</u>	<u>59,949</u>	<u>(362,700)</u>	<u>200,056</u>

(c) Product and service information

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

<u>Product and services</u>	<u>2023</u>	<u>2022</u>
Copper wire	\$ 2,188,860	2,096,613
Cable	4,204,544	4,921,890
Copper product	2,559,357	2,741,559
Processing revenue	77,192	141,374
Construction contract revenue	67,563	222,603
Others	657,401	625,858
Total	<u>\$ 9,754,917</u>	<u>10,749,897</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Geographic information

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

Geographic information	2023	2022
Revenue from the external customers:		
Taiwan	\$ 8,089,295	9,057,353
Mainland China	1,283,674	1,011,688
Other countries	381,948	680,856
Total	<u>\$ 9,754,917</u>	<u>10,749,897</u>
Non-current assets:		
Taiwan	<u>\$ 4,550,191</u>	<u>4,552,795</u>

Non-current assets included property, plant and equipment, investment property, intangible assets, prepayments for equipment, right-of-use asset and other non-current assets not including financial instruments, net defined benefit assets and deferred tax assets.

(e) Information on major customers

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

Customer	2023		2022	
	Amount	% of net consolidated sales	Amount	% of net consolidated sales
A	<u>\$ 1,920,067</u>	<u>19.68 %</u>	<u>2,580,185</u>	<u>24.00 %</u>



安侯建業聯合會計師事務所

KPMG

高雄市前金區801301中正四路211號12樓之6
12th Fl., - 6, No. 211, Chung Cheng 4th Road,
Kaohsiung, 801301, Taiwan (R.O.C.)

電話	Tel	+ 886 7 213 0888
傳真	Fax	+ 886 7 271 3721
網址	Web	kpmg.com/tw

Independent Auditors' Report

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

Opinion

We have audited the financial statements of HUA ENG WIRE & CABLE CO., LTD. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the financial statements, including a summary of material 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, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis 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 Company for the year ended December 31, 2023. 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. We have determined the matters described below to be the key audit matters to be communicated in our report:

Valuation of inventory

Please refer to Note 4(g) for significant accounting policies on inventory valuation, Note 5 for significant accounting assumptions, and estimation uncertainty on inventory valuation, information regarding the inventory valuation is shown in Note 6(g) of the financial statements.

Description of the key audit matter:

The Company's inventories are wire, cable and copper products, which are measured at the lower of cost and net realizable value. Since the selling price is affected by copper price fluctuations, and the international copper price is highly volatile, 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 whether the valuation of inventories is in compliance with the accounting policy of the Company, obtaining information on the lower of cost and net realizable value of inventories and ageing statements prepared by management, performing reviews of estimated selling price on a sample basis to recent sales records and analyzing such data with respect to fluctuations in the international price of copper, and testing on a sample basis the correctness of the ageing statements of inventories, as well as evaluating the basis for management's estimation of the net realizable value of inventories and the reasonableness of the estimation.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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



2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements fairly represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 on all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Yung Hsiang, Chen and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)
March 4, 2024

Notes to Readers

The accompanying parent company only 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 92,692	1	64,674	1	2100	Short-term borrowings (note 6(n))	\$ 952,816	9	1,836,112	18
1110	Current financial assets at fair value through profit or loss (note 6(c))	871,454	9	699,224	7	2110	Short-term notes and bills payable (notes 6(n)(o))	399,836	4	119,943	1
1140	Current contract assets (note 6(w))	144,485	1	157,418	2	2130	Current contract liabilities (note 6(w))	16,436	-	32,483	-
1136	Current financial assets at amortized cost (notes 6(b) and 8)	23,119	-	-	-	2150	Notes payable (note 6(s))	9,140	-	5,540	-
1150	Notes receivable (notes 6(e), (w))	27,694	-	39,407	-	2170	Accounts payable	280,047	3	330,014	3
1172	Accounts receivable (notes 6(e), (w))	1,280,873	13	1,424,632	14	2180	Accounts payable to related parties (note 7)	78,253	1	88,512	1
1200	Other receivables (note 6(f))	5,785	-	36,672	-	2200	Other payables (note 6(s))	204,866	2	189,943	2
130X	Inventories (note 6(g))	2,214,011	21	2,283,871	22	2230	Current tax liabilities	10,165	-	83,934	1
1470	Other current assets (note 6(m))	35,176	-	42,191	-	2280	Current lease liabilities (note 6(q))	17,829	-	16,418	-
	Total current assets	<u>4,695,289</u>	<u>45</u>	<u>4,748,089</u>	<u>46</u>	2300	Other current liabilities (note 6(p))	<u>4,006</u>	<u>-</u>	<u>4,177</u>	<u>-</u>
	Non-current assets:						Total current liabilities	<u>1,973,394</u>	<u>19</u>	<u>2,707,076</u>	<u>26</u>
1510	Non-current financial assets at fair value through profit or loss (note 6(c))	1,763,034	17	1,698,220	16		Non-Current liabilities:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(d))	66,629	1	72,899	1	2570	Deferred tax liabilities (note 6(t))	523,617	5	523,075	5
1550	Investments accounted for using equity method (note 6(h))	524,794	5	592,862	6	2580	Non-current lease liabilities (note 6(q))	193,307	2	197,273	2
1600	Property, plant and equipment (note 6(i))	2,168,858	21	2,139,906	20	2645	Guarantee deposits received	<u>4,180</u>	<u>-</u>	<u>3,499</u>	<u>-</u>
1755	Right-of-use-assets (note 6(j))	264,999	3	274,073	3		Total non-current liabilities	<u>721,104</u>	<u>7</u>	<u>723,847</u>	<u>7</u>
1760	Investment property, net (note 6(k))	832,468	8	833,318	8		Total liabilities	<u>2,694,498</u>	<u>26</u>	<u>3,430,923</u>	<u>33</u>
1780	Intangible assets (note 6(l))	404	-	425	-		Equity attributable to owners of parent (notes 6(d)(s)(u)):				
1840	Deferred tax assets (note 6(t))	20,337	-	18,053	-	3110	Ordinary share	<u>6,327,735</u>	<u>61</u>	<u>6,327,735</u>	<u>61</u>
1920	Refundable deposits (note 6(f))	297	-	141	-	3200	Capital surplus	<u>271,623</u>	<u>2</u>	<u>238,719</u>	<u>2</u>
1975	Non-current net defined benefit asset (note 6(s))	10,407	-	7,672	-	3300	Retained earnings:				
1990	Other non-current assets, others (note 6(m))	<u>22,825</u>	<u>-</u>	<u>8,875</u>	<u>-</u>	3310	Legal reserve	234,075	2	234,075	2
	Total non-current assets	5,675,052	55	5,646,444	54	3320	Special reserve	884,911	9	884,911	8
						3350	Unappropriated retained earnings	<u>958,835</u>	<u>9</u>	<u>271,525</u>	<u>3</u>
								<u>2,077,821</u>	<u>20</u>	<u>1,390,511</u>	<u>13</u>
						3400	Other equity	<u>(32,665)</u>	<u>-</u>	<u>(24,684)</u>	<u>-</u>
						3500	Treasury shares	<u>(968,671)</u>	<u>(9)</u>	<u>(968,671)</u>	<u>(9)</u>
							Total equity	<u>7,675,843</u>	<u>74</u>	<u>6,963,610</u>	<u>67</u>
	Total assets	<u>\$ 10,370,341</u>	<u>100</u>	<u>10,394,533</u>	<u>100</u>		Total liabilities and equity	<u>\$ 10,370,341</u>	<u>100</u>	<u>10,394,533</u>	<u>100</u>

(English Translation of Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(w) and 7)	\$ 7,115,224	100	7,926,122	100
5000	Operating costs (notes 6(g)(p)(s)(x), 7 and 12)	6,416,907	90	7,374,404	93
5900	Gross profit	698,317	10	551,718	7
6000	Operating expenses (notes 6(s)(x), 7 and 12)	133,137	2	119,579	2
6900	Net operating income	565,180	8	432,139	5
7000	Non-operating income and expenses (notes 6(c)(h)(i)(k)(q)(r)(y) and 7):				
7100	Interest income	601	-	159	-
7010	Other income	139,665	2	140,725	2
7020	Other gains and losses	380,822	5	(421,836)	(5)
7050	Finance costs	(31,023)	-	(19,186)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	(36,198)	(1)	(39,244)	-
		453,867	6	(339,382)	(3)
7900	Profit before income tax	1,019,047	14	92,757	2
7950	Less: Income tax expenses (note 6(t))	71,200	1	129,221	2
8200	Profit (Loss)	947,847	13	(36,464)	-
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans (note 6(s))	(10,240)	-	21,283	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(z))	(5,211)	-	2,818	-
8330	Share of other comprehensive income of subsidiaries, accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(2,005)	-	5,204	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(t))	(2,048)	-	4,257	-
	Other comprehensive income (after tax)	(15,408)	-	25,048	-
8500	Comprehensive income	\$ 932,439	13	(11,416)	-
	Earnings per share (note 6(v)):				
9750	Basic earnings per share (in New Taiwan Dollars)	\$ 2.23		(0.09)	
9850	Diluted earnings per share (in New Taiwan Dollars)	\$ 2.23		(0.09)	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD.

Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
Balance at January 1, 2022	<u>\$ 6,327,735</u>	<u>115,333</u>	<u>96,845</u>	<u>884,911</u>	<u>1,372,296</u>	<u>(27,649)</u>	<u>(968,671)</u>	<u>7,800,800</u>
Loss for the year ended December 31, 2022	-	-	-	-	(36,464)	-	-	(36,464)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	22,234	2,814	-	25,048
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	(14,230)	2,814	-	(11,416)
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	137,230	-	(137,230)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(949,160)	-	-	(949,160)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	123,386	-	-	-	-	-	123,386
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	(151)	151	-	-
Balance at December 31, 2022	<u>6,327,735</u>	<u>238,719</u>	<u>234,075</u>	<u>884,911</u>	<u>271,525</u>	<u>(24,684)</u>	<u>(968,671)</u>	<u>6,963,610</u>
Profit for the year ended December 31, 2023	-	-	-	-	947,847	-	-	947,847
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	(10,192)	(5,216)	-	(15,408)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	937,655	(5,216)	-	932,439
Appropriation and distribution of retained earnings:								
Cash dividends of ordinary shares	-	-	-	-	(253,110)	-	-	(253,110)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	32,904	-	-	-	-	-	32,904
Disposal of investment in equity instruments measured at fair value through other comprehensive income of subsidiaries, accounted for using equity method	-	-	-	-	605	(605)	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	2,160	(2,160)	-	-
Balance at December 31, 2023	<u>\$ 6,327,735</u>	<u>271,623</u>	<u>234,075</u>	<u>884,911</u>	<u>958,835</u>	<u>(32,665)</u>	<u>(968,671)</u>	<u>7,675,843</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
HUA ENG WIRE & CABLE CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 1,019,047	92,757
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	124,384	126,773
Amortization expense	169	120
Net (gain) loss on financial assets at fair value through profit or loss	(383,952)	565,590
Interest expense	31,023	19,186
Interest income	(601)	(159)
Dividend income	(87,733)	(90,537)
Share of loss of subsidiaries and associates accounted for using equity method	36,198	39,244
Gain on disposal of property, plant and equipment	(122)	(193)
Gain on disposal of investment property	-	(150,166)
Gain on disposal of accounted for using equity method	-	(370)
(Reversal) provision for liabilities	(269)	259
Total adjustments to reconcile (loss) profit	(280,903)	509,747
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease in contract assets	12,933	14,941
Decrease in notes receivable	11,713	20,105
Decrease (increase) in accounts receivable	143,759	(312,336)
Decrease in accounts receivable due from related parties	-	4,991
Decrease (increase) in other receivables	1,393	(1,252)
Decrease (increase) in inventories	69,860	(257,578)
Decrease (increase) in other current assets	7,015	(29,510)
Total net changes in operating assets	246,673	(560,639)
Net changes in operating liabilities:		
(Decrease) increase in contract liabilities	(16,047)	22,177
Increase in notes payable	3,600	43
(Decrease) increase in accounts payable	(49,967)	26,405
(Decrease) increase in accounts payable to related parties	(10,259)	20,157
Increase (decrease) in other payable	25,062	(54,002)
Increase (decrease) in other current liabilities	98	(296)
Increase in net defined benefit assets and decrease in net defined benefit liabilities	(12,975)	(17,045)
Total net changes in operating liabilities	(60,488)	(2,561)
Total net changes in operating assets and liabilities	186,185	(563,200)
Total adjustments	(94,718)	(53,453)
Cash inflow generated from operations	924,329	39,304
Interest received	555	159
Dividends received	150,502	234,943
Interest paid	(24,611)	(12,196)
Income taxes paid	(144,663)	(182,810)
Net cash flows from in operating activities	906,112	79,400
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	146,630	52,481
Acquisition of financial assets at amortized cost	(23,073)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	148
Proceeds from disposal of accounted for using equity method	-	11,190
Proceeds from liquidation in financial assets at fair value through other comprehensive income - non-current	1,059	-
Acquisition of property, plant and equipment	(136,575)	(146,355)
Proceeds from disposal of property, plant and equipment	122	217
Increase in prepayments for equipment	(13,950)	-
Proceeds from disposal of investment property	-	201,192
Decrease (increase) in refundable deposits	29,616	(2,226)
Acquisition of intangible assets	(148)	(100)
Net cash flows from investing activities	3,681	116,547
Cash flows used in financing activities:		
(Decrease) increase in short-term borrowings	(883,296)	695,010
Increase (decrease) in short-term notes and bills payable	273,850	(80,731)
Decrease in guaranteed deposits received	(48)	(1,025)
Payment of lease liabilities	(20,621)	(19,266)
Cash dividends paid	(251,660)	(921,207)
Net cash flows used in financing activities	(881,775)	(327,219)
Net increase (decrease) in cash and cash equivalents	28,018	(131,272)
Cash and cash equivalents at beginning of period	64,674	195,946
Cash and cash equivalents at end of period	\$ 92,692	64,674

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

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

(1) Company history:

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

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

The financial statements were authorized for issue by the Board of Directors on March 4, 2024 .

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

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

The Company has initially adopted the following new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (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, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

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

- (a) Statement of compliance

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”).

- (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(q).

- (ii) Functional and presentation currency

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(c) Foreign currencies

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

Exchange differences are generally recognized in profit or loss.

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

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

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

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

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

(e) Cash and cash equivalents

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Financial assets at fair value through other comprehensive income (FVOCI)

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

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

3) Financial assets at fair value through profit or loss (FVTPL)

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

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

4) Business model assessment

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

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

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

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

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

6) Impairment of financial assets

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

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

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

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

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

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

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

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

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 asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 180 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

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

When preparing the parent Company only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent company only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent Company only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

When subsidiaries hold the Company's stocks, the Company recognized investment gains or loss and prepared financial statements, it should treat the Company's stocks as treasury stocks.

(j) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant and equipment.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings	2 to 55 years
2)	Machinery and equipment	2 to 20 years
3)	Other equipment	2 to 20 years

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

(l) Lease

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(i) As a lessee

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

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

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

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

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) 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:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) 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
- 4) there is a change of its assessment on whether it will exercise an extension or termination option; or
- 5) there is any lease modifications

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

The Company has elected not recognize right-of-use assets and lease liabilities for short-term leases 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.

(ii) As a lessor

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

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

(m) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(n) Impairment of non-financial assets

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

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

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

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

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

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

(o) Provisions

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

Provision for onerous contracts

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

(p) Revenue

(i) Revenue from contracts with customers

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

2) Construction contracts

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

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

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

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

3) Financing components

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

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

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

(q) Employee benefits

(i) Defined contribution plans

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(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.

(r) Income taxes

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

Current taxes comprise the expected 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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date 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 at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(t) Operating segments

The Company discloses its segment information in the consolidated financial statements. Therefore, the Company need not disclose segment information in the parent Company only financial statements.

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

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows.

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(g) 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. financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

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

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash and cash on hand	\$ 214	270
Checking deposits and demand deposits	92,478	64,404
Cash and cash equivalents in the statement of cash flows	<u>\$ 92,692</u>	<u>64,674</u>

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

(b) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits maturing in excess of three months	\$ 23,119	-
Less: Loss allowance	-	-
Total	<u>\$ 23,119</u>	<u>-</u>

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

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

The Company provide above financial assets measured at amortized cost as collateral or restricted, please refer to note 8.

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss :		
Non-derivative financial assets		
Listed stocks	\$ 2,531,315	2,298,028
Non-listed stocks	103,173	99,416
	<u>\$ 2,634,488</u>	<u>2,397,444</u>
Classified as :		
Current	\$ 871,454	699,224
Non-current	1,763,034	1,698,220
	<u>\$ 2,634,488</u>	<u>2,397,444</u>

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

During the years ended December 31, 2023 and 2022, the dividends of \$83,182 and \$86,869, respectively, related to mandatorily measured at fair value through profit or loss holds on the years then ended, were recognized.

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Equity investments at fair value through other comprehensive income :		
Non-listed stocks - International United Technology Co., Ltd.	\$ 12,658	11,967
Non-listed stocks - Pack & Proper Co., Ltd.	-	17,116
Non-listed stocks - United Electronics Industrial Co., Ltd.	25,088	15,805
Non-listed stocks - Taiwan Sugar Corporation	28,883	26,918
Subtotal	<u>66,629</u>	<u>71,806</u>
Liquidation receivables of Global Corporation	-	1,093
	<u>\$ 66,629</u>	<u>72,899</u>

The Company designated its investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic investments and not for trading purposes.

During the years ended December 31, 2023 and 2022, the dividends of \$4,551 and \$3,668, respectively, related to equity investments as fair value through other comprehensive income held on the years then ended, were recognized.

During the year ended December 31, 2023, the liquidation receivables of Global Corporation had been received in cash 1,059, profit 2,160, which had been reclassified from other equity to retained earnings.

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

As of June 30, 2023, the Pack & Proper Co., Ltd. suffered an excessive amount of losses, resulting in a negative net equity value, which had not improved as of December 31, 2023. Therefore, its fair value was recognized as 0.

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 27,694	39,407
Accounts receivable (including related parties)— measured at amortized cost	1,280,873	1,424,632
Less: Loss allowance	-	-
	<u><u>\$ 1,308,567</u></u>	<u><u>1,464,039</u></u>

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

	December 31, 2023		
	Gross carrying amounts of notes and accounts receivable	Weighted- average loss rate	Loss allowance provision
Non-overdue	\$ 1,308,567	-	-
Overdue	-	-	-
	<u><u>\$ 1,308,567</u></u>		<u><u>-</u></u>
	December 31, 2022		
	Gross carrying amounts of notes and accounts receivable	Weighted- average loss rate	Loss allowance provision
Non-overdue	\$ 1,464,039	-	-
Overdue	-	-	-
	<u><u>\$ 1,464,039</u></u>		<u><u>-</u></u>

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

	2023	2022
Balance at January 1 (Balance at December 31)	<u><u>\$ -</u></u>	<u><u>-</u></u>

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(f) Other receivables (including refundable deposits)

	December 31, 2023	December 31, 2022
Other receivables-share trade settlement	\$ 278	-
Other receivables-remuneration of directors	37	590
Other receivables-others	2,817	3,657
Refundable deposits	2,950	32,566
Less: Loss allowance	-	-
	<u><u>\$ 6,082</u></u>	<u><u>36,813</u></u>
Classified as:		
Other receivables	\$ 5,785	36,672
Refundable deposits	297	141
	<u><u>\$ 6,082</u></u>	<u><u>36,813</u></u>

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

(g) Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 983,953	1,052,265
Work in progress	624,568	515,212
Raw materials and supplies	367,893	295,185
Merchandise	78,494	125,521
Inventory in transit	159,103	295,688
	<u><u>\$ 2,214,011</u></u>	<u><u>2,283,871</u></u>

The details of the cost sales were as follows:

	2023	2022
Inventory that has been sold	\$ 6,321,462	7,149,695
Write-down of inventories (reversal of write-downs)	(2,307)	2,137
Unallocated production overheads	56,178	50,591
Construction cost	60,537	190,628
Others	(18,963)	(18,647)
	<u><u>\$ 6,416,907</u></u>	<u><u>7,374,404</u></u>

The reversal of write-down of inventories in 2023 was due to the fluctuation of copper price which resulted in an increasing of realizable value. The write-down of inventories in 2022 was due to the declining in copper price, which resulted in a decrease of realizable value.

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(h) Investments accounted for using equity method

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

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 524,794	592,862

(ii) Subsidiaries

Please refer the consolidated financial statement for the year ended December 31, 2023.

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

	2023	2022
Attributable to the Company:		
Loss from continuing operations	\$ -	(325)
Other comprehensive income	-	-
Total comprehensive income	\$ -	(325)

(iv) Collateral

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

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

(i) Property, plant and equipment

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

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance at January 1, 2023	\$ 1,551,602	1,283,432	2,464,780	99,979	94,155	5,493,948
Additions	-	11,523	55,337	5,934	55,601	128,395
Reclassifications	-	1,908	62,485	-	(64,393)	-
Disposals	-	-	(6,290)	(4,603)	-	(10,893)
Balance at December 31, 2023	\$ 1,551,602	1,296,863	2,576,312	101,310	85,363	5,611,450
Balance at January 1, 2022	\$ 1,551,602	1,267,006	2,414,626	94,273	22,174	5,349,681
Additions	-	11,571	41,256	10,600	94,653	158,080
Reclassifications	-	5,000	17,672	-	(22,672)	-
Disposals	-	(145)	(8,774)	(4,894)	-	(13,813)
Balance at December 31, 2022	1,551,602	1,283,432	2,464,780	99,979	94,155	5,493,948

(Continued)

HUA ENG WIRE & CABLE 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 and impairment loss:						
Balance at January 1, 2023	\$ -	971,941	2,302,562	79,539	-	3,354,042
Depreciation	-	44,575	49,555	5,313	-	99,443
Disposals	-	-	(6,290)	(4,603)	-	(10,893)
Balance at December 31, 2023	<u>\$ -</u>	<u>1,016,516</u>	<u>2,345,827</u>	<u>80,249</u>	<u>-</u>	<u>3,442,592</u>
Balance at January 1, 2022	\$ -	925,128	2,260,971	80,239	-	3,266,338
Depreciation	-	46,958	50,365	4,170	-	101,493
Disposals	-	(145)	(8,774)	(4,870)	-	(13,789)
Balance at December 31, 2022	<u>\$ -</u>	<u>971,941</u>	<u>2,302,562</u>	<u>79,539</u>	<u>-</u>	<u>3,354,042</u>
Carrying amounts:						
Balance at December 31, 2023	<u>\$ 1,551,602</u>	<u>280,347</u>	<u>230,485</u>	<u>21,061</u>	<u>85,363</u>	<u>2,168,858</u>
Balance at December 31, 2022	<u>\$ 1,551,602</u>	<u>311,491</u>	<u>162,218</u>	<u>20,440</u>	<u>94,155</u>	<u>2,139,906</u>
Balance at January 1, 2022	<u>\$ 1,551,602</u>	<u>341,878</u>	<u>153,655</u>	<u>14,034</u>	<u>22,174</u>	<u>2,083,343</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(y).

(j) Right-of-use assets

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

	<u>Land</u>
Cost:	
Balance at January 1, 2023	\$ 365,896
Additions	<u>15,017</u>
Balance at December 31, 2023	<u>\$ 380,913</u>
Balance at January 1, 2022	\$ 365,896
Balance at December 31, 2022	<u>\$ 365,896</u>
Accumulated depreciation:	
Balance at January 1, 2023	\$ 91,823
Depreciation for the year	<u>24,091</u>
Balance at December 31, 2023	<u>\$ 115,914</u>
Balance at January 1, 2022	\$ 68,983
Depreciation for the year	<u>22,840</u>
Balance at December 31, 2022	<u>\$ 91,823</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

	<u>Land</u>
Carrying amount:	
Balance at December 31, 2023	\$ <u><u>264,999</u></u>
Balance at December 31, 2022	\$ <u><u>274,073</u></u>
Balance at January 1, 2022	\$ <u><u>296,913</u></u>

(k) Investment property

The details of investment property were as follows:

	<u>Owned property</u>		
	<u>Land and improvements</u>	<u>Buildings and others</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2023	\$ 821,826	38,822	860,648
Balance at December 31, 2023	\$ <u><u>821,826</u></u>	<u><u>38,822</u></u>	<u><u>860,648</u></u>
Balance at January 1, 2022	\$ 821,826	151,846	973,672
Disposals	-	(113,024)	(113,024)
Balance at December 31, 2022	\$ <u><u>821,826</u></u>	<u><u>38,822</u></u>	<u><u>860,648</u></u>
Depreciation and impairment loss:			
Balance at January 1, 2023	\$ -	27,330	27,330
Depreciation	-	850	850
Balance at December 31, 2023	\$ <u><u>-</u></u>	<u><u>28,180</u></u>	<u><u>28,180</u></u>
Balance at January 1, 2022	\$ -	86,888	86,888
Depreciation	-	2,440	2,440
Disposals	-	(61,998)	(61,998)
Balance at December 31, 2022	\$ <u><u>-</u></u>	<u><u>27,330</u></u>	<u><u>27,330</u></u>
Carrying amount:			
Balance at December 31, 2023	\$ <u><u>821,826</u></u>	<u><u>10,642</u></u>	<u><u>832,468</u></u>
Balance at December 31, 2022	\$ <u><u>821,826</u></u>	<u><u>11,492</u></u>	<u><u>833,318</u></u>
Balance at January 1, 2022	\$ <u><u>821,826</u></u>	<u><u>64,958</u></u>	<u><u>886,784</u></u>
Fair value:			
Balance at December 31, 2023			\$ <u><u>1,083,915</u></u>
Balance at December 31, 2022			\$ <u><u>1,066,958</u></u>
Balance at January 1, 2022			\$ <u><u>1,162,856</u></u>

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

As of December 31, 2023 and 2022, the investment property is measured at fair value on recurring basis and the fair value of the investment property was based on comparative method and cost method used by the Company. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

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

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

(l) Intangible assets

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

	Computer software
Cost:	
Balance at January 1, 2023	\$ 575
Additions	<u>148</u>
Balance at December 31, 2023	<u>\$ 723</u>
Balance at January 1, 2022	\$ 475
Additions	<u>100</u>
Balance at December 31, 2022	<u>\$ 575</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2023	\$ 150
Amortization for the year	<u>169</u>
Balance at December 31, 2023	<u>\$ 319</u>
Balance at January 1, 2022	\$ 30
Amortization for the year	<u>120</u>
Balance at December 31, 2022	<u>\$ 150</u>
Carrying amounts:	
Balance at December 31, 2023	<u>\$ 404</u>
Balance at December 31, 2022	<u>\$ 425</u>
Balance at January 1, 2022	<u>\$ 445</u>

For the amortization of intangible assets, please refer to note 12.

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

	December 31, 2023	December 31, 2022
Prepaid expenses	\$ 5,249	4,832
Prepaid raw materials and construction	1,565	27,857
Prepayments for equipment	13,951	1
Excess business tax paid and refundable tax	25,122	9,155
Others	12,114	9,221
	<u>\$ 58,001</u>	<u>51,066</u>
Current	\$ 35,176	42,191
Non-current	22,825	8,875
	<u>\$ 58,001</u>	<u>51,066</u>

(n) Short-term borrowings

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

	December 31, 2023	December 31, 2022
Letters of credit	\$ 292,816	869,112
Unsecured loans	660,000	967,000
Total	<u>\$ 952,816</u>	<u>1,836,112</u>
Unused credit lines	<u>\$ 3,091,145</u>	<u>2,434,284</u>
Range of interest rates	<u>1.78%~1.85%</u>	<u>1.35%~2.02%</u>

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

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

(o) Short-term notes and bills payable

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

	December 31, 2023	December 31, 2022
Commercial paper payable	<u>\$ 399,836</u>	<u>119,943</u>
Range of interest rates	<u>1.808%~1.838%</u>	<u>1.888%</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(n).

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(p) Other current liabilities

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

	December 31, 2023	December 31, 2022
Advance receipts	\$ 3,918	3,829
Provision of onerous contracts	56	325
Others	<u>32</u>	<u>23</u>
	<u>\$ 4,006</u>	<u>4,177</u>

The movement of provisions were as follows:

	Onerous contracts
Balance at January 1, 2023	\$ 325
Provisions used and reversed during the year	(314)
Provisions made during the year	<u>45</u>
Balance at December 31, 2023	<u>\$ 56</u>
Balance at January 1, 2022	\$ 66
Provisions used and reversed during the year	(7,522)
Provisions made during the year	<u>7,781</u>
Balance at December 31, 2022	<u>\$ 325</u>

(q) Lease liabilities

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

	December 31, 2023	December 31, 2022
Current	<u>\$ 17,829</u>	<u>16,418</u>
Non-current	<u>\$ 193,307</u>	<u>197,273</u>

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	<u>\$ 3,049</u>	<u>3,085</u>
Expenses relating to short-term leases	<u>\$ 775</u>	<u>1,321</u>

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

	2023	2022
Total cash outflow for leases	<u>\$ 21,396</u>	<u>20,587</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(i) Real estate leases

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

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

(ii) Other leases

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

(r) Operating lease

Leases as lessor

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

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

	December 31, 2023	December 31, 2022
Less than one year	\$ 41,991	42,868
One to two years	22,190	34,311
Two to three years	12,947	15,142
Three to four years	6,259	9,049
Four to five years	-	6,259
Total undiscounted lease payments	<u>\$ 83,387</u>	<u>107,629</u>

In 2023 and 2022, the rental income for investment property amounting to \$43,437 and \$41,808, respectively, is included in other income in the statements of comprehensive income.

The direct expenses including repairs and maintenance arising from income-generating investment property amounting to \$2,038 and \$2,367 in 2023 and 2022, respectively, are included in other gains and losses in the statements of comprehensive income.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(s) Employee benefits

(i) Defined benefit plans

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

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 302,320	305,817
Fair value of plan assets	(312,727)	(313,489)
Net defined benefit assets	<u><u>\$ (10,407)</u></u>	<u><u>(7,672)</u></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.

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 balance of the Company's pension reserve accounts for labor in Bank of Taiwan amounted to \$312,727 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	2023	2022
Defined benefit obligations at January 1	\$ 305,817	324,035
Current service costs and interest	5,464	2,981
Remeasurement of the net defined benefit liabilities (assets) :		
–Actuarial loss (gain) arising from change in financial assumptions	2,598	(691)
–Actuarial loss (gain) arising from experience adjustment	9,657	3,644
Benefits paid by the plan	(21,216)	(24,152)
Defined benefit obligations at December 31	<u><u>\$ 302,320</u></u>	<u><u>305,817</u></u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

3) Movements in the fair value of plan assets

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

	2023	2022
Fair value of plan assets at January 1	\$ 313,489	293,379
Interest income	4,689	1,448
Remeasurements of the net defined benefit liabilities (assets):		
-Return on plan assets (excluding interest)	2,015	24,236
Contributions made	13,750	18,578
Benefits paid by the plan	(21,216)	(24,152)
Fair value of plan assets at December 31	<u>\$ 312,727</u>	<u>313,489</u>

4) Expenses recognized in profit or loss

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

	2023	2022
Current service costs	\$ 956	1,403
Net interest of net defined benefit assets	(181)	130
	<u>\$ 775</u>	<u>1,533</u>
Operating costs	\$ 693	1,377
Operating expenses	82	156
	<u>\$ 775</u>	<u>1,533</u>

5) Actuarial assumptions

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

	December 31, 2023	December 31, 2022
Discount rate	1.375%	1.500%
Future salary increase rate	2.000%	2.000%

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 \$24,441.

The weighted-average lifetime of the defined benefits plans is 8.34 years.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

6) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increased	Decreased
As of December 31, 2023		
Discount rate (Decreasing or increasing in 0.25%)	\$ (5,161)	5,301
Future salary increasing rate (Decreasing or increasing in 0.25%)	5,116	(5,006)
As of December 31, 2022		
Discount rate (Decreasing or increasing in 0.25%)	\$ (5,685)	5,848
Future salary increasing rate (Decreasing or increasing in 0.25%)	5,659	(5,530)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used in the sensitivity analysis is consistent with the calculation of pension (assets) liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

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

The Company recognized the pension costs under the defined contribution method amounting to \$12,113 and \$11,539 for 2023 and 2022, respectively. As of December 31, 2023 and 2022, the payables which had not been contributed to the Bureau of Labor Insurance were \$2,045 and \$1,969, respectively, and they were recognized as notes payable and other payables in the balance sheets.

(iii) Short-term benefit liabilities

As of December 31, 2023 and 2022, the Company's short-term benefit liabilities for vacation were \$13,706 and \$13,574, respectively, and were recognized as other payables in the balance sheets.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(t) Income taxes

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

	<u>2023</u>	<u>2022</u>
Current tax benefit		
Current period	\$ 70,894	128,989
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	306	232
Income tax expense	<u>\$ 71,200</u>	<u>129,221</u>

No income tax was recognized directly in equity for 2023 and 2022.

The amount of income tax expense (benefit) recognized in other comprehensive income for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items not reclassified to profit or loss :		
Remeasurements of defined benefit plans	\$ (2,048)	4,257

Reconciliation of income tax expense and profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Profit before income tax	\$ 1,019,047	92,757
Income tax using the Company's domestic tax rate	203,809	18,551
Unrealized losses (gains) on valuation of financial assets	(76,790)	113,118
Realized investment losses of financial assets	(45,610)	-
Dividends income	(17,547)	(18,107)
Effect of investment losses (gains) under equity method	7,239	7,849
Additional tax on undistributed earnings	-	7,800
Others	99	10
	<u>\$ 71,200</u>	<u>129,221</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Land value increment tax provision	Defined benefits plan	Others	Total
Deferred tax liabilities:				
Balance at January 1, 2023	\$ 521,382	1,686	7	523,075
Debit (credit) profit or loss	-	2,591	(1)	2,590
Credit other comprehensive income	-	(2,048)	-	(2,048)
Balance at December 31, 2023	<u>\$ 521,382</u>	<u>2,229</u>	<u>6</u>	<u>523,617</u>
Balance at January 1, 2022	\$ 521,382	-	8	521,390
Debit (credit) profit or loss	-	6,204	(1)	6,203
Debit (credit) other comprehensive income	-	(4,518)	-	(4,518)
Balance at December 31, 2022	<u>\$ 521,382</u>	<u>1,686</u>	<u>7</u>	<u>523,075</u>

	Allowance for inventory losses	Defined benefits plan	Unallocated production overheads	Adjustment of difference of useful life of PPE between financial and tax methods	Others	Total
Deferred tax assets:						
Balance at January 1, 2023	\$ 1,401	-	2,883	10,571	3,198	18,053
Credit (debit) profit or loss	(461)	-	356	2,556	(167)	2,284
Balance at December 31, 2023	<u>\$ 940</u>	<u>-</u>	<u>3,239</u>	<u>13,127</u>	<u>3,031</u>	<u>20,337</u>
Balance at January 1, 2022	\$ 974	5,979	3,377	7,613	2,914	20,857
Credit (debit) profit or loss	427	2,796	(494)	2,958	284	5,971
Credit (debit) other comprehensive income	-	(8,775)	-	-	-	(8,775)
Balance at December 31, 2022	<u>\$ 1,401</u>	<u>-</u>	<u>2,883</u>	<u>10,571</u>	<u>3,198</u>	<u>18,053</u>

(iii) Assessment of tax

The Company's income tax returns for the years through 2021 were assessed by the tax authorities.

(u) Capital and other equity

(i) Capital stock

As of December 31, 2023 and 2022, the authorized shares capital of the Company was both \$6,327,735, comprising 632,774 thousand shares, with a par value \$10. All issued shares were paid up upon issuance.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Treasury share transactions	\$ 268,160	235,256
Difference arising from subsidiary's share price and its carrying value	3,463	3,463
	\$ 271,623	238,719

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

(iii) Retained earnings

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

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

1) Legal reserve

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

2) Special reserve

According to Securities and Futures Bureau (SFB, former SFC) regulations, the investment income resulting from the sale of long-term equity investment in First Copper Technology Co., Ltd. in 1988 should be treated as unrealized gain, and such gain cannot be distributed until such long-term equity investment is resold. As of December 31, 2023 and 2022, the amount of the unrealized gain was both \$95,408.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs approved by the FSC, unrealized revaluation gains shall be reclassified as unappropriated retained earnings at the adoption date. According to regulations, the increase in retained earnings amounted to \$888,766. It exceeded the increase in retained earnings occurring before the date of first-time adoption of IFRSs amounting to \$776,576. In accordance with the FSC, an increase in retained earnings due to the first-time adoption of IFRSs shall be retained as a special reserve, and when the relevant assets are used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately.

In accordance with the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRS and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2023 and 2022, the balance of special reserve was both \$12,927.

3) Earnings distribution

Earnings distributions for 2022 and 2021 were decided by the general meeting of shareholders held on June 21, 2023 and June 16, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2022</u>	<u>2021</u>
Dividends distributed to ordinary shareholders per share (in dollars):		
Cash	\$ <u>0.4</u>	<u>1.5</u>

Earnings distribution for 2023 was proposed by the resolution adopted at the board meeting held on March 4, 2024. The relevant dividend distribution to shareholders was as follows:

	<u>2023</u>
Dividends distributed to ordinary shareholders per share (in dollars):	
Cash	\$ <u>1.0</u>

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(iv) Treasury stock

First Copper Technology Co., Ltd, controlled by the Company, held the Company's common stocks for finance management. Such shares are treated as treasury stock in preparation of financial statements. As of December 31, 2023 and 2022, the investee, First Copper Technology Co., Ltd., held 208,564 thousand shares of the Company's common stock, and their market values amounted to \$4,473,694 and \$2,857,325, respectively. As of December 31, 2023 and 2022, the total amount which the Company recognized as treasury stock was both \$968,671.

(v) Other equity (net of tax)

	Financial assets measured at fair value through other comprehensive income
Balance at January 1, 2023	\$ (24,684)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(5,177)
Unrealized gains (losses) from receivables	(34)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries accounted for using equity method	(5)
Disposal of investment in equity instruments measured at fair value through other comprehensive income	(2,160)
Disposal of investment in equity instruments measured at fair value through other comprehensive income of subsidiaries accounted for using equity method	(605)
Balance at December 31, 2023	<u><u>\$ (32,665)</u></u>
Balance at January 1, 2022	\$ (27,649)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	2,846
Unrealized gains (losses) from receivables	(28)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income of subsidiaries accounted for using equity method	(4)
Disposal of investment in equity instruments measured at fair value through other comprehensive income	151
Balance at December 31, 2022	<u><u>\$ (24,684)</u></u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(v) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022, were as follows (excluding 208,564 thousand shares, of common stock outstanding held by the Company's subsidiaries as treasury stock):

	<u>2023</u>	<u>2022</u>
Basic earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>947,847</u>	<u>(36,464)</u>
Weighted-average number of common shares outstanding (shares in thousands)	<u>424,210</u>	<u>424,210</u>
Basic earnings per share (deficit) (in dollars)	\$ <u>2.23</u>	<u>(0.09)</u>
Diluted earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company (After adjusting to dilutive potential ordinary share effect)	\$ <u>947,847</u>	<u>(36,464)</u>
Weighted-average number of common shares outstanding (shares in thousands)	424,210	424,210
Effect of dilutive potential ordinary shares		
Effect of employee share bonus (shares in thousands)	<u>1,510</u>	<u>-</u>
Weighted-average number of common shares outstanding (shares in thousands) (After adjusting to dilutive potential ordinary share effect)	<u>425,720</u>	<u>424,210</u>
Diluted earnings per share (deficit) (in dollars)	\$ <u>2.23</u>	<u>(0.09)</u>

For the year ended December 31, 2022, the effects of common shares were not included in the calculation of the diluted earnings per share, due to their anti-dilutive impact on earnings per share.

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>			
	<u>Wire</u>	<u>Cable</u>	<u>Other</u>	<u>Total</u>
Primary geographical markets:				
Taiwan	\$ 1,453,421	4,604,546	107,867	6,165,834
Mainland China	<u>949,390</u>	<u>-</u>	<u>-</u>	<u>949,390</u>
Total	\$ <u>2,402,811</u>	<u>4,604,546</u>	<u>107,867</u>	<u>7,115,224</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

2023				
	Wire	Cable	Other	Total
Major products/services lines:				
Oxygen free copper wire	\$ 2,188,860	-	-	2,188,860
Wire and cable	-	4,204,874	-	4,204,874
Processing revenue	96	1,894	-	1,990
Construction contract revenue	-	-	63,670	63,670
Others	213,855	397,778	44,197	655,830
Total	<u><u>\$ 2,402,811</u></u>	<u><u>4,604,546</u></u>	<u><u>107,867</u></u>	<u><u>7,115,224</u></u>
Timing for revenue recognition:				
Products transferred at a point in time	\$ 2,402,811	4,604,546	44,197	7,051,554
Construction transferred over time	-	-	63,670	63,670
Total	<u><u>\$ 2,402,811</u></u>	<u><u>4,604,546</u></u>	<u><u>107,867</u></u>	<u><u>7,115,224</u></u>

2022				
	Wire	Cable	Other	Total
Primary geographical markets:				
Taiwan	\$ 1,907,812	5,359,263	255,685	7,522,760
Mainland China	385,420	-	-	385,420
Others	17,942	-	-	17,942
Total	<u><u>\$ 2,311,174</u></u>	<u><u>5,359,263</u></u>	<u><u>255,685</u></u>	<u><u>7,926,122</u></u>
Major products/services lines:				
Oxygen free copper wire	\$ 2,096,613	-	-	2,096,613
Wire and cable	-	4,922,085	-	4,922,085
Processing revenue	628	3,127	-	3,755
Construction contract revenue	-	-	220,917	220,917
Others	213,933	434,051	34,768	682,752
Total	<u><u>\$ 2,311,174</u></u>	<u><u>5,359,263</u></u>	<u><u>255,685</u></u>	<u><u>7,926,122</u></u>
Timing for revenue recognition:				
Products transferred at a point in time	\$ 2,311,174	5,359,263	34,768	7,705,205
Construction transferred over time	-	-	220,917	220,917
Total	<u><u>\$ 2,311,174</u></u>	<u><u>5,359,263</u></u>	<u><u>255,685</u></u>	<u><u>7,926,122</u></u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable	\$ 1,308,567	1,464,039	1,176,799
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,308,567</u>	<u>1,464,039</u>	<u>1,176,799</u>
Contract assets — construction	\$ 144,485	157,418	172,359
Less: allowance for impairment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 144,485</u>	<u>157,418</u>	<u>172,359</u>
Contract liabilities — advance sales receipts	<u>\$ 16,436</u>	<u>32,483</u>	<u>10,306</u>

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

For details on onerous contracts as of December 31, 2023 and 2022, please refer to note 6(p).

The amount of revenue which was recognized in 2023 and 2022, and included in the contract liability balance at January 1, 2023 and 2022 were \$27,440 and \$8,746, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(x) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute a minimum of 3% of its profit as employee remuneration and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should first be used to offset the deficits.

For the year ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$31,680 and \$2,884, respectively, and directors' remuneration amounting to \$5,280 and \$481, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating cost or operating expenses during 2023 and 2022. 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 2023 and 2022.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(y) Non-operating income and expenses

(i) Interest income

Details of interest income of the Company were as follows:

	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>601</u>	<u>159</u>

(ii) Other income

Details of other income of the Company were as follows:

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 87,733	90,537
Rental income	45,536	43,854
Revenue from sale of scrap	1,542	1,287
Directors' and supervisors' remuneration	3,525	3,740
Others	1,329	1,307
	\$ <u>139,665</u>	<u>140,725</u>

(iii) Other gains and losses

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

	<u>2023</u>	<u>2022</u>
Foreign exchange gains (losses), net	\$ 148	(694)
Gain on disposal of accounted for using equity method	-	370
Net gains (losses) of financial assets at fair value through profit or loss	383,952	(565,590)
Net gains on disposal of property, plant and equipment	122	193
Gain on disposal of investment property	-	150,166
Depreciation of investment property	(850)	(2,440)
Others	(2,550)	(3,841)
	\$ <u>380,822</u>	<u>(421,836)</u>

(iv) Finance costs

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

	<u>2023</u>	<u>2022</u>
Interest expenses		
Bank loans and short-term notes and bills payable	\$ (27,906)	(16,064)
Lease liabilities	(3,049)	(3,085)
Others	(68)	(37)
	\$ <u>(31,023)</u>	<u>(19,186)</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(z) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$ 2,634,488	2,397,444
Financial assets at fair value through other comprehensive income:		
Equity investments	66,629	71,806
Receivables-the distribution of remaining on liquidation	-	1,093
Subtotal	66,629	72,899
Financial assets measured at amortized cost:		
Cash and cash equivalents	92,692	64,674
Financial assets at amortized cost	23,119	-
Notes receivable, accounts receivable (including related parties), and other receivables	1,314,352	1,500,711
Refundable deposits	297	141
Subtotal	1,430,460	1,565,526
Total	\$ 4,131,577	4,035,869

2) Financial liabilities

	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term borrowings	\$ 952,816	1,836,112
Short-term notes and bills payable	399,836	119,943
Payables (including related parties)	568,531	610,384
Lease liabilities (including current portion)	211,136	213,691
Guarantee deposits received	4,180	3,499
Total	\$ 2,136,499	2,783,629

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(ii) Credit risk

1) Exposure to credit risk

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

2) Concentration to credit risk

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

The major customers of the Company are centralized in industries within similar areas and dealers. As of December 31, 2023 and 2022, one customer accounted for 50.92% and 58.21% of the notes and accounts receivable, respectively, and thus caused a concentration of credit risk.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(e). Other financial assets at amortized cost includes other receivables, time deposits maturing in excess of three month and other financial assets (refundable deposits).

All of these other financial assets at amortized cost are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f)). No impairment loss allowance was recognized or reversed for the years ended December 31, 2023 and 2022.

(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>
December 31, 2023							
Non-derivative financial liabilities							
Short-term borrowings(floating interest rate)	\$ 952,816	954,830	954,830	-	-	-	-
Short-term notes and bills payable(fixed interest rate)	399,836	400,000	400,000	-	-	-	-
Notes payable(non-interest bearing)	9,140	9,140	9,140	-	-	-	-
Accounts payable (including related parties)(non-interest bearing)	358,300	358,300	358,300	-	-	-	-
Other payables(non-interest bearing)	201,091	201,091	199,298	200	890	703	-
Lease liabilities (including current portion)(fixed interest rate)	211,136	226,822	20,620	-	20,620	61,861	123,721
Guarantee deposits received(non-interest bearing)	4,180	4,180	-	-	1,740	2,440	-
	<u>\$ 2,136,499</u>	<u>2,154,363</u>	<u>1,942,188</u>	<u>200</u>	<u>23,250</u>	<u>65,004</u>	<u>123,721</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

	<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>
December 31, 2022							
Non-derivative financial liabilities							
Short-term borrowings(floating interest rate)	\$ 1,836,112	1,844,959	1,712,859	132,100	-	-	-
Short-term notes and bills payable(fixed interest rate)	119,943	120,000	120,000	-	-	-	-
Notes payable(non-interest bearing)	5,540	5,540	5,540	-	-	-	-
Accounts payable (including related parties)(non-interest bearing)	418,526	418,526	418,526	-	-	-	-
Other payables(non-interest bearing)	186,318	186,318	183,635	1,090	-	1,593	-
Lease liabilities(including current portion)(fixed interest rate)	213,691	231,195	19,266	-	19,266	57,799	134,864
Guarantee deposits received(non-interest bearing)	3,499	3,499	-	-	739	2,760	-
	<u>\$ 2,783,629</u>	<u>2,810,037</u>	<u>2,459,826</u>	<u>133,190</u>	<u>20,005</u>	<u>62,152</u>	<u>134,864</u>

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

(iv) Foreign currency risk

1) Exposure to foreign currency risk

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

	<u>December 31, 2023</u>			<u>December 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
<u>Monetary items</u>						
USD	\$ 962	30.705	29,541	614	30.71	18,842
Financial liabilities						
<u>Monetary items</u>						
USD	\$ 135	30.705	4,131	157	30.71	4,830
EUR	2	33.98	70	139	32.72	4,537
JPY	-	-	-	60,946	0.2324	14,164

2) Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, and other payables. As of December 31, 2023 and 2022, if the exchange rate of the NTD versus the other currency had increased or decreased by 1%, given no changes in other factors, the impact was as follow:

<u>2023</u>		<u>2022</u>	
<u>Depreciate 1%</u>	<u>Appreciate 1%</u>	<u>Depreciate 1%</u>	<u>Appreciate 1%</u>
<u>Decrease in net profit after tax</u>	<u>Increase in net profit after tax</u>	<u>Increase in net loss after tax</u>	<u>Decrease in net loss after tax</u>
<u>\$ 203</u>	<u>203</u>	<u>38</u>	<u>38</u>

The analysis is performed in the same basis for 2023 and 2022.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

3) Exchange gains and losses from monetary items

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

	<u>2023</u>	<u>2022</u>
	<u>Exchange gains (losses)</u>	<u>Exchange gains (losses)</u>
USD	\$ (97)	167
JPY	248	-
Others	(3)	(861)
Total	<u>\$ 148</u>	<u>(694)</u>

(v) Interest rate analysis

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

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

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

	<u>2023</u>	<u>2022</u>
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
	<u>Decrease in net profit after tax</u>	<u>Increase in net profit after tax</u>
\$	<u>1,906</u>	<u>1,906</u>
	<u>3,672</u>	<u>3,672</u>

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

(vi) Equity securities price risk

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

	<u>2023</u>	<u>2022</u>
<u>Prices at reporting date</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increase by 1%	\$ 666	26,345
Decrease by 1%	\$ (666)	(26,345)
	<u>(718)</u>	<u>(23,974)</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(vii) Fair value of financial instruments

1) Fair value of financial instruments

The financial assets of the company at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured at fair value on recurring basis. The carrying amount and fair value of the financial assets and liabilities, including the information on fair value hierarchy were as follows, however, the financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

December 31, 2023					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Listed stocks	\$ 2,531,315	2,531,315	-	-	2,531,315
Non-listed stocks	<u>103,173</u>	68,073	-	35,100	103,173
Total	<u>\$ 2,634,488</u>				
Financial assets at fair value through other comprehensive income					
Non-listed stocks	<u>\$ 66,629</u>	-	-	66,629	66,629

December 31, 2022					
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Listed stocks	\$ 2,298,028	2,298,028	-	-	2,298,028
Non-listed stocks	<u>99,416</u>	67,331	-	32,085	99,416
Total	<u>\$ 2,397,444</u>				
Financial assets at fair value through other comprehensive income					
Non-listed stocks	\$ 71,806	-	-	71,806	71,806
Receivables-the distribution of remaining on liquidation	<u>1,093</u>	-	1,093	-	1,093
Total	<u>\$ 72,899</u>				

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

2) Valuation techniques used in financial instruments at fair value

Non-derivative instruments

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

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

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

The fair value of the equity instruments which do not have any quoted market price is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

3) Transfer between level 1 to level 2

There was no transfer between the fair value hierarchy levels for the year ended December 31, 2023 and 2022.

4) Movements of financial assets in level 3

	Fair value through profit or loss	Fair value through other comprehensive income
	Equity investment without an active market	Equity investment without an active market
Balance at January 1, 2023	\$ 32,085	71,806
Total gains or losses		
Recognized in profit (loss)	3,015	-
Recognized in other comprehensive income (loss)	-	(5,177)
Balance at December 31, 2023	\$ 35,100	66,629

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

	Fair value through profit or loss	Fair value through other comprehensive income
	Equity investment without an active market	Equity investment without an active market
Balance at January 1, 2022	\$ 29,790	69,108
Total gains or losses		
Recognized in profit (loss)	2,295	-
Recognized in other comprehensive income (loss)	-	2,846
Disposals	-	(148)
Balance at December 31, 2022	\$ 32,085	71,806

For the years ended December 31, 2023 and 2022, total gains and losses that were included in “other gains and losses” and “unrealized gains and losses from financial assets at fair value through other comprehensive income” were as follows:

	2023	2022
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ 3,015	2,295
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	(5,177)	2,866

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement.

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss— equity investments” and “financial assets measured at fair value through other comprehensive income — equity investments”.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

The Company's financial instrument that uses Level 3 inputs to measure fair value has only one significant unobservable input. As of December 31, 2023 and 2022, quantified information of significant unobservable inputs were as follows:

Items	Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss-equity investments without an active market	Comparable listed company approach	Lack of marketability discount rate (30% on December 31, 2023 and 2022)	The higher the lack-of-marketability discount is, the lower the fair value will be.
Financial assets measured at fair value through other comprehensive income -equity investments without an active market	Comparable listed company approach	Lack of marketability discount rate (30% on December 31, 2023 and 2022)	The higher the lack-of-marketability discount is, the lower the fair value will be.

6) Fair value measurements in Level 3 – sensitivity analysis reasonably possible alternative assumptions

The fair value measurements of the Company's financial instruments are reasonable. However, change in the use of valuation models or variables may affect the estimations. For fair value measurements in Level 3, the information of changes in the use of valuation variable were as follows:

			Fair value change in profit or loss		Fair value change in other comprehensive income	
	Inputs	Increase (decrease)	Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2023						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	\$ 5,014	(5,014)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	9,518	(9,518)
December 31, 2022						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	\$ 4,584	(4,584)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	10,258	(10,258)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(aa) Financial risk management

(i) Overview

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

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

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

(ii) Risk management framework

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

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

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

(iii) Credit risk

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

1) Accounts receivable and other receivables

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

2) Deposits and other financial assets

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

(iv) Liquidity risk

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

As of December 31, 2023 and 2022, unused credit lines were amounted to \$3,091,145 and \$2,434,284, respectively.

(v) Market risk

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

1) Currency risk

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

Generally, borrowings and purchasing are denominated in currencies that match the cash flows generated by the underlying operations of the Company as same as USD, JPY and EUR, etc. 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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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.

(ab) 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 is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings and other equity, plus, net debt.

In 2023, 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 of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 2,694,498	3,430,923
Less: cash and cash equivalents	<u>92,692</u>	<u>64,674</u>
Net debt	2,601,806	3,366,249
Total equity	<u>7,675,843</u>	<u>6,963,610</u>
Capital after adjustment	<u>\$ 10,277,649</u>	<u>10,329,859</u>
Debt-to-equity ratio	25.32%	32.59%

The decrease in the debt-to-equity ratio as of December 31, 2023 was mainly due to a decrease in net liabilities caused by the decrease in short-term borrowings and an increase in total equity caused by the operating profits in 2023.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

	January 1, 2023	Cash flows	Non-cash changes	Amortized interest	December 31, 2023
			Others		
Short-term borrowings	\$ 1,836,112	(883,296)	-	-	952,816
Short-term notes and bills payable	119,943	273,850	-	6,043	399,836
Lease liabilities (including current portion)	213,691	(20,621)	15,017 ^(note)	3,049	211,136
Guarantee deposit received (including in other payables of current portion)	7,002	(48)	-	-	6,954
Total liabilities from financing activities	\$ 2,176,748	(630,115)	15,017	9,092	1,570,742

Note: Increase in right-of-use assets.

	January 1, 2022	Cash flows	Non-cash changes	Amortized interest	December 31, 2022
			Others		
Short-term borrowings	\$ 1,141,102	695,010	-	-	1,836,112
Short-term notes and bills payable	199,978	(80,731)	-	696	119,943
Lease liabilities (including current portion)	229,872	(19,266)	-	3,085	213,691
Guarantee deposit received (including in other payables of current portion)	8,027	(1,025)	-	-	7,002
Total liabilities from financing activities	\$ 1,578,979	593,988	-	3,781	2,176,748

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Company
First Copper Technology Co., Ltd.	Subsidiary of the Company
Hua Ho Engineering Co., Ltd.	Subsidiary of the Company
National Ship Demolition Co., Ltd.	Controlled by key management personnel of the Company (Note)

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

Name of related party	Relationship with the Company
Taiwan Times Co., Ltd.	Controlled by key management personnel of the Company (Note)
Mei Da Co., Ltd.	Controlled by key management personnel of the Company (Note)
Shebao Loulan Social Welfare Foundation	Controlled by key management personnel of the Company (Note)

(Note) Summarized as other related parties.

(c) Significant transactions with related parties

(i) Operating revenues

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

	2023	2022
Subsidiaries (First Copper Technology Co., Ltd.)	\$ <u>331</u>	<u>60,478</u>

When the Company sells to its subsidiaries, the prices of those sales could not be compared to those of the third-parties customers. The selling prices with related parties were not significant different from those with third-parties customers. The credit terms with other customers are from one to three months, which were not significantly different from other customers.

(ii) Purchases and cost of construction

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

	2023	2022
Subsidiaries (First Copper Technology Co., Ltd.)— purchase	\$ 10,019	12,845
Subsidiaries (Hua Ho Engineering Co., Ltd.)— construction	49,109	104,327
Other related parties	<u>6</u>	<u>10</u>
	\$ <u>59,134</u>	<u>117,182</u>

The Company's engineering expenditures and purchase prices of raw materials from the Company's subsidiaries are available from comparison, except that some products belong to single purchase manufacture and have no other nonrelated parties, the other purchase prices are not significantly different from those of nonrelated parties. For purchases from other related parties, the purchase prices are not significantly different from the similar purchase prices of other nonrelated parties. The purchasing prices with related parties were not significantly different from those with third-parties suppliers. The payment terms with other suppliers are from one to three months.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(iii) Payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payable	Subsidiary(Hua Ho Engineering Co., Ltd.)	\$ 78,148	87,690
Accounts payable	Subsidiary(First Copper Technology Co., Ltd.)	-	713
Accounts payable	Other related parties	105	109
		<u>\$ 78,253</u>	<u>88,512</u>

(iv) Property transactions

The Company purchased the transportation equipment from the subsidiary, Hau Ho Engineering Co., Ltd., for a total price of \$45. As of December 31, 2023, the payment related to this transaction has been fully paid.

(v) Management services

The Company provide the administrative assistance service to its subsidiaries and charge the apportionable management service costs of subsidiaries were as follows:

	Amount	
	2023	2022
Subsidiaries (First Copper Technology Co., Ltd and Hua Ho Engineering Co., Ltd.)	\$ 20,640	20,640

The abovementioned apportionable management service fee is reported in the statements of comprehensive income as a deduction of operating expenses. As of December 31, 2023 and 2022, the receivables from above transaction were settled in full.

(vi) Others

Rental income is from office premises leased to subsidiaries and other related parties. The above rental income was collected monthly or in advance. The price is decided by using the nearby office rental rates and negotiated each other. Rental incomes in 2023 and 2022 were \$2,147 and \$2,071, and were included in other income of non-operating income and expenses in the statements of comprehensive income. As of December 31, 2023, the advance receipts \$8 which was included in other current liabilities in balance statement. As of December 31, 2022, the receivables from above transaction were settled in full.

The amounts of advertising expense incurred by other related parties in 2023 and 2022 were both \$100 which were included in operating expenses in statements of comprehensive income.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

In 2023 and 2022, respectively, the subsidiary—First Copper Technology Co., Ltd. distributed cash dividends of \$56,727 and \$141,818 to the Company; the subsidiary—Hua Ho Engineering Co., Ltd. distributed cash dividends of \$6,041 and \$2,589 to the Company.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 18,302	11,744
Post-employment benefits	233	259
Termination benefits	-	-
Other long-term employee benefits	-	-
Share-based payments	-	-
	<u>\$ 18,535</u>	<u>12,003</u>

(8) Assets pledged as security:

The carrying values of assets pledged as security were as follows:

Assets pledged as security	Liability secured by pledged	December 31, 2023	December 31, 2022
Certificate of Deposit (Current financial assets measured at amortized cost)	Performance security	\$ 23,119	-

(9) Commitments and contingencies:

Major commitments and contingencies were as follows:

(i) Unrecognized contingencies of contracts:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	\$ 57,744	116,858

(ii) Unused standby letters of credit:

	December 31, 2023	December 31, 2022
Purchase of material	\$ 476,866	340,406

(10) Losses due to major disasters: None.

(11) Significant subsequent events: None.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(12) Other:

The employee benefits, depreciation, and amortization expenses, categorized by function, were as follows:

By function By item	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary and wages	252,814	61,803	314,617	229,889	52,570	282,459
Labor and health insurance	24,753	7,070	31,823	24,579	7,132	31,711
Pension	9,735	3,153	12,888	9,885	3,187	13,072
Remuneration of directors	-	6,840	6,840	-	2,041	2,041
Other personnel costs	9,514	8,539	18,053	9,733	9,188	18,921
Depreciation	118,969	4,565	123,534	120,175	4,158	124,333
Amortization	119	50	169	95	25	120

The additional information of number of employees and employee benefits in the years of 2023 and 2022 was as follows:

	2023	2022
Numbers of employees	437	441
Numbers of nonemployee directors	6	6
Average employee benefits	\$ 876	796
Average employee salary	\$ 730	649
Adjustment of average employee salary	12.42 %	
Remuneration to supervisors	-	-

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

1. The remuneration to employees mainly includes salary (basic salary, meal allowance, special workplace allowance, etc.) yearend bonus, performance bonus, etc.
 - (i) The Company draw up the salary standards for employees based on market salary level, its operating conditions and organization structure. Furthermore, the salary will be properly adjusted which depending on the market salary dynamics, changes in the overall economic and business conditions and government regulations.
 - (ii) The remuneration to employees is based on their education, professional knowledge and technique skills, experience and personal performance, without distinction of age, sex, race, religion, political inclination, marital status and union.
 - (iii) The bonus of employees is based on the operating conditions of the Company and individual personal performance.
 - (iv) The starting salary of the inexperience complied with the government regulations.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

- (v) In accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.
- 2. The managers' remuneration including salary, addition pay, severance pay, various bonus, allowances, etc., is based on the business strategies and profitability of the Company, personal performance and contribution, as well as market salary level. Moreover, in accordance with the Articles of incorporation, the Company should contribute a minimum of 3% of the profit as employee remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.
- 3. The directors' remuneration received a monthly transportation allowance, as well as salary, various bonus, etc. Moreover, in accordance with the Articles of incorporation, the Company should contribute a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the “the Regulations” for the Company for the years ended December 31, 2023.

(i) Loans to other parties: None.

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

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Units (shares)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	China Ecotek Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	11,843,730	667,987	9.57 %	667,987	
The Company	Wafer Works Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	4,699,013	203,467	0.87 %	203,467	
The Company	Far EasTone Telecommunications Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	8,292,187	661,717	0.23 %	661,717	
The Company	Bionime Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,014,900	524,714	11.53 %	524,714	
The Company	Co-Tech Development Corp. stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,812,375	473,430	3.09 %	473,430	
The Company	Pixon Technologies Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	2,361,200	68,073	9.64 %	68,073	
The Company	Liyu Technology Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	4,500,000	35,100	7.73 %	35,100	
The Company	International United Technology Co., Ltd. stock	The Company is a director of the investee	Non-current financial assets at fair value through comprehensive income	987,354	12,658	6.04 %	12,658	
The Company	Pack & Proper Co., Ltd. stock	-	Non-current financial assets at fair value through comprehensive income	2,466,288	-	4.78 %	-	
The Company	United Electric Industry Co., Ltd. stock	-	Non-current financial assets at fair value through comprehensive income	2,312,205	25,088	2.77 %	25,088	
The Company	Taiwan Sugar Corporation stock	-	Non-current financial assets at fair value through comprehensive income	457,087	28,883	0.01 %	28,883	

(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)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits /losses of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value			
The Company	First Copper Technology Co., Ltd.	Kaohsiung	Manufacturing of copper plate	1,401,129	1,401,129	141,818,196	39.44 %	502,119	(9,494)	(36,648)	Subsidiary Company
The Company	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	17,195	17,195	1,726,000	49.31 %	22,675	912	450	Subsidiary Company

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.
Notes to the Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
First Copper Technology Co., Ltd.		208,569,277	32.96 %
Hua Hong Investment Co., Ltd.		46,738,000	7.38 %
Pai Wor, Wang Yang		33,147,094	5.23 %

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

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

(14) Segment information:

Please refer to the consolidated financial statements for the years ended December 31, 2023.

(Continued)

Hua Eng Wire & Cable Co., Ltd.

Chairman: Wang Hong-Ren