

HUA ENG WIRE & CABLE CO., LTD.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Report	3
4. Balance Sheets	4
5. Statements of Comprehensive Income	5
6. Statements of Changes in Equity	6
7. Statements of Cash Flows	7
8. Notes to the Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~26
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	26~27
(6) Explanation of significant accounts	27~61
(7) Related-party transactions	61~64
(8) Assets pledged as security	64
(9) Commitments and contingencies	64~65
(10) Losses due to major disasters	65
(11) Significant subsequent events	65
(12) Other	65~66
(13) Other disclosures	
(a) Information on significant transactions	67
(b) Information on investees	68
(c) Information on investment in mainland China	68
(d) Major shareholders	69
(14) Segment information	69
9. Statements of Major Accounting Items	70~89



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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, 2024 and 2023, the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, and its financial performance and cash flows for the years then ended December 31, 2024 and 2023 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, 2024. 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 estimation uncertainty, and accounting assumptions 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 which fluctuates wildly, 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 3, 2025

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2024		December 31, 2023		Liabilities and Equity		December 31, 2024		December 31, 2023			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$	281,675	3	92,692	1	2100	Short-term borrowings (note 6(n))	\$	1,087,222	10	952,816	9
1110	Current financial assets at fair value through profit or loss (note 6(c))		884,925	8	871,454	9	2110	Short-term notes and bills payable (notes 6(n)(o))		249,851	2	399,836	4
1140	Current contract assets (note 6(w))		83,049	1	144,485	1	2130	Current contract liabilities (note 6(w))		15,775	-	16,436	
1136	Current financial assets at amortized cost (notes 6(b) and 8)	-	-	-	23,119	-	2150	Notes payable (note 6(s))		5,463	-	9,140	-
1150	Notes receivable (notes 6(e)(w))		12,567	-	27,694	-	2170	Accounts payable		495,578	5	280,047	3
1172	Accounts receivable (notes 6(e)(w))		1,274,402	12	1,280,873	13	2180	Accounts payable to related parties (note 7)		77,079	1	78,253	1
1200	Other receivables (note 6(f))		28,897	-	5,785	-	2200	Other payables (note 6(s))		247,515	2	204,866	2
130X	Inventories (note 6(g))		2,425,333	22	2,214,011	21	2230	Current tax liabilities		113,909	1	10,165	-
1470	Other current assets (note 6(m))		54,847	1	35,176	-	2280	Current lease liabilities (note 6(q))		18,090	-	17,829	-
Total current assets			5,045,695	47	4,695,289	45	2300	Other current liabilities (notes 6(p) and 7)		4,441	-	4,006	-
Non-current assets:						Total current liabilities							
1510	Non-current financial assets at fair value through profit or loss (note 6(c))		1,761,149	16	1,763,034	17	Non-Current liabilities:			2,314,923	21	1,973,394	19
1517	Non-current financial assets at fair value through other comprehensive income (note 6(d))		92,422	1	66,629	1	2570	Deferred tax liabilities (note 6(t))		527,359	5	523,617	5
1550	Investments accounted for using equity method (note 6(h))		630,826	6	524,794	5	2580	Non-current lease liabilities (note 6(q))		175,217	2	193,307	2
1600	Property, plant and equipment (note 6(i))		2,145,125	20	2,168,858	21	2645	Guarantee deposits received		3,173	-	4,180	-
1755	Right-of-use-assets (note 6(j))		240,908	2	264,999	3	Total non-current liabilities			705,749	7	721,104	7
1760	Investment property, net (note 6(k))		829,253	8	832,468	8	Total liabilities			3,020,672	28	2,694,498	26
1780	Intangible assets (note 6(l))		506	-	404	-	Equity attributable to owners of parent (notes 6(d)(s)(u)):						
1840	Deferred tax assets (note 6(t))		24,183	-	20,337	-	3110	Ordinary share		6,327,735	59	6,327,735	61
1915	Prepayments for equipment		14,220	-	13,951	-	3200	Capital surplus		353,880	3	271,623	2
1920	Refundable deposits (note 6(f))		141	-	297	-	3300	Retained earnings:					
1975	Non-current net defined benefit asset (note 6(s))		35,270	-	10,407	-	3310	Legal reserve		328,117	3	234,075	2
1990	Other non-current assets, others (note 6(m))		8,874	-	8,874	-	3320	Special reserve		884,911	8	884,911	9
Total non-current assets			5,782,877	53	5,675,052	55	3350	Unappropriated retained earnings		888,800	8	958,835	9
										2,101,828	19	2,077,821	20
						3400	Other equity		(6,872)	-	(32,665)	-	
						3500	Treasury shares		(968,671)	(9)	(968,671)	(9)	
							Total equity		7,807,900	72	7,675,843	74	
Total assets		\$	10,828,572	100	10,370,341	100	Total liabilities and equity		\$	10,828,572	100	10,370,341	100

See accompanying notes to financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(w) and 7)	\$ 8,203,655	100	7,115,224	100
5000	Operating costs (notes 6(g)(p)(s)(x), 7 and 12)	<u>7,382,972</u>	<u>90</u>	<u>6,416,907</u>	<u>90</u>
5900	Gross profit	820,683	10	698,317	10
6000	Operating expenses (notes 6(s)(x), 7 and 12)	<u>153,703</u>	<u>2</u>	<u>133,137</u>	<u>2</u>
6900	Net operating income	<u>666,980</u>	<u>8</u>	<u>565,180</u>	<u>8</u>
7000	Non-operating income and expenses (notes 6(c)(d)(q)(r)(y) and 7):				
7100	Interest income	854	-	601	-
7010	Other income	158,326	2	139,665	2
7020	Other gains and losses	(19,893)	-	380,822	5
7050	Finance costs	(25,692)	-	(31,023)	-
7070	Share of profit (loss) of subsidiaries for using equity method	<u>24,409</u>	<u>-</u>	<u>(36,198)</u>	<u>(1)</u>
		<u>138,004</u>	<u>2</u>	<u>453,867</u>	<u>6</u>
7900	Profit before income tax	804,984	10	1,019,047	14
7950	Less: Income tax expenses (note 6(t))	<u>148,931</u>	<u>2</u>	<u>71,200</u>	<u>1</u>
8200	Profit	<u>656,053</u>	<u>8</u>	<u>947,847</u>	<u>13</u>
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Remeasurements of defined benefit plans	1,702	-	(10,240)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	25,793	-	(5,211)	-
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	(634)	-	(2,005)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(t))	<u>340</u>	<u>-</u>	<u>(2,048)</u>	<u>-</u>
	Other comprehensive income (after tax)	<u>26,521</u>	<u>-</u>	<u>(15,408)</u>	<u>-</u>
8500	Comprehensive income	<u>\$ 682,574</u>	<u>8</u>	<u>932,439</u>	<u>13</u>
	Earnings per share (note 6(v)):				
9750	Basic earnings per share (in New Taiwan Dollars)	<u>\$ 1.55</u>		<u>2.23</u>	
9850	Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 1.54</u>		<u>2.23</u>	

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, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		Total 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	
Balance at January 1, 2023	<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
Recognition of disposal of equity instruments measured at fair value through other comprehensive income of subsidiaries by 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>
Profit for the year ended December 31, 2024	-	-	-	-	656,053	-	-	656,053
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	728	25,793	-	26,521
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	656,781	25,793	-	682,574
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	94,042	-	(94,042)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(632,774)	-	-	(632,774)
Adjustments to capital surplus due to distribution of cash dividends to subsidiaries	-	82,257	-	-	-	-	-	82,257
Balance at December 31, 2024	<u>\$ 6,327,735</u>	<u>353,880</u>	<u>328,117</u>	<u>884,911</u>	<u>888,800</u>	<u>(6,872)</u>	<u>(968,671)</u>	<u>7,807,900</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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 804,984	1,019,047
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	130,389	124,384
Amortization expense	252	169
Net loss (gain) on financial assets at fair value through profit or loss	24,883	(383,952)
Interest expense	25,692	31,023
Interest income	(854)	(601)
Dividend income	(103,794)	(87,733)
Share of (profit) loss of subsidiaries for using equity method	(24,409)	36,198
Gain on disposal of property, plant and equipment	(511)	(122)
Gain on disposal of investment property	(3,489)	-
Reversal provision for liabilities	(56)	(269)
Total adjustments to reconcile profit (loss)	48,103	(280,903)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease in contract assets	61,436	12,933
Decrease in notes receivable	15,127	11,713
Decrease in accounts receivable	6,471	143,759
(Increase) decrease in other receivables	(6,206)	1,393
(Increase) decrease in inventories	(211,322)	69,860
(Increase) decrease in other current assets	(19,671)	7,015
Increase in net defined benefit assets	(23,161)	(12,975)
Total net changes in operating assets	(177,326)	233,698
Net changes in operating liabilities:		
Decrease in contract liabilities	(661)	(16,047)
(Decrease) Increase in notes payable	(3,677)	3,600
Increase (decrease) in accounts payable	215,531	(49,967)
Decrease in accounts payable to related parties	(1,174)	(10,259)
Increase in other payable	16,644	25,062
Increase in other current liabilities	491	98
Total net changes in operating liabilities	227,154	(47,513)
Total net changes in operating assets and liabilities	49,828	186,185
Total adjustments	97,931	(94,718)
Cash inflow generated from operations	902,915	924,329
Interest received	900	555
Dividends received	103,794	150,502
Interest paid	(16,690)	(24,611)
Income taxes paid	(45,631)	(144,663)
Net cash flows from operating activities	945,288	906,112
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(46,372)	-
Proceeds from disposal of financial assets at fair value through profit or loss	10,181	146,630
Acquisition of financial assets at amortized cost	-	(23,073)
Proceeds from disposal of financial assets at amortized cost	23,073	-
Proceeds from liquidation in financial assets at fair value through other comprehensive income - non-current	-	1,059
Acquisition of property, plant and equipment	(74,917)	(136,575)
Proceeds from disposal of property, plant and equipment	517	122
Increase in prepayments for equipment	(269)	(13,950)
Proceeds from disposal of investment property	5,879	-
(Increase) decrease in refundable deposits	(17,028)	29,616
Acquisition of intangible assets	(354)	(148)
Net cash flows (used in) from investing activities	(99,290)	3,681
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	134,406	(883,296)
(Decrease) increase in short-term notes and bills payable	(156,163)	273,850
Increase (decrease) in guaranteed deposits received	1,177	(48)
Payment of lease liabilities	(20,620)	(20,621)
Cash dividends paid	(615,815)	(251,660)
Net cash flows used in financing activities	(657,015)	(881,775)
Net increase in cash and cash equivalents	188,983	28,018
Cash and cash equivalents at beginning of period	92,692	64,674
Cash and cash equivalents at end of period	\$ 281,675	92,692

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, 2024 and 2023

(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 3, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission (“FSC”), 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, 2024:

- 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”

- (b) The impact of IFRS Accounting Standards 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, 2025, would not have a significant impact on its financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

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

The following new and amended standards, which may be relevant to the Company, have been issued by the IASB, but have yet to be endorsed by the FSC:

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconciles it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

The Company does not expect the following other 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(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 (as defined in IAS 7), 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) Liability 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) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(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 lifetime 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 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.

(i) Investment property

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(Continued)

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

(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.

(k) Lease

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

(i) As a lessee

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

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

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

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

- 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;

(Continued)

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

- 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 are any lease modifications

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

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

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 a 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'.

(Continued)

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

(l) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

All intangible assets are the cost of the computer software, and is recognized in profit or loss on a straight-line basis over the estimated 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.

(m) 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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(n) Provisions

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

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.

(o) Revenue

(i) Revenue from contracts with customers

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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

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

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

3) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfil a contract

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

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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

(p) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(iii) Short-term employee benefits

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

(q) Income taxes

Income 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;
- (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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

(r) Earnings per share

The Company discloses the 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.

(s) 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:

In preparing these parent Company only financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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.

(6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash and cash on hand	\$ 345	214
Checking deposits and demand deposits	281,330	92,478
Cash and cash equivalents in the statement of cash flows	<u>\$ 281,675</u>	<u>92,692</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, 2024	December 31, 2023
Time deposits maturing in excess of three months	\$ -	23,119
Less: Loss allowance	-	-
Total	<u>\$ -</u>	<u>23,119</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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss :		
Non-derivative financial assets		
Listed stocks	\$ 2,536,488	2,531,315
Non-listed stocks	109,586	103,173
	\$ 2,646,074	2,634,488
Classified as :		
Current	\$ 884,925	871,454
Non-current	1,761,149	1,763,034
	\$ 2,646,074	2,634,488

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.

During the years ended December 31, 2024 and 2023, the dividends of \$96,512 and \$83,182, 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, 2024	December 31, 2023
Equity investments at fair value through other comprehensive income :		
Non-listed stocks - International United Technology Co., Ltd.	\$ 13,744	12,658
Non-listed stocks - Pack & Proper Co., Ltd.	-	-
Non-listed stocks - United Electronics Industrial Co., Ltd.	49,826	25,088
Non-listed stocks - Taiwan Sugar Corporation	28,852	28,883
	\$ 92,422	66,629

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, 2024 and 2023, the dividends of \$7,282 and \$4,551, respectively, related to equity investments as fair value through other comprehensive income held on the years then ended, were recognized.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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.

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, 2024. 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.

(e) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable from operating activities	\$ 12,567	27,694
Accounts receivable-measured at amortized cost	1,274,402	1,280,873
Less: Loss allowance	-	-
	\$ 1,286,969	1,308,567

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, 2024		
	Gross carrying amounts of notes and accounts receivable	Weighted- average loss rate	Loss allowance provision
Non-overdue	\$ 1,286,969	-	-
Overdue	-	-	-
	\$ 1,286,969		-
	December 31, 2023		
	Gross carrying amounts of notes and accounts receivable	Weighted- average loss rate	Loss allowance provision
Non-overdue	\$ 1,308,567	-	-
Overdue	-	-	-
	\$ 1,308,567		-

(Continued)

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

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

	<u>2024</u>	<u>2023</u>
Balance at January 1 (Balance at December 31)	\$ -	-

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

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

(f) Other receivables (including refundable deposits)

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other receivables-share trade settlement	\$ -	278
Other receivables-remuneration of directors	800	37
Other receivables-purchase price variance	6,522	-
Other receivables-others	1,738	2,817
Refundable deposits	19,978	2,950
Less: Loss allowance	-	-
	<u>\$ 29,038</u>	<u>6,082</u>

Classified as:

Other receivables	\$ 28,897	5,785
Refundable deposits	141	297
	<u>\$ 29,038</u>	<u>6,082</u>

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

(g) Inventories

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Finished goods	\$ 1,126,091	983,953
Work in progress	631,100	624,568
Raw materials and supplies	350,461	367,893
Merchandise	142,556	78,494
Inventory in transit	175,125	159,103
	<u>\$ 2,425,333</u>	<u>2,214,011</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

The details of the cost sales were as follows:

	2024	2023
Inventory that has been sold	\$ 7,258,130	6,321,462
Write-down of inventories (reversal of write-downs)	7,777	(2,307)
Unallocated production overheads	66,590	56,178
Construction cost	69,296	60,537
Others	(18,821)	(18,963)
	<u>\$ 7,382,972</u>	<u>6,416,907</u>

The write-down of inventories in 2024 was due to the declining in copper price, which resulted in a decrease of realizable value. 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 Company did not provide any inventories as collateral or restricted.

(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, 2024	December 31, 2023
Subsidiaries	<u>\$ 630,826</u>	<u>524,794</u>

(ii) Subsidiaries

Please refer the consolidated financial statement for the year ended December 31, 2024.

(iii) Collateral

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

(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, 2024	\$ 1,551,602	1,296,863	2,576,312	101,310	85,363	5,611,450
Additions	-	8,030	30,659	6,121	36,936	81,746
Reclassifications	-	2,598	80,626	-	(83,224)	-
Disposals	-	-	(29,152)	(10,286)	-	(39,438)
Balance at December 31, 2024	<u>\$ 1,551,602</u>	<u>1,307,491</u>	<u>2,658,445</u>	<u>97,145</u>	<u>39,075</u>	<u>5,653,758</u>
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	<u>\$ 1,551,602</u>	<u>1,296,863</u>	<u>2,576,312</u>	<u>101,310</u>	<u>85,363</u>	<u>5,611,450</u>

(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, 2024	\$ -	1,016,516	2,345,827	80,249	-	3,442,592
Depreciation	-	41,283	58,610	5,580	-	105,473
Disposals	-	-	(29,146)	(10,286)	-	(39,432)
Balance at December 31, 2024	<u>\$ -</u>	<u>1,057,799</u>	<u>2,375,291</u>	<u>75,543</u>	<u>-</u>	<u>3,508,633</u>
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>
Carrying amounts:						
Balance at December 31, 2024	<u>\$ 1,551,602</u>	<u>249,692</u>	<u>283,154</u>	<u>21,602</u>	<u>39,075</u>	<u>2,145,125</u>
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 January 1, 2023	<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>

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, 2024	\$ 380,913
Balance at December 31, 2024	<u>\$ 380,913</u>
Balance at January 1, 2023	\$ 365,896
Additions	<u>15,017</u>
Balance at December 31, 2023	<u>\$ 380,913</u>
Accumulated depreciation:	
Balance at January 1, 2024	\$ 115,914
Depreciation for the year	<u>24,091</u>
Balance at December 31, 2024	<u>\$ 140,005</u>
Balance at January 1, 2023	\$ 91,823
Depreciation for the year	<u>24,091</u>
Balance at December 31, 2023	<u>\$ 115,914</u>

(Continued)

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

	<u>Land</u>
Carrying amount:	
Balance at December 31, 2024	\$ <u><u>240,908</u></u>
Balance at December 31, 2023	\$ <u><u>264,999</u></u>
Balance at January 1, 2023	\$ <u><u>274,073</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, 2024	\$ 821,826	38,822	860,648
Disposals	<u>(2,390)</u>	<u>-</u>	<u>(2,390)</u>
Balance at December 31, 2024	\$ <u><u>819,436</u></u>	<u><u>38,822</u></u>	<u><u>858,258</u></u>
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>
Depreciation and impairment loss:			
Balance at January 1, 2024	\$ -	28,180	28,180
Depreciation	<u>-</u>	<u>825</u>	<u>825</u>
Balance at December 31, 2024	\$ <u><u>-</u></u>	<u><u>29,005</u></u>	<u><u>29,005</u></u>
Balance at January 1, 2023	\$ -	27,330	27,330
Depreciation	<u>-</u>	<u>850</u>	<u>850</u>
Balance at December 31, 2023	\$ <u><u>-</u></u>	<u><u>28,180</u></u>	<u><u>28,180</u></u>
Carrying amount:			
Balance at December 31, 2024	\$ <u><u>819,436</u></u>	<u><u>9,817</u></u>	<u><u>829,253</u></u>
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 January 1, 2023	\$ <u><u>821,826</u></u>	<u><u>11,492</u></u>	<u><u>833,318</u></u>
Fair value:			
Balance at December 31, 2024			\$ <u><u>1,211,669</u></u>
Balance at December 31, 2023			\$ <u><u>1,083,915</u></u>
Balance at January 1, 2023			\$ <u><u>1,066,958</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, 2024 and 2023, 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, 2024	\$ 723
Additions	354
Disposals	(101)
Balance at December 31, 2024	<u><u>\$ 976</u></u>
Balance at January 1, 2023	\$ 575
Additions	148
Balance at December 31, 2023	<u><u>\$ 723</u></u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2024	\$ 319
Amortization for the year	252
Disposals	(101)
Balance at December 31, 2024	<u><u>\$ 470</u></u>
Balance at January 1, 2023	\$ 150
Amortization for the year	169
Balance at December 31, 2023	<u><u>\$ 319</u></u>
Carrying amounts:	
Balance at December 31, 2024	<u><u>\$ 506</u></u>
Balance at December 31, 2023	<u><u>\$ 404</u></u>
Balance at January 1, 2023	<u><u>\$ 425</u></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, 2024	December 31, 2023
Prepaid expenses	\$ 9,841	5,249
Prepaid raw materials and construction	42,340	1,565
Prepayments for equipment	14,220	13,951
Excess business tax paid and refundable tax	-	25,122
Others	11,540	12,114
	\$ 77,941	58,001
Current	\$ 54,847	35,176
Non-current	23,094	22,825
	\$ 77,941	58,001

(n) Short-term borrowings

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

	December 31, 2024	December 31, 2023
Letters of credit	\$ 498,222	292,816
Unsecured loans	589,000	660,000
Total	\$ 1,087,222	952,816
Unused credit lines	\$ 3,012,686	3,091,145
Range of interest rates	1.93%~2.10%	1.78%~1.85%

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, 2024	December 31, 2023
Commercial paper payable	\$ 249,851	399,836
Range of interest rates	1.978%~2.018%	1.808%~1.838%

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, 2024	December 31, 2023
Business tax payable	\$ 534	-
Advance receipts	3,888	3,918
Provision of onerous contracts	-	56
Others	19	32
	\$ 4,441	4,006

The movement of provisions were as follows:

	Onerous contracts
Balance at January 1, 2024	\$ 56
Provisions used and reversed during the year	(56)
Balance at December 31, 2024	\$ -
Balance at January 1, 2023	\$ 325
Provisions used and reversed during the year	(314)
Provisions made during the year	45
Balance at December 31, 2023	\$ 56

(q) Lease liabilities

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

	December 31, 2024	December 31, 2023
Current	\$ 18,090	17,829
Non-current	\$ 175,217	193,307

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

The amounts recognized in profit or loss were as follows:

	2024	2023
Interest on lease liabilities	\$ 2,791	3,049
Expenses relating to short-term leases	\$ 1,092	775

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

	2024	2023
Total cash outflow for leases	\$ 21,712	21,396

(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(k) 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, 2024	December 31, 2023
Less than one year	\$ 26,642	41,991
One to two years	17,350	22,190
Two to three years	6,992	12,947
Three to four years	-	6,259
Total undiscounted lease payments	<u><u>\$ 50,984</u></u>	<u><u>83,387</u></u>

In 2024 and 2023, rental income from investment property amounted to \$45,667 and \$43,437, respectively, and was 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 \$2,049 and \$2,038 in 2024 and 2023, 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, 2024	December 31, 2023
Present value of the defined benefit obligations	\$ 322,442	302,320
Fair value of plan assets	(357,712)	(312,727)
Net defined benefit assets	<u><u>\$ (35,270)</u></u>	<u><u>(10,407)</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 \$357,712 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:

	2024	2023
Defined benefit obligations at January 1	\$ 302,320	305,817
Current service costs and interest	4,919	5,464
Remeasurement of the net defined benefit liabilities (assets) :		
–Actuarial loss (gain) arising from change in financial assumptions	(7,619)	2,598
–Actuarial loss (gain) arising from experience adjustment	33,993	9,657
Benefits paid by the plan	(11,171)	(21,216)
Defined benefit obligations at December 31	<u><u>\$ 322,442</u></u>	<u><u>302,320</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 benefits plan assets for the Company were as follows:

	2024	2023
Fair value of plan assets at January 1	\$ 312,727	313,489
Interest income	4,269	4,689
Remeasurements of the net defined benefit liabilities (assets):		
-Return on plan assets (excluding interest)	28,076	2,015
Contributions made	23,811	13,750
Benefits paid by the plan	(11,171)	(21,216)
Fair value of plan assets at December 31	<u><u>\$ 357,712</u></u>	<u><u>312,727</u></u>

4) Expenses recognized in profit or loss

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

	2024	2023
Current service costs	\$ 854	956
Net interest of net defined benefit assets	(204)	(181)
	<u><u>\$ 650</u></u>	<u><u>775</u></u>
Operating costs	\$ 586	693
Operating expenses	64	82
	<u><u>\$ 650</u></u>	<u><u>775</u></u>

5) Actuarial assumptions

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

	December 31, 2024	December 31, 2023
Discount rate	1.750%	1.375%
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 \$8,691.

The weighted-average lifetime of the defined benefits plans is 7.58 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, 2024		
Discount rate (Decreasing or increasing in 0.25%)	\$ (4,923)	5,048
Future salary increasing rate (Decreasing or increasing in 0.25%)	4,879	(4,782)
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)

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 2024 and 2023.

(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 \$13,138 and \$12,113 for 2024 and 2023, respectively. As of December 31, 2024 and 2023, the payables which had not been contributed to the Bureau of Labor Insurance were \$2,174 and \$2,045, respectively, and they were recognized as notes payable and other payables in the balance sheets.

(iii) Short-term benefit liabilities

As of December 31, 2024 and 2023, the Company's short-term benefit liabilities for vacation were \$14,075 and \$13,706, respectively, and were recognized as notes payable and 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>2024</u>	<u>2023</u>
Current tax benefit		
Current period	\$ <u>149,375</u>	<u>70,894</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	<u>(444)</u>	<u>306</u>
Income tax expense	<u>\$ 148,931</u>	<u>71,200</u>

No income tax was recognized directly in equity for 2024 and 2023.

The amount of income tax expense (benefit) recognized in other comprehensive income for 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Items not reclassified to profit or loss :		
Remeasurements of defined benefit plans	\$ <u>340</u>	<u>(2,048)</u>

Reconciliation of income tax expense and profit before tax for 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Profit before income tax	\$ <u>804,984</u>	<u>1,019,047</u>
Income tax using the Company's domestic tax rate	\$ 160,997	203,809
Unrealized losses (gains) on valuation of financial assets	4,977	(76,790)
Realized investment (gains) losses of financial assets	7	(45,610)
Dividends income	(20,759)	(17,547)
Effect of investment (gains) losses under equity method	(4,882)	7,239
Tax-exempt income	(698)	-
Additional tax on undistributed earnings	10,680	-
Others	<u>(1,391)</u>	<u>99</u>
	<u>\$ 148,931</u>	<u>71,200</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 2024 and 2023 were as follows:

	Land value increment tax provision	Defined benefits plans	Others	Total
Deferred tax liabilities:				
Balance at January 1, 2024	\$ 521,382	2,229	6	523,617
Debit (credit) profit or loss	(1,424)	4,631	195	3,402
Debit other comprehensive income	-	340	-	340
Balance at December 31, 2024	<u>\$ 519,958</u>	<u>7,200</u>	<u>201</u>	<u>527,359</u>
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>

	Allowance for inventories 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, 2024	\$ 940	3,239	13,127	3,031	20,337
Credit (debit) profit or loss	1,555	432	1,955	(96)	3,846
Balance at December 31, 2024	<u>\$ 2,495</u>	<u>3,671</u>	<u>15,082</u>	<u>2,935</u>	<u>24,183</u>
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>3,239</u>	<u>13,127</u>	<u>3,031</u>	<u>20,337</u>

(iii) Assessment of tax

The Company's income tax returns for the years through 2022 were assessed by the tax authorities.

(u) Capital and other equity

(i) Capital stock

As of December 31, 2024 and 2023, 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.
Notes to the Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Treasury share transactions	\$ 350,417	268,160
Difference arising from subsidiary' s share price and its carrying value	3,463	3,463
	\$ 353,880	271,623

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. Distribution may be withheld if the accumulated distributable earnings are less than 2% of the paid-in capital. 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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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, 2024 and 2023, the amount of the unrealized gain was both \$95,408.

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRS Accounting Standards 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 IFRS Accounting Standards amounting to \$776,576. In accordance with the FSC, an increase in retained earnings due to the first-time adoption of IFRS Accounting Standards 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 reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of IFRS Accounting Standards 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 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 IFRS Accounting Standards. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2024 and 2023, the balance of special reserve was both \$12,927.

3) Earnings distributions

Earnings distributions for 2023 and 2022 were decided by the general meeting of shareholders held on June 30, 2024 and June 21, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	<u>2023</u>	<u>2022</u>
Dividends distributed to ordinary shareholders per share (in dollars):		
Cash	\$ <u>1.0</u>	<u>0.4</u>

Earnings distribution for 2024 was proposed by the resolution adopted at the board meeting held on March 3, 2025. The relevant dividend distribution to shareholders was as follows:

(Continued)

HUA ENG WIRE & CABLE CO., LTD.**Notes to the Financial Statements**

	<u>2024</u>
Dividends distributed to ordinary shareholders per share (in dollars):	
Cash	\$ <u><u>1.0</u></u>

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

(iv) Treasury stock

First Copper Technology Co., Ltd. controlled by the Company, held the Company's common stocks for management purposes. Such shares are treated as treasury stock in preparation of financial statements. As of December 31, 2024 and 2023, the investee, First Copper Technology Co., Ltd., held 208,564 thousand shares of the Company's common stock, and their market values amounted to \$5,401,803 and \$4,473,694, respectively. As of December 31, 2024 and 2023, 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, 2024	\$ (32,665)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	<u>25,793</u>
Balance at December 31, 2024	\$ <u><u>(6,872)</u></u>
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)
Recognition of disposal of equity instruments measured at fair value through other comprehensive income of subsidiaries by using equity method	<u>(605)</u>
Balance at December 31, 2023	\$ <u><u>(32,665)</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, 2024 and 2023, were as follows (excluding 208,564 thousand shares, of common stock outstanding held by the Company's subsidiaries as treasury stock):

	<u>2024</u>	<u>2023</u>
Basic earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>656,053</u>	<u>947,847</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>1.55</u>	<u>2.23</u>
Diluted earnings per share (deficit)		
Profit (loss) attributable to ordinary shareholders of the Company (After adjusting to dilutive potential ordinary share effect)	\$ <u>656,053</u>	<u>947,847</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>1,208</u>	<u>1,510</u>
Weighted-average number of common shares outstanding (shares in thousands) (After adjusting to dilutive potential ordinary share effect)	<u>425,418</u>	<u>425,720</u>
Diluted earnings per share (deficit) (in dollars)	\$ <u>1.54</u>	<u>2.23</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2024</u>			
	<u>Wire</u>	<u>Cable</u>	<u>Other</u>	<u>Total</u>
Primary geographical markets:				
Taiwan	\$ 1,850,529	5,197,168	90,429	7,138,126
Mainland China	1,034,410	-	-	1,034,410
Others	<u>31,119</u>	<u>-</u>	<u>-</u>	<u>31,119</u>
Total	<u>\$ 2,916,058</u>	<u>5,197,168</u>	<u>90,429</u>	<u>8,203,655</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

2024				
	Wire	Cable	Other	Total
Major products/services lines:				
Oxygen free copper wire	\$ 2,683,053	-	-	2,683,053
Wire and cable	-	4,648,796	-	4,648,796
Processing revenue	42	4,804	-	4,846
Construction contract revenue	-	-	74,932	74,932
Others	<u>232,963</u>	<u>543,568</u>	<u>15,497</u>	<u>792,028</u>
Total	<u>\$ 2,916,058</u>	<u>5,197,168</u>	<u>90,429</u>	<u>8,203,655</u>
Timing for revenue recognition:				
Products transferred at a point in time	\$ 2,916,058	5,197,168	15,497	8,128,723
Construction transferred over time	<u>-</u>	<u>-</u>	<u>74,932</u>	<u>74,932</u>
Total	<u>\$ 2,916,058</u>	<u>5,197,168</u>	<u>90,429</u>	<u>8,203,655</u>
2023				
	Wire	Cable	Other	Total
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>
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	<u>213,855</u>	<u>397,778</u>	<u>44,197</u>	<u>655,830</u>
Total	<u>\$ 2,402,811</u>	<u>4,604,546</u>	<u>107,867</u>	<u>7,115,224</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	<u>-</u>	<u>-</u>	<u>63,670</u>	<u>63,670</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

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2022
Notes and accounts receivable	\$ 1,286,969	1,308,567	1,464,039
Less: allowance for impairment	-	-	-
Total	<u>\$ 1,286,969</u>	<u>1,308,567</u>	<u>1,464,039</u>
Contract assets — construction	\$ 83,049	144,485	157,418
Less: allowance for impairment	-	-	-
Total	<u>\$ 83,049</u>	<u>144,485</u>	<u>157,418</u>
Contract liabilities — advance sales receipts	<u>\$ 15,775</u>	<u>16,436</u>	<u>32,483</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, 2024 and 2023, please refer to note 6(p).

The amount of revenue which was recognized in 2024 and 2023, and included in the contract liability balance at January 1, 2024 and 2023 were \$16,424 and \$27,440, 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 years ended December 31, 2024 and 2023, the Company estimated its employee remuneration amounting to \$25,025 and \$31,680, respectively, and directors' remuneration amounting to \$4,171 and \$5,280, 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 2024 and 2023. 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 2024 and 2023.

(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>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ <u><u>854</u></u>	<u><u>601</u></u>

(ii) Other income

Details of other income of the Company were as follows:

	<u>2024</u>	<u>2023</u>
Dividend income	\$ 103,794	87,733
Rental income	47,730	45,536
Revenue from sale of scrap	2,091	1,542
Directors' and supervisors' remuneration	2,810	3,525
Others	1,901	1,329
	\$ <u><u>158,326</u></u>	<u><u>139,665</u></u>

(iii) Other gains and losses

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

	<u>2024</u>	<u>2023</u>
Foreign exchange gains, net	\$ 4,203	148
Net (losses) gains of financial assets at fair value through profit or loss	(24,883)	383,952
Net gains on disposal of property, plant and equipment	511	122
Gain on disposal of investment property	3,489	-
Depreciation of investment property	(825)	(850)
Others	(2,388)	(2,550)
	\$ <u><u>(19,893)</u></u>	<u><u>380,822</u></u>

(iv) Finance costs

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

	<u>2024</u>	<u>2023</u>
Interest expenses		
Bank loans and short-term notes and bills payable	\$ (22,821)	(27,906)
Lease liabilities	(2,791)	(3,049)
Others	(80)	(68)
	\$ <u><u>(25,692)</u></u>	<u><u>(31,023)</u></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, 2024	December 31, 2023
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$ <u>2,646,074</u>	<u>2,634,488</u>
Financial assets at fair value through other comprehensive income:		
Equity investments	<u>92,422</u>	<u>66,629</u>
Financial assets measured at amortized cost:		
Cash and cash equivalents	281,675	92,692
Financial assets at amortized cost	-	23,119
Notes receivable, accounts receivable (including related parties), and other receivables	1,315,866	1,314,352
Refundable deposits	<u>141</u>	<u>297</u>
Subtotal	<u>1,597,682</u>	<u>1,430,460</u>
Total	<u>\$ 4,336,178</u>	<u>4,131,577</u>

2) Financial liabilities

	December 31, 2024	December 31, 2023
Financial liabilities at amortized cost:		
Short-term borrowings	\$ 1,087,222	952,816
Short-term notes and bills payable	249,851	399,836
Payables (including related parties)	821,329	568,531
Lease liabilities (including current portion)	193,307	211,136
Guarantee deposits received	<u>3,173</u>	<u>4,180</u>
Total	<u>\$ 2,354,882</u>	<u>2,136,499</u>

(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 public enterprises and industries such as wire and cable. As of December 31, 2024 and 2023, one customer accounted for 54.79% and 50.92% 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 were recognized or reversed for the years ended December 31, 2024 and 2023.

(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, 2024							
Non-derivative financial liabilities							
Short-term borrowings(floating interest rate)	\$ 1,087,222	1,092,112	1,092,112	-	-	-	-
Short-term notes and bills payable(fixed interest rate)	249,851	250,000	250,000	-	-	-	-
Notes payable(non-interest bearing)	5,463	5,463	5,463	-	-	-	-
Accounts payable (including related parties)(non-interest bearing)	572,657	572,657	572,657	-	-	-	-
Other payables(non-interest bearing)	243,209	243,209	240,776	1,730	703	-	-
Lease liabilities (including current portion)(fixed interest rate)	193,307	206,202	20,620	-	20,620	61,861	103,101
Guarantee deposits received(non-interest bearing)	3,173	3,173	-	-	940	2,233	-
	<u>\$ 2,354,882</u>	<u>2,372,816</u>	<u>2,181,628</u>	<u>1,730</u>	<u>22,263</u>	<u>64,094</u>	<u>103,101</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, 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>

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, 2024</u>			<u>December 31, 2023</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	\$ 862	32.785	28,272	962	30.705	29,541
JPY	29,262	0.2099	6,142	-	-	-
Financial liabilities						
<u>Monetary items</u>						
USD	\$ 2,825	32.785	92,820	135	30.705	4,131
EUR	-	-	-	2	33.98	70
JPY	54,000	0.2099	11,335	-	-	-

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, 2024 and 2023, 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>2024</u>		<u>2023</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 profit after tax</u>	<u>Decrease in net profit after tax</u>
<u>\$ 556</u>	<u>556</u>	<u>203</u>	<u>203</u>

The analysis is performed in the same basis for 2024 and 2023.

(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>2024</u>	<u>2023</u>
	<u>Exchange gains (losses)</u>	<u>Exchange gains (losses)</u>
USD	\$ 1,849	(97)
JPY	2,354	248
Others	-	(3)
Total-(Functional currency-New Taiwan Dollar)	<u>\$ 4,203</u>	<u>148</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>2024</u>		<u>2023</u>	
<u>Increase 0.25%</u>	<u>Decrease 0.25%</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>Decrease in net profit after tax</u>	<u>Increase in net profit after tax</u>
\$ 2,174	2,174	1,906	1,906

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

(vi) Equity securities prices risk

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

<u>Prices at reporting date</u>	<u>2024</u>		<u>2023</u>	
	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increase by 1%	\$ 924	26,461	666	26,345
Decrease by 1%	\$ (924)	(26,461)	(666)	(26,345)

(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, 2024				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Listed stocks	\$ 2,536,488	2,536,488	-	-	2,536,488
Non-listed stocks	<u>109,586</u>	65,726	-	43,860	109,586
Total	<u>\$ 2,646,074</u>				
Financial assets at fair value through other comprehensive income					
Non-listed stocks	<u>\$ 92,422</u>	-	-	92,422	92,422

	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

(Continued)

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

2) Valuation techniques used for 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 years ended December 31, 2024 and 2023.

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, 2024	\$ 35,100	66,629
Total gains or losses		
Recognized in profit (loss)	9,960	-
Recognized in other comprehensive income (loss)	-	25,793
Disposals	(1,200)	-
Balance at December 31, 2024	\$ 43,860	92,422

(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, 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

For the years ended December 31, 2024 and 2023, 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:

	2024	2023
Total gains and losses recognized:		
In profit or loss, and presented in “other gains and losses”	\$ 9,960	3,015
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	25,793	(5,177)

- 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, 2024 and 2023, 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, 2024 and 2023)	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, 2024 and 2023)	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, 2024						
Financial assets at fair value through profit or loss						
Equity investment without an active market	Marketability discount yield to 30%	10%	\$ 6,266	(6,266)	-	-
Financial assets at fair value through other comprehensive income						
Equity investment without an active market	Marketability discount yield to 30%	10%	-	-	13,203	(13,203)
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)

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.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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

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

2) Deposits and other financial assets

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

(iv) Liquidity risk

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

As of December 31, 2024 and 2023, unused credit lines were amounted to \$3,012,686 and \$3,091,145, 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.

(Continued)

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

2) Interest risk

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

3) Market price risk of equity instruments

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

(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 sells 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 2024, 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, 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 3,020,672	2,694,498
Less: cash and cash equivalents	<u>281,675</u>	<u>92,692</u>
Net debt	2,738,997	2,601,806
Total equity	<u>7,807,900</u>	<u>7,675,843</u>
Capital after adjustment	<u>\$ 10,546,897</u>	<u>10,277,649</u>
Debt-to-equity ratio	25.97%	25.32%

(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, 2024	Cash flows	Non-cash changes		December 31, 2024
			Others	Amortized interest	
Short-term borrowings	\$ 952,816	134,406	-	-	1,087,222
Short-term notes and bills payable	399,836	(156,163)	-	6,178	249,851
Lease liabilities (including current portion)	211,136	(20,620)	-	2,791	193,307
Guarantee deposit received (including in other payables of current portion)	6,954	1,177	-	-	8,131
Total liabilities from financing activities	\$ 1,570,742	(41,200)	-	8,969	1,538,511

	January 1, 2023	Cash flows	Non-cash changes		December 31, 2023
			Others	Amortized interest	
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.

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and its subsidiaries.

(Continued)

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

(b) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
First Copper Technology Co., Ltd.	Subsidiary of the Company
Hua Ho Engineering Co., Ltd.	Subsidiary of the Company
National Ship Demolition Co., Ltd.	Controlled by key management personnel of the Company (Note)
Taiwan Times Co., Ltd.	Controlled by key management personnel of the Company (Note)
Mei Da Co., Ltd.	Controlled by key management personnel of the Company (Note)
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:

	<u>2024</u>	<u>2023</u>
Subsidiaries (First Copper Technology Co., Ltd.)	\$ <u>429</u>	<u>331</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:

	<u>2024</u>	<u>2023</u>
Subsidiaries (First Copper Technology Co., Ltd.)— purchase	\$ 6,958	10,019
Subsidiaries (Hua Ho Engineering Co., Ltd.)— construction	62,909	49,109
Other related parties	<u>12</u>	<u>6</u>
	\$ <u>69,879</u>	<u>59,134</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

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 non-related parties. The purchase prices with other related parties do not have comparable prices with other suppliers. Additionally, the payment terms for subsidiaries and other related parties are from one to three months, which were not significantly different from other suppliers.

(iii) Payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2024	December 31, 2023
Accounts payable	Subsidiary(Hua Ho Engineering Co., Ltd.)	\$ 75,440	78,148
Accounts payable	Subsidiary(First Copper Technology Co., Ltd.)	1,636	-
Accounts payable	Other related parties	<u>3</u>	<u>105</u>
		<u>\$ 77,079</u>	<u>78,253</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	
	2024	2023
Subsidiaries (First Copper Technology Co., Ltd and Hua Ho Engineering Co., Ltd.)	<u>\$ 20,640</u>	<u>20,640</u>

The abovementioned apportionable management service fee is reported in the statements of comprehensive income as a deduction of operating expenses. As of December 31, 2024 and 2023, the receivables from above transaction were settled in full.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(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 based on nearby office rental rates and mutual negotiation. Rental incomes in 2024 and 2023 were \$2,113 and \$2,147, and were included in other income of non-operating income and expenses in the statements of comprehensive income. As of December 31, 2024 and 2023, the advance receipts \$8 which was included in other current liabilities in balance statement.

The amounts of advertising expense incurred by other related parties in 2024 and 2023 were both \$100 which were included in operating expenses in statements of comprehensive income.

In 2024 and 2023, respectively, the subsidiary—First Copper Technology Co., Ltd. distributed cash dividends of \$0 and \$56,727 to the Company; the subsidiary—Hua Ho Engineering Co., Ltd. distributed cash dividends of \$0 and \$6,041 to the Company.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 16,969	18,302
Post-employment benefits	261	233
Termination benefits	-	-
Other long-term employee benefits	-	-
Share-based payments	-	-
	<u>\$ 17,230</u>	<u>18,535</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, 2024</u>	<u>December 31, 2023</u>
Certificate of Deposit (Current financial assets measured at amortized cost)	Performance security	\$ -	<u>23,119</u>

(9) Commitments and contingencies:

Major commitments and contingencies were as follows:

(i) Unrecognized contingencies of contracts:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Acquisition of property, plant and equipment	\$ 134,839	<u>57,744</u>

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Notes to the Financial Statements

(ii) Unused standby letters of credit:

	December 31, 2024	December 31, 2023
Purchase of material	<u><u>\$ 855,831</u></u>	<u><u>476,866</u></u>

(10) Losses due to major disasters: None.

(11) Significant subsequent events: None.

(12) Other:

The employee benefits, depreciation, and amortization expenses, categorized by function, were as follows:

By function	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
By item						
Employee benefits						
Salary and wages	266,505	68,232	334,737	252,814	61,803	314,617
Labor and health insurance	25,678	7,380	33,058	24,753	7,070	31,823
Pension	10,236	3,552	13,788	9,735	3,153	12,888
Remuneration of directors	-	5,731	5,731	-	6,840	6,840
Other personnel costs	9,567	10,517	20,084	9,514	8,539	18,053
Depreciation	125,101	4,463	129,564	118,969	4,565	123,534
Amortization	203	49	252	119	50	169

The additional information of number of employees and employee benefits in the years of 2024 and 2023 was as follows:

	2024	2023
Numbers of employees	<u><u>435</u></u>	<u><u>437</u></u>
Numbers of nonemployee directors	<u><u>6</u></u>	<u><u>6</u></u>
Average employee benefits	<u><u>\$ 936</u></u>	<u><u>876</u></u>
Average employee salary	<u><u>\$ 780</u></u>	<u><u>730</u></u>
Adjustment of average employee salary	<u><u>6.89 %</u></u>	
Remuneration to supervisors	<u><u>-</u></u>	<u><u>-</u></u>

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

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

(Continued)

HUA ENG WIRE & CABLE CO., LTD.**Notes to the Financial Statements**

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

(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, 2024.

(i) Loans to other parties: None.

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

(iii) Securities held as of December 31, 2024 (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	723,652	9.57 %	723,652	
The Company	Wafer Works Corporation stock	The Company is a director of the investee	Current financial assets at fair value through profit or loss	5,951,040	161,273	1.04 %	161,273	
The Company	Far EasTone Telecommunications Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	8,292,187	741,322	0.23 %	741,322	
The Company	Bionime Corporation stock	The Company is a director of the investee	Non-current financial assets at fair value through profit or loss	7,004,900	453,217	11.48 %	453,217	
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	457,024	3.09 %	457,024	
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	2,089,200	65,726	8.53 %	65,726	
The Company	Liyu Technology Co., Ltd. stock	-	Non-current financial assets at fair value through profit or loss	4,300,000	43,860	7.38 %	43,860	
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	13,744	6.04 %	13,744	
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	2,612,792	49,826	2.77 %	49,826	
The Company	Taiwan Sugar Corporation stock	-	Non-current financial assets at fair value through comprehensive income	457,087	28,852	0.01 %	28,852	

(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, 2024 (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, 2024			Net income (losses) of investee	Share of profits /losses of investee	Note
				December 31, 2024	December 31, 2023	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 %	606,259	265,565	22,481	Subsidiary Company
The Company	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	17,195	17,195	1,726,000	49.31 %	24,567	3,910	1,928	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, 2024.

(Continued)

HUA ENG WIRE & CABLE CO., LTD.

Statement of cash and cash equivalents

December 31, 2024

(Expressed in thousands of New Taiwan Dollars /Foreign Currencies)

Item	Description	Amount
Cash on hands	Petty cash	\$ 345
Cash in banks	Demand deposit	
	New Taiwan Dollars	264,969
	USD 232 (Rate=NT32.785)	7,606
	JPY 29,262 (Rate=NT0.2099)	6,142
	Check deposits	2,613
	Subtotal	281,330
	Total	\$ 281,675

HUA ENG WIRE & CABLE CO., LTD.

Statement of current financial assets at fair value through profit or loss

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name of financial instrument	Description	Shares or units (in thousand)	Par value	Total amount	Interest rate	Acquisition cost	Fair value		Fair value change is attributable to the change in credit risk	Note
							Unit price (in dollars)	Total amount		
Listed stocks:										
China Ecotek Corporation	stock	11,843,730	\$ 10	118,437	-	366,018	61.10	723,652	-	-
Wafer Works Corporation	stock	5,951,040	10	59,510	-	169,933	27.10	161,273	-	-
						<u>\$ 535,951</u>		<u>884,925</u>	<u>-</u>	

HUA ENG WIRE & CABLE CO., LTD.**Statement of notes receivable****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Customer name	Description	Amount	Note
Non-related parties			
Customer B	Operating	\$ 4,078	-
Customer A	"	2,363	-
Customer E	"	2,038	-
Customer J	Lease	1,400	-
Customer H	Operating	1,391	-
Customer T	"	1,172	-
Others (The amount of individual item in others does not exceed 5% of the account balance)	"	<u>125</u>	-
Total		<u><u>\$ 12,567</u></u>	

HUA ENG WIRE & CABLE CO., LTD.**Statement of accounts receivable****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Customer name	Description	Amount	Note
Accounts Receivable-Non-Related Parties			
Customer I	Operating	\$ 705,171	-
Customer N	"	90,013	-
Customer B	"	86,222	-
Customer K	"	83,000	-
Customer U	"	68,884	-
Others (The amount of individual item in others does not exceed 5% of the account balance)	"	241,112	-
Total		<u><u>\$ 1,274,402</u></u>	

Statement of other receivables

For statement please refer to note 6(f).

HUA ENG WIRE & CABLE CO., LTD.**Statement of inventories****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount		Note
		Cost	Net realizable Value	
Finished goods		\$ 1,130,541		
Less: Loss allowance		<u>4,450</u>		
Subtotal		<u>1,126,091</u>	1,291,749	Note 1
Work in process		634,113		
Less: Loss allowance		<u>3,013</u>		
Subtotal		<u>631,100</u>	900,689	Note 1
Raw materials and supplies		353,452		
Less: Loss allowance		<u>2,991</u>		
Subtotal		<u>350,461</u>	366,161	Note 1
Merchandise		142,556		
Less: Loss allowance		<u>-</u>		
Subtotal		<u>142,556</u>	151,785	Note 1
Inventory in transit		177,146		
Less: Loss allowance		<u>2,021</u>		
Subtotal		<u>175,125</u>	175,125	Note 1
Total		<u><u>\$ 2,425,333</u></u>		

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

HUA ENG WIRE & CABLE CO., LTD.**Statement of other current assets****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Contract assets	Construction contract revenue	<u><u>\$ 83,049</u></u>	-
Other current assets:			
Prepaid expenses	Prepaid property Insurance, bank fees, office rental and technical remuneration	\$ 9,841	-
Prepaid raw materials and construction	Prepayments for imported raw materials	42,340	-
Others	Office supplies inventory, payment on behalf of air pollution fee and terminal handling charge, etc.	<u>2,666</u>	-
Total		<u><u>\$ 54,847</u></u>	

HUA ENG WIRE & CABLE CO., LTD.

**Statement of changes in non-current financial assets measured at fair value
through profit or loss**

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name of Financial instrument	Beginning Balance		Addition		Decrease		Ending Balance		Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount	Shares or units	Fair value		
Listed stocks										
Far EasTone Telecommunications Co., Ltd stock	8,292,187	\$ 661,717	-	79,605 (Note 1)	-	-	8,292,187	741,322	-	-
Bionime Corporation stock	7,014,900	524,714	-	-	10,000	71,497 (Note 2)	7,004,900	453,217	-	-
Co-Tech Development Corp. stock	7,812,375	473,430	-	-	-	16,406 (Note 1)	7,812,375	457,024	-	-
Non-listed stocks										
Pixon Technologies Corporation stock	2,361,200	68,073	-	5,590 (Note 1)	272,000	7,937 (Note 3)	2,089,200	65,726	-	-
Liyu Technology Co., Ltd stock	4,500,000	35,100	-	9,960 (Note 1)	200,000	1,200 (Note 3)	4,300,000	43,860	-	-
Total		<u>\$ 1,763,034</u>		<u>95,155</u>		<u>97,040</u>		<u>1,761,149</u>		

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

Note 2: Proceeds from current period disposal and the valuation adjustments on financial assets at fair value.

Note 3: Proceeds from current period disposal.

HUA ENG WIRE & CABLE CO., LTD.

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

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated Impairment losses	Collateral	Note
	Shares	Fair value	Shares	Amount	Shares	Amount	Shares	Fair value			
Non-listed stocks											
Taiwan Sugar Corporation	457,087	\$ 28,883	-	-	-	31 (Note 1)	457,087	28,852	-	-	-
International United Technology Co., Ltd.	987,354	12,658	-	1,086 (Note 1)	-	-	987,354	13,744	-	-	-
Pack & proper Co., Ltd.	2,466,288	-	-	-	-	-	2,466,288	-	-	-	-
United Electronics Industrial Co., Ltd.	2,312,205	25,088	300,587 (Note 2)	24,738 (Note 1)	-	-	2,612,792	49,826	-	-	-
Total		<u>\$ 66,629</u>		<u>25,824</u>		<u>31</u>		<u>92,422</u>			

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

Note 2: The investee distributed stock dividends.

HUA ENG WIRE & CABLE CO., LTD.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of ownership	Amount	Unit price (in dollars)	Total amount	Collateral	Note
First Copper Technology Co., Ltd.	141,818,196	\$ 502,119	-	104,738	-	598	141,818,196	39.44 %	606,259	37.15	5,268,546	-	Note 1
Hua Ho Engineering Co., Ltd.	1,726,000	22,675	-	1,928	-	36	1,726,000	49.31 %	24,567	14.24	24,578	-	Note 2
Total		<u>\$ 524,794</u>		<u>106,666</u>		<u>634</u>			<u>630,826</u>				

Note 1 : The increase this period was due to the cash dividends distributed by the Company to the investee company, changes in capital surplus, and investment recognized under the equity method; the decrease this period was due to the recognition of the remeasurement of the net defined benefit plan of the investee company.

Note 2 : The increase this period was due to investment recognized under the equity method; the decrease this period was due to the recognition of the remeasurement of the net defined benefit plan of the investee company.

HUA ENG WIRE & CABLE CO., LTD.**Statement of changes in property, plant and equipment****For the year ended December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

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

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

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

The depreciation methods and useful lives, please refer to note 4(k).

Statement of changes in right-of-use assets

For movements on right-of-use assets, please refer to note 6(j).

HUA ENG WIRE & CABLE CO., LTD.**Statement of changes in accumulated depreciation of
right-of-use assets****For the year ended December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

For movements on accumulated depreciation of right-of-use assets, please refer to note 6(j).

Statement of changes in investment property

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

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

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

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

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

HUA ENG WIRE & CABLE CO., LTD.**Statement of changes in intangible assets****For the year ended December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

For movements on intangible assets, refer to note 6(l). For amortization methods and useful lives, please refer to note 4(m).

Statement of deferred tax assets

Item	Description	Amount	Note
Deferred tax assets	Recognition of income tax due to temporary differences	\$ <u><u>24,183</u></u>	-

Statement of other non-current financial assets

Item	Description	Amount	Note
Prepayments for equipment	Prepayments for the deposit of machine equipment	\$ <u><u>14,220</u></u>	-
Other non-current assets-other	Furnishings	\$ <u><u>8,874</u></u>	-
Refundable deposits	Parking and rental deposit	\$ <u><u>141</u></u>	-
Net defined benefit assets	Estimated net defined benefit assets	\$ <u><u>35,270</u></u>	-

HUA ENG WIRE & CABLE CO., LTD.

Statement of short-term borrowings

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

<u>Type of Loan</u>	<u>Description</u>	<u>Amount</u>	<u>Contract Period</u>	<u>Annual Interest Rates (%)</u>	<u>Loan Commitments</u>	<u>Collateral</u>	<u>Note</u>
Letters of credit	Financial institution borrowing	\$ 498,222	Within 1 year	1.93%~2.00%	Note	None	-
Unsecured loans	Financial institution borrowing	<u>589,000</u>	Within 1 year	1.93%~2.10%	Note	None	-
Total		<u><u>\$ 1,087,222</u></u>					

Note: Loan commitment of short-term borrowings amounted to \$6,095,195.

Short-term notes and bills payable

<u>Item</u>	<u>Guarantee or acceptance Institution</u>	<u>Contract Period</u>	<u>Range of interest Rate</u>	<u>Amount</u>			<u>Note</u>
				<u>Total Amount</u>	<u>Unamortized Amount</u>	<u>Carrying Amount</u>	
Commercial	Mega Bills fianance	Within 1 year					-
paper payable	Corproration-Kaohsiung Branch		1.978%	\$ 100,000	34	99,966	
Commercial	Mega Bills fianance	Within 1 year					-
paper payable	Corproration-Kaohsiung Branch		2.018%	100,000	78	99,922	
Commercial	Grand Bills Finance	Within 1 year					-
paper payable	Corporation-Kaohsiung Branch		1.988%	<u>50,000</u>	<u>37</u>	<u>49,963</u>	
Total				<u><u>\$ 250,000</u></u>	<u><u>149</u></u>	<u><u>249,851</u></u>	

HUA ENG WIRE & CABLE CO., LTD.**Statement of notes payable****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Vendor name	Description	Amount	Note
Non-related parties			
Bureau of Labor Insurance, Ministry of Labor	Labor insurance fee and pension	\$ 3,423	-
National Health Insurance Administration, Ministry of Health and Welfare	Health insurance fee	1,623	-
Others (The amount of individual item in others does not exceed 5% of the account balance)	Operating	417	-
Total		<u><u>\$ 5,463</u></u>	

HUA ENG WIRE & CABLE CO., LTD.**Statement of accounts payable****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Vendor name	Description	Amount	Note
Non-related parties			
Company J	Operating	\$ 88,597	-
Company B	"	66,048	-
Company I	"	47,478	-
Company F	"	47,241	-
Company D	"	43,699	-
Others (The amount of individual item in others does not exceed 5% of the account balance)	"	<u>202,515</u>	-
Total		<u><u>\$ 495,578</u></u>	
Related parties			
Hua Ho Engineering Co., Ltd	Payment and engineering	\$ 75,440	-
First Copper Technology Co., Ltd	Payment	1,636	-
Others (The amount of individual item in others does not exceed 5% of the account balance)	Advertising fee	<u>3</u>	-
Total		<u><u>\$ 77,079</u></u>	

HUA ENG WIRE & CABLE CO., LTD.**Statement of other payables****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount
Salary payable	Employee salary in December 2024	\$ 17,304
Bonus payable	Employee bonus and supervisor allowance payable	70,380
Compensated absences liabilities	Employee paid leave bonus payable	14,075
Employee remuneration payable	Employee remuneration payable	25,025
Dividends payable	Dividends and overdue dividend payable	81,090
Compensation payables to directors and supervisors	Compensation payables to directors and supervisors	4,171
Payables on equipment	Payables on equipment	6,829
Other	Utilities and fuel, pension, labor and health insurance premium, interest, guarantee deposits received within 1 year, freight, service expense and employee benefit payables	28,641
Total		<u>\$ 247,515</u>

Statement of tax liabilities

Item	Description	Amount
Current tax liabilities	Estimated Income tax in 2024	<u>\$ 113,909</u>

HUA ENG WIRE & CABLE CO., LTD.**Statement of other current liabilities****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Statement please refer to notes 6(p) and 6(w).

Statement of deferred income tax liabilities

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Deferred income tax liabilities	Recognition of income tax due to temporary differences	\$ <u><u>527,359</u></u>	-

Other non-current liabilities

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Guarantee deposits received	Rent guarantee deposits received	\$ <u><u>3,173</u></u>	-

HUA ENG WIRE & CABLE CO., LTD.**Statement of lease liabilities****December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Description</u>	<u>Lease term</u>	<u>Discount Rate</u>	<u>Ending Balance</u>	<u>Note</u>
Lease liability (including current portion)	Rent of Renwu's plant land	1994/11/1 ~ 2034/10/31	1.4651%	\$ <u><u>193,307</u></u>	-

Statement of operating revenue**For the year ended December 31, 2024**

<u>Item</u>	<u>Quantity (kg)</u>	<u>Amount</u>	<u>Note</u>
Oxygen free copper wire	8,717,231.70	\$ 2,683,053	-
Communication cable	100,210.16	32,555	-
Power cable	14,523,395.54	4,516,253	-
Optic fiber cable	172,899.57	99,988	-
Scrap copper	674,635.00	199,162	-
Others	1,043,200.00	<u>592,866</u>	-
Sales		8,123,877	Note
Construction contract revenue		74,932	-
Processing revenue		<u>4,846</u>	-
Total		\$ <u><u>8,203,655</u></u>	

Note: The amount is net of sales returns and allowances, \$2,044 and \$1,508, respectively.

HUA ENG WIRE & CABLE CO., LTD.

Statement of operating costs

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>	
	<u>Subtotal</u>	<u>Total</u>
Cost of self-made products sold:		
Raw material		5,634,015
Beginning balance of raw materials	\$ 505,176	
Raw materials purchased	6,000,579	
Raw materials sold	367,965	
Ending balance of raw materials	503,775	
Material		121,262
Beginning balance of materials	24,282	
Materials purchased	124,793	
Materials sold	986	
Ending balance of materials	26,823	
Less: Construction used	4	
Direct labor		264,924
Manufacturing expenses		<u>275,802</u>
Total manufacturing cost		6,296,003
Add: Beginning balance of work in process		625,609
Transferred from Merchandise		22,332
Less: Ending balance of working in process		<u>634,113</u>
Cost of finished goods		6,309,831
Add: Beginning balance of finished goods		985,148
Gains of physical count		620
Less: Ending balance of finished goods		<u>1,130,541</u>
		6,165,058
Cost of purchase merchandise		724,177
Beginning balance of merchandise	78,494	
Merchandise purchased	810,571	
Ending balance of merchandise	142,556	
Less: Transferred to work in process and construction used	22,332	
Cost of raw materials sold		367,965
Cost of material sold		986
Loss on Idle production capacity		66,590
Loss on valuation of inventories		7,777
Less: Revenue from scrap sold		18,201
Gain from price recovery of onerous contract		56
Gains on physical count		620
Construction cost		<u>69,296</u>
Total Operating cost	\$	<u><u>7,382,972</u></u>

HUA ENG WIRE & CABLE CO., LTD.**Statement of operating expenses****For the year ended December 31, 2024****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount	Note
Salary	Salary and bonus	\$ 70,601	-
Freight	Freight for product sales	12,786	-
Research and development expenses	(Note 1)	10,196	-
Insurance	Employee labor insurance fee and health insurance fee	7,649	-
Employee benefits	Provision for employee welfare	7,635	-
Other operating expenses	(Note 2)	44,836	-
Total		\$ <u>153,703</u>	

Note 1: Research and development expenses include salary amounting to \$3,362.

Note 2: The amount of individual item in others does not exceed 5% of account balance.

Statement of Non-Operating Income and Expenses

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