Stock Code:2006

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

Address: 6F, No. 9, Sec. 1, Chang An East Road, Taipei City
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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

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Independent Auditors' Report

To the Board of Directors of Tung Ho Steel Enterprise Corporation:

Opinion

We have audited the financial statements of Tung Ho Steel Enterprise Corporation("the Company"), which comprise the balance sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, 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 its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits 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 of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements as of and for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the Company's financial statements are stated as follows:

1. Revenue recognition

   Please refer to Note 4(n) "Revenue recognition" and Note 6(t) "Revenue from contracts with customers" in the parent company only financial statements.

   Explanation of the key audit matter:

   The Company mainly manufactures and sells deformed bars and sections. Revenue recognition is one of the key areas for our audit, and is where on which the report users and receivers pay great concern on. As a result, the test on revenue recognition is one of the key judgmental areas in our audit.

Our principal audit procedures included:

- assessing whether appropriate revenue recognition policies were applied and whether sufficient information was disclosed；
- testing the manual or systems-based controls on its sales and collection cycle, perform reconciliations between the information from sales systems and the general ledger；
- reading the sales contracts with significant clients and testing the consistency of their accounting policy；
- performing year-to-year analysis on the revenue by product and the revenue from the top ten customers with the largest sales volume to determine if there were any abnormalities；
- taking appropriate samples, verifying the relevant internal and external information, and confirming whether the control of goods has already been transferred to the buyer, as well as assessing the appropriateness of the timing and amount of revenue recognition；
- vouching internal and external information of sales in the selected period before and after the reporting date (the length of the period was determined based on the sales terms) to determine whether sales revenue were recorded in the appropriate period.

2. Valuation of inventories

Please refer to Note 4(g) “Inventories”, and Note 6(f) “Inventories” in the parent company only financial statements.

Explanation of the key audit matter:

Due to the changes in the international trade environment and the impact of price fluctuations on the raw materials and finished products of the steel industry, the risk that the book value of the inventory to be higher than the net realizable value may arise. Therefore, the valuation of inventories is one of the key judgmental areas in our audit.

Our principal audit procedures included:

- assessing the rationality of accounting policies for inventory valuation；
- assessing whether the valuation of inventory has been in accordance with the established accounting policies；
- understanding the sales price used by management and the changes in market price of futures inventory to assess the rationality of the net realizable value of inventories；
- taking appropriate samples and verifying the relevant internal and external information to confirm the adequacy and reasonableness of the net realized value basis used by management；
- assessing whether the management’s disclosure of the inventory allowance is acceptable.

3. Investments accounted for using the equity method (construction contracts in subsidiaries)

Please refer to Note 4(i) “Investment in subsidiaries” and Note 6(g) “Investment accounted for using the equity method” of the parent company only financial statements.

Explanation of the key audit matter:

Contract accounting is considered to be an audit risk to the Company’s subsidiary as it requires a high degree of estimation and judgment of matters such as the costs of the work required to complete the contract, the stage of completion of the contract, as well as the recognition of onerous contract. Different judgments could lead to different outcomes, which may have an impact on the Company’s shares of gain or loss on investments accounted for using the equity method on its financial statements.

Our principal audit procedures included:

- reviewing significant contracts and discussing them with the management to obtain a full understanding of the specific terms and risks, to assess whether revenue was appropriately recognized；
- selecting a sample from the ongoing constructions to verify the costs between the estimation and the contracts, discussing with the management about the estimates for total contract costs and forecasted costs, including taking into account the historical accuracy of such estimates；
- selecting a sample from the completed constructions to assess the settlement of revenue by examination of external evidence；
- for warranty under the construction contracts provided to the clients by the subsidiaries, obtaining the estimated warranty costs, vouching internal and external data to assess the rationality of the estimates and whether there are any abnormalities in the provisions estimated by the management；
- assessing whether the loss recognized for onerous contracts appropriately reflect the expected contractual position.

4. Investments accounted for using the equity method (Impairment of property, plant and equipment in subsidiaries)

Please refer to Note 4(i) “Investment in subsidiaries” and Note 6(g) “ Investment accounted for using the equity method” of the parent company only financial statements.

Explanation of the key audit matter:

Assets impairment accounting is considered to be an audit risk to the Company’s subsidiary as it requires a high degree of estimation and judgment of matters such as determination of discount rates and expected growth rates. Different judgments could lead to different outcomes, which may have an impact on the Company’s shares of gain or loss on investments accounted for using the equity method on its financial statements.

Our principal audit procedures included:

- obtaining the future cash flow forecast and the evaluation of the discount rate of the Vietnam subsidiary of the Company；
- discussing with the management and raising professional skepticism of the significant key judgments used in forecasting future cash flows；
- understanding whether the reference basis of the discount rate used by the Company's management is consistent, and comparing it with relevant internal and external information, evaluating whether the discount rate used by the management is reasonable. In addition, performing recalculation process on the value in use of the assets calculated by the Company's management.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 a parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only 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 auditor's 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 parent company only 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 parent company only 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 parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Lee, Tzu-Hui and Ko, Hui-Chih.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2025

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 Parent Company Only Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 435,806	1	393,566	1
1110	Current financial assets at fair value through profit or loss (Note 6(b))	109,204	-	144,619	-
1150	Notes receivable, net (Notes 6(d) and (t))	62,952	-	176,658	-
1170	Accounts receivable, net (including to related parties) (Notes 6(d), (t) and 7)	3,179,900	7	4,118,841	8
1200	Other receivables (Notes 6(e) and 7)	1,666,699	4	23,866	-
1310	Inventories (Note 6(f))	16,195,910	34	17,070,795	35
1410	Prepayments	198,481	-	263,718	1
1470	Other current assets	168	-	137	-
	Total current assets	21,849,120	46	22,192,200	45
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	619,100	1	634,082	1
1550	Investments accounted for using the equity method (Notes 6(g) and 7)	10,298,646	22	10,456,213	22
1600	Property, plant and equipment (Notes 6(h) and 7)	12,987,018	27	13,338,811	28
1755	Right-of-use assets (Note 6(i))	105,784	-	124,371	-
1760	Investment property (Notes 6(h) and (j))	1,974,279	4	1,923,110	4
1840	Deferred tax assets (Note 6(q))	33,742	-	44,295	-
1990	Other non-current assets	40,649	-	44,496	-
1915	Prepayments for equipment	41,407	-	22,805	-
1920	Refundable deposits (Note 8)	69,695	-	56,077	-
	Total non-current assets	26,170,320	54	26,644,260	55
	Total assets	**$ 48,019,440**	**100**	**48,836,460**	**100**

		December 31, 2024		December 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loans (Note 6(k))	$ 6,259,439	13	10,442,950	21
2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	4,052	-	60,457	-
2130	Current contract liabilities (Notes 6(t) and 7)	1,471,511	3	1,232,093	3
2150	Notes payable	239,643	-	16,032	-
2170	Accounts payable(including to related parties) (Note 7)	1,637,875	3	2,066,656	4
2200	Other payables(including to related parties) (Notes 6(o) and 7)	1,921,902	4	1,947,863	4
2230	Current tax liabilities	298,988	1	498,570	1
2280	Current lease liabilities (Note 6(m))	21,905	-	27,813	-
2322	Long-term loans, current portion (Note 6(l))	300,000	1	-	-
2300	Other current liabilities	11,579	-	11,172	-
	Total current liabilities	12,166,894	25	16,303,606	33
	Non-Current liabilities:				
2540	Long-term loans (Note 6(l))	2,907,000	6	1,000,000	3
2570	Deferred tax liabilities (Note 6(q))	174,190	1	169,428	-
2580	Non-current lease liabilities (Note 6(m))	87,702	-	100,557	-
2640	Non-current defined benefit liability, net (Note 6(p))	34,625	-	207,573	-
2645	Guarantee deposits received (Note 7)	9,541	-	7,016	-
	Total non-current liabilities	3,213,058	7	1,484,574	3
	Total liabilities	15,379,952	32	17,788,180	36
	Equity (Note 6(r))				
3100	Capital stock	7,302,138	15	7,302,138	15
3200	Capital surplus	7,742,308	16	7,739,750	16
	Retained earnings:				
3310	Legal reserve	5,600,943	12	5,127,305	10
3320	Special reserve	614,156	1	486,844	1
3350	Unappropriated retained earnings	11,636,693	25	10,697,520	22
	Total retained earnings	17,851,792	38	16,311,669	33
3400	Other equity interest	(256,750)	(1)	(305,277)	-
	Total equity	32,639,488	68	31,048,280	64
	Total liabilities and equity	**$ 48,019,440**	**100**	**48,836,460**	**100**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		For the years ended December 31,			
		2024		2023	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(t) and 7)**	$ 45,177,863	100	49,355,594	100
5000	**Operating costs (Notes 6(f), (h), (i), (j), (p), 7 and 12)**	39,656,363	88	42,697,852	87
5900	**Gross profit from operations**	5,521,500	12	6,657,742	13
5910	Less: Unrealized profit (loss) from sales (Note 7)	69,152	-	74,620	-
5920	Add: Realized profit (loss) from sales (Note 7)	74,620	-	64,907	-
5950	**Gross profit, net**	5,526,968	12	6,648,029	13
6000	**Operating expenses:**				
6100	Selling expenses (Notes 6(h), (i), (j), (p), (v), 7 and 12)	(875,375)	(2)	(877,016)	(2)
6200	Administrative expenses (Notes 6(h), (i), (j), (p), (v), 7 and 12)	(1,139,499)	(2)	(1,182,937)	(2)
6450	Expected credit (impairment loss) reversal of impairment loss (Note 6(d))	(7,722)	-	11,440	-
6500	**Total operating expenses**	(2,022,596)	(4)	(2,048,513)	(4)
6900	**Operating income**	3,504,372	8	4,599,516	9
7000	**Non-operating income and expenses:**				
7010	Other income (Notes 6(v) and 7)	120,541	-	106,209	-
7100	Interest income (Notes 6(v) and 7)	19,922	-	18,460	-
7020	Other gains and losses, net (Notes 6(g) and (v))	181,945	-	174,591	-
7050	Finance costs, net (Notes 6(m) and (v))	(190,896)	-	(224,950)	-
7060	Share of profit of subsidiaries and associates accounted for using the equity method, net (Note 6(g))	1,590,376	4	1,031,037	2
	Total non-operating income and expenses	1,721,888	4	1,105,347	2
7900	**Profit before income tax**	5,226,260	12	5,704,863	11
7950	Less: Income tax expenses (Note 6(q))	746,423	2	975,517	2
	Profit	4,479,837	10	4,729,346	9
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans (Note 6(p))	125,986	-	6,848	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(13,440)	-	113,272	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss (Note 6(h))	745	-	(1,490)	-
8349	Less : income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	113,291	-	118,630	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements	62,420	-	(104,984)	-
8399	Less : income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	62,420	-	(104,984)	-
8300	**Other comprehensive income**	175,711	-	13,646	-
8500	**Total comprehensive income**	**$ 4,655,548**	**10**	**4,742,992**	**9**
9750	**Basic earnings per share (in dollars) (Note 6(s))**	**$**	**6.13**		**6.48**
9850	**Diluted earnings per share(in dollars) (Note 6(s))**	**$**	**6.12**		**6.46**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest			
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2023	$ 7,302,138	7,684,679	4,718,218	157,889	9,254,928	14,131,035	(520,184)	208,297	(311,887)	28,805,965
Profit for the period	-	-	-	-	4,729,346	4,729,346	-	-	-	4,729,346
Other comprehensive income for the period	-	-	-	-	7,038	7,038	(104,984)	111,592	6,608	13,646
Total comprehensive income for the period	-	-	-	-	4,736,384	4,736,384	(104,984)	111,592	6,608	4,742,992
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	409,087	-	(409,087)	-	-	-	-	-
Special reserve appropriated	-	-	-	328,955	(328,955)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,555,748)	(2,555,748)	-	-	-	(2,555,748)
Changes in equity of associates accounted for using the equity method	-	51	-	-	-	-	-	-	-	51
Other changes in capital surplus	-	55,020	-	-	-	-	-	-	-	55,020
Capital reduction of financial assets at fair value through other comprehensive income	-	-	-	-	(2)	(2)	-	2	2	-
Balance at December 31, 2023	7,302,138	7,739,750	5,127,305	486,844	10,697,520	16,311,669	(625,168)	319,891	(305,277)	31,048,280
Profit for the period	-	-	-	-	4,479,837	4,479,837	-	-	-	4,479,837
Other comprehensive income for the period	-	-	-	-	126,749	126,749	62,420	(13,458)	48,962	175,711
Total comprehensive income for the period	-	-	-	-	4,606,586	4,606,586	62,420	(13,458)	48,962	4,655,548
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	473,638	-	(473,638)	-	-	-	-	-
Special reserve appropriated	-	-	-	127,312	(127,312)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,066,898)	(3,066,898)	-	-	-	(3,066,898)
Other changes in capital surplus	-	2,558	-	-	-	-	-	-	-	2,558
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	435	435	-	(435)	(435)	-
Balance as of December 31, 2024	**$ 7,302,138**	**7,742,308**	**5,600,943**	**614,156**	**11,636,693**	**17,851,792**	**(562,748)**	**305,998**	**(256,750)**	**32,639,488**

See accompanying notes to the parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2024	2023
Cash flows from (used in) operating activities:		
Income before income tax	$ 5,226,260	5,704,863
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expense	980,400	993,323
Amortization expense	8,336	9,880
Expected credit impairment losses (reversal benefit)	7,722	(11,440)
Net gain on financial assets or liabilities at fair value through profit or loss	(129,259)	(130,340)
Interest expense	190,896	224,950
Interest income	(19,922)	(18,460)
Dividend income	(39,804)	(37,763)
Share of gain of subsidiaries and associates accounted for using the equity method	(1,590,376)	(1,031,037)
(Gain) Loss on disposal of property, plant and equipment	(1,207)	2,008
Prepayment of equipment transferred to expenses	-	3,728
Unrealized profit from sales	69,152	74,620
Realized profit from sales	(74,620)	(64,907)
Unrealized foreign currency exchange (gain) loss	(24,777)	858
Total adjustments to reconcile profit or loss	(623,459)	15,420
Changes in operating assets and liabilities:		
Decrease in financial assets mandatorily measured at fair value through profit or loss	108,269	194,240
Decrease (increase) in notes receivable	114,080	(12,000)
Decrease (increase) in accounts receivable	845,956	(1,064,087)
Decrease (increase) in accounts receivable from related parties	87,440	(30,530)
Decrease (increase) in other receivable	12,818	(9,394)
Decrease (increase) in inventories	874,122	(1,113,981)
Decrease (increase) in prepayments	65,237	(73,944)
Increase in other current assets	(31)	(9)
Increase in other operating assets	(4,489)	-
Total changes in operating assets	2,103,402	(2,109,705)
Increase (decrease) in contract liabilities	239,418	(106,436)
Increase (decrease) in notes payable	223,611	(61,235)
(Decrease) increase in accounts payable	(428,781)	624,119
(Decrease) increase in other payables	(37,184)	116,088
Increase in other current liabilities	407	996
Decrease in net defined benefit liability	(46,962)	(46,536)
Total changes in operating liabilities	(49,491)	526,996
Net changes in operating assets and liabilities	2,053,911	(1,582,709)
Total adjustments	1,430,452	(1,567,289)
Cash inflow generated from operations	6,656,712	4,137,574
Interest received	19,773	18,432
Dividends received	1,580,812	713,248
Interest paid	(188,679)	(224,539)
Income taxes paid	(930,690)	(908,369)
Net cash flows from operating activities	7,137,928	3,736,346
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,858)	(3,941)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,400	5,960
Proceeds from disposal of financial assets at fair value through profit or loss	-	45,048
Proceeds from capital reduction of investments accounted for using equity method	275,567	458,406
Acquisition of property, plant and equipment	(565,726)	(406,438)
Proceeds from disposal of property, plant and equipment	674	43
(Increase) decrease in refundable deposits	(13,618)	16,334
Increase in other receivables	(1,639,500)	-
Decrease in other receivables	-	758,800
Acquisition of investment properties	(56,012)	(3,304)
Increase in prepayments for equipment	(33,144)	(19,978)
Net cash flows (used in) from investing activities	(2,030,217)	850,930
Cash flows from (used in) financing activities:		
Increase in short-term loans	76,115,353	95,899,399
Decrease in short-term loans	(80,298,864)	(96,484,223)
Increase in short-term notes and bills payable	1,550,000	300,000
Decrease in short-term notes and bills payable	(1,550,000)	(900,000)
Proceeds from long-term loans	5,507,000	1,000,000
Repayments of long-term loans	(3,300,000)	(1,950,000)
Increase (decrease) in guarantee deposits received	2,525	(2,095)
Payment of lease liabilities	(33,189)	(30,889)
Cash dividends paid	(3,066,898)	(2,555,748)
Net cash used in financing activities	(5,074,073)	(4,723,556)
Effect of exchange rate changes on cash and cash equivalents	8,602	11,798
Net increase (decrease) in cash and cash equivalents	42,240	(124,482)
Cash and cash equivalents at beginning of period	393,566	518,048
Cash and cash equivalents at end of period	$ 435,806	393,566

See accompanying notes to the parent company only financial statements.

TUNG HO STEEL ENTERPRISE CORPORATION

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

Tung Ho Steel Enterprise Corporation (the "Company") was incorporated in May, 1962, 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 6F., No. 9, Sec. 1, Chang An E. Rd., Taipei City, Taiwan (R.O.C.). The Company is primarily involved in manufacturing and selling Re-Bar, Section, and Plate.

(2) Approval date and procedures of the financial statements

The parent company only financial statements as of and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors on February 25, 2025.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Consolidated 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 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 IAS21 "Lack of Exchangeability"

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

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

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 reconcile 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

(Continued)

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.

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

A summary of the significant accounting policies adopted in the accompanying financial statements is as follows. The accounting policies have been applied consistently to all the reporting periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only 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

The parent company only financial statements have been prepared on historical cost basis, except for the following material items in the balance sheet:

1) Financial instruments 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) Net defined benefit liabilities are measured at the fair value of plan assets less the present value of defined benefit obligation.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the 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 on 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 the transaction.

Exchange differences are generally recognized in profit or loss, except for that arising from fair value through other comprehensive income non-monetary securities, which is recognized through other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the Company's presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Company's presentation currency at average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of an investment in an associate of joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

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

The Company classifies the asset 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;

(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 or a 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.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) 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. Term 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 should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables 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 basis.

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

3) Fair value through profit or loss (FVTPL)

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

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

4) 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, financial assets measured at amortized cost, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), trade receivables and 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：

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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 90 days past due.

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

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘ investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION

Notes to the Financial Statements

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 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

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

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

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 90 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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.

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) 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.

3) 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.

(Continued)

4) 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

The cost of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to the location and condition ready for sale or production. The allocation of fixed production overheads to the finished goods and work in process is based on the normal capacity of the production facilities. However, in the case where the practical capacity is larger than the normal capacity, the allocation is based on the practical capacity. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities. Inventories are subsequently measured at the lower of cost or net realizable value. The cost of inventories is based on the monthly weighted-average cost. Net realizable value is the estimated as the selling price in the ordinary course of business at the reporting date, less the estimated costs until completion and selling expenses. If the inventory is reserved for a contract, its net realizable value shall be based on the price of the contract.

(h) Investment in associates

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

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

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

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

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company’s proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company’s ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investments in subsidiaries

When preparing the parent company only financial statements, the Company accounts for the investee companies on which it possesses control using the equity method. Net income, other comprehensive income, and shareholder’s equity in the parent company only financial reports of the Company should be the same with the net income, other comprehensive income, and shareholder’s equity attributable to the parent in the consolidated financial reports should be the same.

The Company accounts the changes in equity, under the condition that control is still present, as equity transactions between the proprietors.

(j) Investment property

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

(Continued)

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 non-operating revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1) Buildings：3 to 60 years

2) Machinery and equipment：1.25 to 25 years

3) Miscellaneous equipment：2 to 30 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from previous estimates, adjusted it as necessary.

(l) Leases

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 leasee

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

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

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

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

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

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

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

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

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

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 financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery, office equipment and vehicles 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 leasor

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

(m) Impairment of non-financial assets

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

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

The recoverable amount of an individual assets or a CGU is the greater of its fair value less costs of disposal and its value in use. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount, and which should be recognized immediately in profit or loss.

(n) Revenue recognition

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

(Continued)

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, 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.

(ii) Rebar Processing Services

The Company provides steel bars processing services and recognizes the related revenue during the financial reporting period. However, if there are any changes occur in normal circumstances, the estimates of revenue and cost of completion will be revised, whose amount will be reflected in profit and loss during the period when the management is informed regarding the matter. Under a fixed-price contract, the customer pays a fixed amount according to the agreed time schedule. When the service exceeds the payment, a contract asset is recognized; when the payment exceeds the service, a contract liability is recognized. The Company's payment collection is based on the level of completion upon issuing an invoice.

The merged company can only request the customer for payment according to the degree of completion, wherein the amount can be collected after the invoice is issued.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss for the period in which services are rendered by employees.

(ii) Defined benefit plans

The Company’ s net obligation in respect of a defined benefit pension plan is calculated separately by estimating the discounted present value of future benefit that employees have earned in return for their service in the current and prior periods.

An actuarial calculation of pension costs and related liabilities are performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, an asset is recognized but the recognized asset is limited to the total of 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 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. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(iii) Short-term employee benefits

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

(p) Income taxes

Income taxes comprises current tax expense and deferred tax expense. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are 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 for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following：

(i) the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (loss)；or

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future；or

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.

(Continued)

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

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

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

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

1) the same taxable entity；or

2) different taxable entities which intend 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.

(q) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds.

(r) Operating segments

The Company has disclosed related information of its operating segments in the consolidated financial statements of the Company and its subsidiaries as of December 31, 2024 and 2023, thus no additional information will be disclosed herein.

(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 recognised prospectively in the period of the change and future periods.

The accounting policies related to material judgments that have certain significant impact on the amounts recognized in the financial statements were whether the Company has substantive control over its investees, please refer to the consolidated financial statements for the year ended December 31, 2024.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

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:

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

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows：

Level 1：quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

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).

Level 3：inputs for the assets or liabilities that are not based on observable market data.

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

Please refer to the notes listed as below for related information on assumptions used in measuring fair value：

Note 6(j), investment property

Note 6(w), financial instruments

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$ 385	502
Checking and demand deposits	435,421	393,064
Cash and cash equivalents on the statement of cash flows	**$ 435,806**	**393,566**

(i) Please refer to Note 6(w) for interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(ii) As of December 31, 2024 and 2023, certain term deposits were pledged as collateral of performance guarantee and such term deposits were reclassified to refundable deposits. Please refer to Note 8 for details.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

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

	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Listed common shares	$ 109,204	144,619

	December 31, 2024	December 31, 2023
Financial liabilities at fair value through profit or loss:		
Held for trading financial liabilities		
Derivative instruments not used for hedging		
Foreign exchange forward contracts	$ 4,052	60,457

The Company uses derivative financial instruments to hedge the certain foreign exchange risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial instruments at December 31, 2024 and 2023：

Forward exchange contracts：

	December 31, 2024		
	Nominal amount (in thousands)	Currency	Maturity dates
Forward exchange purchased	USD 19,992	Sell USD/buy TWD	2025.01.02~2025.02.27
Forward exchange selled	USD 12,000	Sell USD/buy TWD	2025.01.17~2025.04.15

	December 31, 2023		
	Nominal amount (in thousands)	Currency	Maturity dates
Forward exchange purchased	USD 75,941	Sell USD/buy TWD	2024.01.02~2024.03.29

None of the financial assets were pledged as collateral as of December 31, 2024 and 2023.

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

	December 31, 2024	December 31, 2023
Equity investments at fair value through other comprehensive income：		
Listed commom shares	$ 432,618	436,936
Unlisted common shares	186,482	197,146
Total	$ 619,100	634,082

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

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

(ii) For credit risk and market risk; please refer to note 6(w).

(iii) None of the financial assets were pledged as collateral as of December 31, 2024 and 2023.

(d) Notes and accounts receivable and overdue receivables

	December 31, 2024	December 31, 2023
Notes receivable	$ 63,111	177,191
Accounts receivable	3,186,272	4,039,357
Accounts receivable from related parties	2,028	89,468
Overdue receivables	57,673	49,439
Less：loss allowance	(66,232)	(59,956)
	$ 3,242,852	4,295,499

The analysis of expected credit loss of the notes and accounts receivable of the Company as of December 31, 2024 and 2023, was as follows：

	December 31, 2024		
Credit rating	Gross carrying amount	Weighted-average rate of expected credit loss	Loss allowance for expected credit losses
With low risk	$ 567,954	-	-
With moderate risk	2,693,137	0.68%	18,239
With financial difficulties	47,993	100%	47,993
	$ 3,309,084		66,232

	December 31, 2023		
Credit rating	Gross carrying amount	Weighted-average rate of expected credit loss	Loss allowance for expected credit losses
With low risk	$ 697,902	-	-
With moderate risk	3,608,114	0.29%	10,517
With financial difficulties	49,439	100%	49,439
	$ 4,355,455		59,956

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

The aging analysis of notes and accounts receivable as of December 31, 2024 and 2023, which were past due but not impaired, were as follows：

	December 31, 2024	December 31, 2023
Current	$ 3,235,310	4,301,679
1 to 60 days past due	806	-
61 to 364 days past due	24,963	20
More than 365 days past due	48,005	53,756
	$ 3,309,084	**4,355,455**

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

	For the years ended December 31,	
	2024	**2023**
Balance at January 1	$ 59,956	85,585
Impairment losses recognized	10,363	551
Impairment losses reversed	(2,641)	(11,991)
Amounts written off	(996)	(14,189)
Recovery from the amount written off	(450)	-
Balance at December 31	**$ 66,232**	**59,956**

(e) Other receivables

	December 31, 2024	December 31, 2023
Receivables from disposal of stocks	$ -	5,086
Other receivables from related parties	13,518	10,506
Other receivables - loans to subsidiaries	1,641,966	-
Others	11,215	8,274
Less：loss allowance	-	-
	$ 1,666,699	**23,866**

No other receivables were impaired resulted from overdue as of December 31, 2024 and 2023. For credit risk, please refer to note 6(w).

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(f) Inventories

	December 31, 2024	December 31, 2023
Finished goods (including consigned goods)	$ 3,290,108	2,610,237
Work in process (including goods in transit and consigned goods)	3,196,218	3,056,877
Raw materials (including goods in transit)	7,909,872	9,536,544
Material supplies (including goods in transit and consigned goods)	1,799,712	1,867,137
Inventories, net	**$ 16,195,910**	**17,070,795**

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Any changes of competitors' reactions and market condition would impact the estimation which is based on the current market condition and past experience. The management of the Company makes such evaluation on every reporting date.

(i) Collateral

None of the inventory was pledged as collateral as of December 31, 2024 and 2023, respectively.

(ii) Operating costs

For the years ended December 31, 2024 and 2023, cost of sales and services provided recognized was as follows：

	For the years ended December 31, 2024	2023
Cost of goods sold	$ 39,637,874	42,711,546
Cost of services	26,621	18,914
Unallocated production overheads — capacity variance	100,359	73,298
Revenue from sale of materials and scrap	(108,491)	(105,906)
Total	**$ 39,656,363**	**42,697,852**

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(g) Investments accounted for using the 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		
Tung Yuan International Corp.	$ 650,499	713,101
Tung Kang Steel Structure Corp.	4,349,898	4,022,717
Goldham Development Ltd.	13,545	296,090
Katec Creative Resources Corp.	711,687	641,180
Tung Kang Wind Power Corp.	700,048	627,660
Tung Ho Steel Vietnam Corp., Ltd.	2,737,040	3,099,081
Subtotal	9,162,717	9,399,829
Associates		
Katec Research & Development Corp.	94,247	89,863
Taiwan Steel Union Co., Ltd.	996,381	917,424
Tung Sugar Energy Service Co., Ltd.	45,301	49,097
Subtotal	1,135,929	1,056,384
Total	**$ 10,298,646**	**10,456,213**

(ii) Subsidiaries

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

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

	December 31, 2024	December 31, 2023
Carrying amount of individually insignificant associates' equity	**$ 1,135,929**	**1,056,384**

	For the years ended December 31,	
	2024	2023
Attributable to the Company：		
Net income from continuing operations	$ 200,209	125,477
Other comprehensive income	217	(2,126)
Comprehensive income	**$ 200,426**	**123,351**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(iv) Cash dividends paid by the Company's associates were recognized as deductions of investment accounted for using the equity method. The details were as follows：

	For the years ended December 31, 2024	For the years ended December 31, 2023
Tung Kang Steel Structure Corp.	$ 1,407,849	502,803
Katec Research & Development Corp.	14,116	11,293
Taiwan Steel Union Co., Ltd.	106,765	161,389
Katec Creative Resources Corp.	12,278	-
Total	**$ 1,541,008**	**675,485**

(v) On March 18, 2024, the Board of Directors of Goldham Development Ltd. resolved to carry out a cash capital reduction of USD 8,726 thousand (NTD 275,567 thousand). As of December 31, 2024, the Company has received the capital reduction amount and has recognized it as a deduction from investments accounted for using the equity method.

(vi) Goldham Development Ltd. reduced its capital in cash amounting to USD5,000 thousand ($161,350 thousand) based on its board meeting held on October 23, 2023. As of December 31, 2023, the Company has received the full amount incurred from its capital reduction and recorded it as deduction of investments accounted for using the equity method.

(vii) Goldham Development Ltd. disposed its entire shares in Fujian Tung Kang Steel Co., Ltd., at the price of CNY 51,610 thousand ($228,219 thousand), based on a resolution approved during its board meeting held on October 2, 2023, with the transfer of ownership, business license registration, and the reversal of side-flow and counter-flow transaction profits in the previous year amounting to $51,644 thousand, as well as the calculation of shares of profit of subsidiary and associates accounted for using the equity method having been completed on November 9, 2023.

(viii) Katec Creative Resources Corporation reduced its capital, at the amount of $300,000 thousand, and covered the accumulated deficits of $46,852 thousand, based on its shareholders meeting held on October 24, 2023 wherein the amount of $297,056 thousand had been refunded to the Company in 2023 and recognized as reduction in investments accounted for using the equity method.

(ix) The Company increased the capital of THSVC amounting to USD5,000 thousand ($162,500 thousand) through debts for equity swaps based on its board meeting held on July 4, 2023, resulting in THSVC to obtain an investment license in October 2023. As of December 31, 2023, the original balance of $162,500 for capital loans and disbursements had been reclassified as an addition to investments accounted for using the equity method.

(x) Collateral

None of the investments accounted for using the equity method were pledged for collateral as of December 31, 2024 and 2023.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2024 and 2023, were as follows：

		Land	Land improvements	Buildings and structures	Machinery equipment	Miscellaneous equipment	Other assets	Construction in progress	Total
Cost or deemed cost:									
Balance as of January 1, 2024	$	5,098,344	27,241	6,909,477	24,391,149	338,396	315,351	130,455	37,210,413
Additions		-	2,587	21,185	373,832	16,597	7,144	155,093	576,438
Reclassification in (out)		(3,970)	-	13,700	57,493	-	3,970	(56,650)	14,543
Disposals		-	-	(338)	(58,300)	(11,046)	-	-	(69,684)
Balance as of December 31, 2024	**$**	**5,094,374**	**29,828**	**6,944,024**	**24,764,174**	**343,947**	**326,465**	**228,898**	**37,731,710**
Balance as of January 1, 2023	$	5,067,213	24,889	6,820,244	24,137,019	326,401	287,620	96,508	36,759,894
Additions		4,682	2,352	60,853	196,624	18,589	27,770	108,498	419,368
Reclassification in (out)		26,449	-	29,767	73,196	97	-	(74,551)	54,958
Disposals		-	-	(1,387)	(15,690)	(6,691)	(39)	-	(23,807)
Balance as of December 31, 2023	**$**	**5,098,344**	**27,241**	**6,909,477**	**24,391,149**	**338,396**	**315,351**	**130,455**	**37,210,413**
Accumulated depreciation:									
Balance as of January 1, 2024	$	-	2,548	3,742,741	19,879,710	246,603	-	-	23,871,602
Depreciation for the period		-	2,724	143,786	768,394	27,640	-	-	942,544
Disposals		-	-	(338)	(58,070)	(11,046)	-	-	(69,454)
Balance as of December 31, 2024	**$**	**-**	**5,272**	**3,886,189**	**20,590,034**	**263,197**	**-**	**-**	**24,744,692**
Balance as of January 1, 2023	$	-	-	3,602,365	19,109,471	223,988	-	-	22,935,824
Depreciation for the period		-	2,548	140,429	785,329	29,001	-	-	957,307
Disposals		-	-	(53)	(15,090)	(6,386)	-	-	(21,529)
Balance asof December 31, 2023	**$**	**-**	**2,548**	**3,742,741**	**19,879,710**	**246,603**	**-**	**-**	**23,871,602**
Carrying value									
Balance as of December 31, 2024	**$**	**5,094,374**	**24,556**	**3,057,835**	**4,174,140**	**80,750**	**326,465**	**228,898**	**12,987,018**
Balance as of December 31, 2023	**$**	**5,098,344**	**24,693**	**3,166,736**	**4,511,439**	**91,793**	**315,351**	**130,455**	**13,338,811**

(i) Land borrowed name registration and trust registration

Several agricultural lands of the Company were temporarily registered under other individuals' names due to the restrictions imposed on Agricultural Development Act article 33. In order to preserve the rights and obligations of both parties and its ownership of the land, the Company changed the registration procedures for some of its agricultural lands to trust registration method, except for certain parcels of land, which are still being registered under other individuals' names due to specific reasons. All relevant registration procedures had been completed as of December 31, 2023, with details as follows:

Accounts		December 31, 2024	December 31, 2023
Property, plant and equipment	$	326,465	315,351
Investment property		553,564	499,124
	$	**880,029**	**814,475**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(ii) The assessment of the useful life and the residual value

Property, plant and equipment is depreciated using the straight-line method. The Company periodically evaluates the useful life and the residual value of property, plant, and equipment; if there is any significant change in relevant estimates, adjustments will be made in the period the change occurs and in the future periods.

(iii) Collateral

None of the property, plant and equipment was pledged for collateral as of December 31, 2024 and 2023.

(i) Right-of-use assets

The Company leases assets including land, buildings and structures, machinery equipment, vehicles, and office equipment. Information about leases for which the Company as a lessee was presented below：

		Land	Buildings and structures	Machinery equipment	Vehicles	Office equipment	Total
Cost：							
Balance at January 1, 2024	$	155,670	41,075	2,941	17,010	2,678	219,374
Additions		5,765	4,372	-	4,289	-	14,426
Disposal		-	(4,372)	-	(1,955)	-	(6,327)
Balance at December 31, 2024	$	**161,435**	**41,075**	**2,941**	**19,344**	**2,678**	**227,473**
Balance at January 1, 2023	$	150,412	41,075	2,941	14,363	2,678	211,469
Additions		5,258	4,371	-	6,200	-	15,829
Disposal		-	(4,371)	-	(3,553)	-	(7,924)
Balance at December 31, 2023	$	**155,670**	**41,075**	**2,941**	**17,010**	**2,678**	**219,374**
Accumulated depreciation：							
Balance at January 1, 2024	$	53,966	30,806	2,166	6,026	2,039	95,003
Depreciation for the period		14,813	12,587	503	4,707	403	33,013
Disposal		-	(4,372)	-	(1,955)	-	(6,327)
Balance at December 31, 2024	$	**68,779**	**39,021**	**2,669**	**8,778**	**2,442**	**121,689**
Balance at January 1, 2023	$	40,810	22,591	1,664	5,367	1,635	72,067
Depreciation for the period		13,156	12,586	502	4,212	404	30,860
Disposal		-	(4,371)	-	(3,553)	-	(7,924)
Balance at December 31, 2023	$	**53,966**	**30,806**	**2,166**	**6,026**	**2,039**	**95,003**
Carrying amount：							
Balance at December 31, 2024	$	**92,656**	**2,054**	**272**	**10,566**	**236**	**105,784**
Balance at December 31, 2023	$	**101,704**	**10,269**	**775**	**10,984**	**639**	**124,371**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(j) Investment property

		Land and improvements	Buildings and structures	Total
Cost or deemed cost：				
Balance as of January 1, 2024	$	1,868,243	269,585	2,137,828
Additions		56,012	-	56,012
Balance as of December 31, 2024	**$**	**1,924,255**	**269,585**	**2,193,840**
Balance as of January 1, 2023	$	1,864,939	269,585	2,134,524
Additions		3,304	-	3,304
Balance as of December 31, 2023	**$**	**1,868,243**	**269,585**	**2,137,828**
Accumulated depreciation：				
Balance as of January 1, 2024	$	-	214,718	214,718
Depreciation for the period		-	4,843	4,843
Balance as of December 31, 2024	**$**	**-**	**219,561**	**219,561**
Balance as of January 1, 2023	$	-	209,562	209,562
Depreciation for the period		-	5,156	5,156
Balance as of December 31, 2023	**$**	**-**	**214,718**	**214,718**
Carrying amounts：				
Balance as of December 31, 2024	**$**	**1,924,255**	**50,024**	**1,974,279**
Balance as of December 31, 2023	**$**	**1,868,243**	**54,867**	**1,923,110**
Fair value：				
Balance as of December 31, 2024			**$**	**8,509,561**
Balance as of December 31, 2023			**$**	**7,897,575**

(i) Investment property includes the investment in Kuo Kong Section, Houlong town, Miaoli County, and several construction sites and factories leased to others; leased objects mentioned above are the factory in Chienchen District of Kaohsiung, the factory in Bade City of Taoyuan, the building in Taichung, and the office in Taipei.

(ii) The investment in Kuo Kong Section, Houlong Town, Miaoli County is within the general industrial zone. The Consolidated Company has established five wind turbines sets to improve the efficiency of the use of the land. Currently, the purpose of usage and owning the land is to obtain the capital appreciation in the future. As of December 31, 2024 and 2023, the carrying value is $974,120 thousand and $972,857 thousand, respectively.

(iii) Please refer to Note 6(h) for relevant information on investment property acquired under the ownership of others.

(iv) None of the investment property was for pledged for collateral as of December 31, 2024 and 2023.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION

Notes to the Financial Statements

(k) Short-term loans

The details of the Company’s short-term loans were as follows：

	December 31, 2024	December 31, 2023
Unsecured credit loans	$ 6,242,000	10,370,000
Letters of credit	17,439	72,950
Total	**$ 6,259,439**	**10,442,950**
Unused credit lines	**$ 19,059,418**	**13,591,318**
Range of interest rates	**1.71%~5.5603%**	**1.50%~6.83%**

(l) Long-term loans

The details of the Company’s long-term loans were as follows：

	December 31, 2024			
	Currency	**Interest rate**	**Maturity**	**Amount**
Unsecured bank loans	TWD	1.79%~1.925%	2025.06.12~2026.09.27	$ 3,207,000
Less: current portion				(300,000)
Total				**$ 2,907,000**
Unused credit lines				**$ 1,833,000**

	December 31, 2023			
	Currency	**Interest rate**	**Maturity**	**Amount**
Unsecured bank loans	TWD	1.67% ~ 1.68%	2025.04.20~2026.06.12	$ 1,000,000
Less: current portion				-
Total				**$ 1,000,000**
Unused credit lines				**$ 3,340,000**

(m) Lease liabilities

The details of the Company’s lease liabilities were as follows：

	December 31, 2024	December 31, 2023
Current	**$ 21,905**	**27,813**
Non-current	**$ 87,702**	**100,557**

The amounts recognized in profit or loss were as follows：

	For the years ended December 31,	
	2024	**2023**
Interest on lease liabilities	$ 1,706	1,378
Expenses relating to short-term leases	$ 6,217	6,296
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 2,755	2,995

The amounts recognized in the statement of cash flows was as follows:

	For the years ended December 31,	
	2024	**2023**
Total cash outflow for leases	$ 43,867	41,558

(i) Real estate leases

The Company leases land and buildings for its office space and storage locations in 2024. The leases for office space and storage locations typically run for a period of 2 to 3 years. Some lessee include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Certain leases contain extension or cancellation options exercisable by the Company. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Company leases machinery equipment and vehicles, with lease terms of two to five years. In some cases, the Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Company also leases IT equipment with contract terms of one to three years. These leases are short-term or leases of low-value items. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Operating lease

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

As of December 31, 2024 and 2023, a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows：

		December 31, 2024	December 31, 2023
Less than one year	$	60,574	59,010
One to two years		49,015	10,024
Two to three years		47,540	8,922
Three to four years		47,608	6,975
Four to five years		47,548	6,915
More than five years		114,902	82,309
Total undiscounted lease payments	**$**	**367,187**	**174,155**

The operating lease revenues for the years ended December 31, 2024 and 2023 were $57,726 and $51,358 thousand.

(o) Other payables

		December 31, 2024	December 31, 2023
Accrued payroll, year-end bonuses, provisionally estimated bonuses, remuneration of directors and supervisors, and employee benefits	$	690,803	721,157
Utilities payable(including to related parties)		387,836	316,574
Freight payable		191,821	188,735
Sales bonuses payable		244,830	272,014
Waste disposal payable (including to related parties)		73,121	98,755
Equipment payable(including to related parties)		34,897	24,185
Repair and maintenance fees payable		98,182	94,396
Tax payable		71,758	96,573
Other operating and manufacturing overhead payables(including to related parties)		128,654	135,474
	$	**1,921,902**	**1,947,863**

The above payables are planned to be paid within one year. Please refer to Note 6(w) for the interest rate risk and sensitivity analysis of the aforementioned financial assets and liabilities.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(p) Employee benefits

(i) Defined benefit plans

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

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	$ 1,350,335	1,430,284
Fair value of plan assets	(1,315,710)	(1,222,711)
Net defined benefit liabilities	**$ 34,625**	**207,573**

1) Composition of plan assets

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

As of December 31, 2024 and 2023, the Company’s Bank of Taiwan labor pension reserve account balance amounted to $1,315,710 thousand and $1,222,711 thousand, respectively. 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) Changes in the present value of the defined benefit obligations

Changes in the present value of the Company’s defined benefit obligations were as follows：

	For the years ended December 31,	
	2024	2023
Defined benefit obligations at January 1	$ 1,430,284	1,507,094
Service cost and interest expense for the period	21,183	24,025
Remeasurements of the net defined benefit liability (asset)		
－Experience adjustments	(11,428)	6,817
Benefits paid	(89,704)	(107,652)
Defined benefit obligations at December 31	**$ 1,350,335**	**1,430,284**

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

3) Changes in the fair value of the plan assets

Changes in the Company's fair value of the plan assets were as follows：

	For the years ended December 31, 2024	2023
Fair value of plan assets at January 1	$ 1,222,711	1,246,137
Interest income	12,516	12,760
Remeasurements of the net defined benefit liability(assets):		
Return on plan assets (excluding interests for the period)	114,558	13,665
Contributions from employer	55,629	57,801
Benefits paid	(89,704)	(107,652)
Fair value of plan assets at December 31	**$ 1,315,710**	**1,222,711**

4) Expenses recognized in profit or loss

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

	For the years ended December 31, 2024	2023
Service costs for the period	$ 6,880	8,955
Net interest expense of net defined benefit liabilities	1,787	2,310
	$ 8,667	**11,265**

	For the years ended December 31, 2024	2023
Operating costs	$ 6,934	9,677
Selling expenses	307	434
Administrative expenses	1,426	1,154
	$ 8,667	**11,265**

5) Actuarial assumptions

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

	For the years ended December 31, 2024	2023
Discount rate	1.55 %	1.00 %
Future salary increase rate	2.50 %	2.00 %

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 $55,628 thousand.

The weighted average lifetime of the defined benefits plans is 5.0 years.

6) Sensitivity analysis

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

	Effects on the Company's defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2024		
Discount rate	$ (9,946)	10,184
	Increase by 1%	**Decrease by 1%**
Future salary increasing rate	41,410	(38,449)

	Effects on the Company's defined benefit obligations	
	Increase by 0.25%	**Decrease by 0.25%**
December 31, 2023		
Discount rate	$ (12,352)	12,675
	Increase by 1%	**Decrease by 1%**
Future salary increasing rate	51,417	(47,353)

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

There was 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 accounts at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company does not bear any additional legal or constructive obligations other than the allocation of a fixed amount to the Bureau of the Labor Insurance.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $63,026 thousand and $56,980 thousand for the years ended December 31, 2024 and 2023, respectively.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(q) Income taxes

(i) The details of income tax expense for the years ended December 31, 2024 and 2023, were as follows：

	For the years ended December 31, 2024	For the years ended December 31, 2023
Profit tax expense for the period		
Current tax expense incurred during the period	$ 766,513	985,047
Adjustments for prior years	(35,405)	255
	731,108	985,302
Deferred tax expense		
The origination and reversal of temporary differences	15,315	(9,785)
Income tax expense for continuing operations	**$ 746,423**	**975,517**

The reconciliation of income tax expense and income before income tax for the years ended December 31, 2024 and 2023, were as follows：

	For the years ended December 31, 2024	For the years ended December 31, 2023
Profit before income tax	**$ 5,226,260**	**5,704,863**
Income tax using the Company's domestic tax rate	$ 1,045,252	1,140,973
Assessed levied tax on unappropriated earnings of terminated companies in business combination	60,123	48,601
Permanent difference	(379,779)	(284,884)
Changes of unrecognized temporary difference	66,118	78,190
Current investment tax credits used	(9,886)	(7,620)
Difference between administrative remedy and assessment by the tax authority	(32,877)	-
(High)under-estimation from prior periods	(2,528)	257
Total	**$ 746,423**	**975,517**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

There was no unrecognized deferred tax liability as of December 31, 2024 and 2023.

2) Unrecognized deferred tax assets

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

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	$ 24,707	24,707
Temporary differences related to investment subsidiaries	815,037	748,919
Tax effect of deductible temporary differences	**$ 839,744**	**773,626**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

The Company has no intention to dispose or reduce the equity of its subsidiaries; therefore, the temporary differences incurred from its subsidiaries' investments are not be recognized.

3) Recognized deferred tax assets and liabilities

Changes in the deferred tax assets and liabilities for the years ended December 31, 2024 and 2023, were as follows：

	Reserve for land appreciation tax	Others	Total
Deferred tax liabilities：			
Balance as of January 1, 2024	$ 167,174	2,254	169,428
Recognized in profit	-	4,762	4,762
Balance as of December 31, 2024	**$ 167,174**	**7,016**	**174,190**
Balance as of January 1, 2023	$ 167,174	19,921	187,095
Recognized in profit	-	(17,667)	(17,667)
Balance as of December 31, 2023	**$ 167,174**	**2,254**	**169,428**

	Defined benefit plans	Unrealized loss on financial assets and liabilities	Reversal of difference on difference between financial and tax reports arising from deferred gain on foreign exchange forward contracts	Others	Total
Deferred tax assets：					
Balance as of January 1, 2024	$ 1,808	12,092	11,147	19,248	44,295
Recognized in profit	-	(11,282)	(1,854)	2,583	(10,553)
Balance as of December 31, 2024	**$ 1,808**	**810**	**9,293**	**21,831**	**33,742**
Balance as of January 1, 2023	$ 11,115	2,935	13,052	25,075	52,177
Recognized in profit	(9,307)	9,157	(1,905)	(5,827)	(7,882)
Balance as of December 31, 2023	**$ 1,808**	**12,092**	**11,147**	**19,248**	**44,295**

(iii) The Company's income tax returns have been examined by the ROC tax authorities through 2022.

(r) Capital and other equity

(i) Capital stock

As of December 31, 2024 and 2023, the Company's government-registered total authorized capital amounted to $15,000,000 thousand, with par value per share of $10 (dollars), and total issued ordinary shares amounted to 730,214 thousand shares, respectively. All issued shares were paid up upon issuance.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

On September 22, 1994, the Company issued 6,000 thousand Global Depositary Receipts (GDRs), in the Multilateral Trading Facility (MTF) market of the Luxembourg Stock Exchange (LSE), one GDRs represents 10 ordinary shares. The details were as follows：

(in shares)	December 31, 2024	December 31, 2023
Total issued shares	66,187,923	66,187,923
Outstanding shares	4,919,192	4,919,192

(ii) Capital surplus

The balances of capital surplus as of December 31, 2024 and 2023, were as follows：

	December 31, 2024	December 31, 2023
Additional paid-in capital	$ 2,289,734	2,289,734
Conversion of bonds	5,014,194	5,014,194
Treasury stock transactions	59,036	59,036
Difference arising from subsidiary's share price and its carrying value	21,511	21,511
Changes in equity of associates accounted for using the equity method	190,496	190,496
Others	167,337	164,779
	$ 7,742,308	7,739,750

According to the 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

Based on the Company's articles of incorporation, the Company's annual earnings should first be used to provide for income tax and to cover accumulated deficits, before being set aside 10% as a legal reserve, or if necessary, a special reserve. The remainder, along with accumulated earnings, are distributed in cash under the authorized resolution by the Board of Directors attended by two-thirds of the directors and more than half of the attended directors agree, and then report to the board of shareholders. However, if they are distributed not only in cash, then they should be distributed as dividends and earnings distribution under the stockholders' resolution.

The Company is at a stable and mature stage, so the dividend plan is that the percentages of cash dividends and stock dividends shall not be less than 80% and more than 20%, respectively, of the total distribution.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

1) Legal reserve

According to the Company Act, the Company is required to allocate ten percent of the post-tax net profit as legal reserve, until it equals to the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

By choosing to apply exemptions granted under IFRSs 1 First-time Adoption of IFRSs during the Company's first-time adoption of the IFRSs as approved by the FSC, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) shall be reclassified as investment property at the adoption date. According to regulations, retained earnings would be increased by $333,057 thousand, by recognizing the fair value on the adoption date as deemed cost. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs amounted to $149,309 thousand. In accordance with Ruling by the FSC, an increase in retained earnings due to the first time adoption of the IFRSs shall be reclassified as a special earnings reserve during earnings distribution, and when the relevant asset were used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to $149,309 thousand on December 31, 2024.

In accordance with Ruling by the FSC, a portion of current-period earnings and unappropriated prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special earnings reserve resulting from the first time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of unappropriated prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

To promote climate change adaptation and mitigation, actively manage carbon risks, reduce operational impacts, the Company stipulates "Appropriation and use of special reserve in response to climate change adaptation and mitigation", and in accordance with the method sets aside a special reserve. This reserve is used for climate change adaptation and mitigation projects or plans, such as energy-saving equipment or upgrading equipment energy efficiency updates, research and development of energysaving technologies, and low-carbon product development technology. The Company passed the stockholders' resolution to set aside "special reserve for climate change adaptation and mitigation" amounting to $133,922 thousand and $174,957 thousand on May 24, 2024 and May 30, 2023, respectively.As of December 31, 2024, the balance of the special surplus reserve was NT$308,879 thousand.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

3) Earnings distribution

The amounts of cash dividends on the 2023 and 2022 earnings distribution had been approved during the Company's Board of Directors on February 26, 2024 and February 22, 2023, respecitirely. The relevant dividend distributions to shareholders were as follows：

	2023			2022	
	Amount per share (in dollars)		Total amount	Amount per share (in dollars)	Total amount
Cash dividends distributed to ordinary shareholders	$	4.20	**3,066,898**	3.50	**2,555,748**

The abovementioned distribution approved by the shareholders' meeting is consistent with that approved by the Board of Directors. Ralated information can be found through the Market Observation Post System website.

On February 25, 2024, the Company's Board of Directors resolved to appropriate the 2024 earnings. The relevant divided distributions to shareholders was as follows:

	2024		
	Amount per share (in dollars)		Total amount
Cash dividend appropriated for ordinary shareholders	$	4.00	**2,920,855**

4) Other equity accounts (net of tax)

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2024	$	(625,168)	319,891	(305,277)
Exchange differences on translation of foreign operations :				
The Company		34,415	-	34,415
Subsidiaries		28,005	-	28,005
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income :				
The Company		-	(13,440)	(13,440)
Associates and subsidiaries		-	(18)	(18)
Others：				
Subsidiaries		-	(435)	(435)
Balance as of December 31, 2024	**$**	**(562,748)**	**305,998**	**(256,750)**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2023	$	(520,184)	208,297	(311,887)
Exchange differences on translation of foreign operations :				
The Company		(93,828)	-	(93,828)
Subsidiaries		(11,156)	-	(11,156)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income :				
The Company		-	113,299	113,299
Associates and subsidiaries		-	(1,707)	(1,707)
Others：				
Subsidiaries		-	2	2
Balance as of December 31, 2023	**$**	**(625,168)**	**319,891**	**(305,277)**

(s) Earnings per share

(i) Basic earnings per share

The basic earnings per share for the years ended December 31, 2024 and 2023, were calculated on the basis of profit attributable to ordinary shareholders, which were $4,479,837 thousand and $4,729,346 thousand, respectively, and the weighted-average number of outstanding ordinary shares, which were 730,214 thousand and 730,214 thousand, respectively. The calculations were as follows：

1) Profit attributable to ordinary shareholders of the Company

		For the years ended December 31,	
		2024	**2023**
Profit attributable to the Company	$	4,479,837	4,729,346
Profit attributable to the ordinary shareholders	**$**	**4,479,837**	**4,729,346**

2) Weighted-average number of ordinary shares (in thousands of shares)

	For the years ended December 31,	
	2024	**2023**
Number of outstanding shares	**730,214**	**730,214**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(ii) Diluted earnings per share

The diluted earnings per share for the years ended December 31, 2024 and 2023, were calculated on the basis of profit attributable to ordinary shareholders, which were $4,479,837 thousand and $4,729,346 thousand, respectively, and the weighted-average number of outstanding ordinary shares after adjustments for the effect of any potentially dilutive ordinary shares, which were 732,478 thousand and 732,655 thousand, respectively. The calculations were as follows：

1) Profit attributable to ordinary shareholders of the Company (diluted)：

	For the years ended December 31, 2024	2023
Profit attributable to the ordinary shareholders of the Company (basic)	$ 4,479,837	4,729,346
Profit attributable to the ordinary shareholders of the Company (diluted)	**$ 4,479,837**	**4,729,346**

2) Weighted-average number of ordinary shares (diluted) (in thousands of shares)

	For the years ended December 31, 2024	2023
Weighted-average number of outstanding ordinary shares (basic)	730,214	730,214
Effects of employee stock bonus	2,264	2,441
Weighted-average number of outstanding ordinary shares (diluted)	**732,478**	**732,655**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2024		
	Sale of goods	**Rendering of services**	**Total**
Primary geographical markets:			
Taiwan	$ 43,258,535	29,340	43,287,875
The United States	71,459	-	71,459
Asia	54,694	-	54,694
Others	1,763,835	-	1,763,835
	$ 45,148,523	**29,340**	**45,177,863**
Main products/services lines:			
Re-Bar	$ 28,846,037	-	28,846,037
Section	16,288,648	-	16,288,648
Billet	4,626	-	4,626
Rendering of services	-	29,340	29,340
Others	9,212	-	9,212
	$ 45,148,523	**29,340**	**45,177,863**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

	For the year ended December 31, 2023		
	Sale of goods	**Rendering of services**	**Total**
Primary geographical markets:			
Taiwan	$ 47,731,714	20,326	47,752,040
The United States	69,888	-	69,888
Asia	74,935	-	74,935
Others	1,458,731	-	1,458,731
	$ 49,335,268	**20,326**	**49,355,594**
Main products/services lines:			
Re-bar	$ 31,651,648	-	31,651,648
Section	17,388,056	-	17,388,056
Billet	256,670	-	256,670
Rendering of services	-	20,326	20,326
Others	38,894	-	38,894
	$ 49,335,268	**20,326**	**49,355,594**

(ii) Contract balances

	December 31, 2024	**December 31, 2023**	**January 1, 2023**
Notes receivable	$ 63,111	177,191	165,191
Accounts receivable	3,188,300	4,128,825	3,036,434
Overdue receivables	57,673	49,439	63,628
Less: allowance for impairment	(66,232)	(59,956)	(85,585)
Total	**$ 3,242,852**	**4,295,499**	**3,179,668**

	December 31, 2024	**December 31, 2023**	**January 1, 2023**
Contract liabilities－advance receipts	**$ 1,471,511**	**1,232,093**	**1,338,529**

The amount of revenue recognized for the years ended December 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were $1,232,093 thousand and $1,338,529 thousand, respectively.

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

The major changes in the balance of the contract assets and contract liabilities is the difference between the timing in the performance obligation to be satisfied and the payment to be received.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(u) Employee compensation and remuneration of directors

In accordance with the articles of incorporation, the Company should contribute no less than 2.5% of the profit as employee compensation and less than 2% as remuneration of directors when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2024 and 2023, the Company's estimated employee compensation amounted to $136,813 thousand and $149,342 thousand, respectively, and the remuneration of directors amounted to $109,450 thousand and $119,474 thousand, respectively. The estimated amounts mentioned above were calculated based on the net income before tax, excluding the compensation to employees and the remuneration of directors of each period, multiplied by the percentage of compensation to employees and the remuneration of directors as specified in the Company's articles. These compensation and remuneration were expensed under operating expenses for the years ended December 31, 2024 and 2023. Related information is available at the Market Observation Post System website. The amounts, as stated in the financial statements for the years ended December 31, 2024 and 2023, are identical to those of the actual distributions.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31, 2024	2023
Interest income from bank deposits	$ 4,304	6,809
Other interest income	15,618	11,651
Total Interest income	**$ 19,922**	**18,460**

(ii) Other income

	For the years ended December 31, 2024	2023
Rental income	$ 76,302	61,683
Dividend income	39,804	37,763
Scrap income	4,435	6,763
Total other income	**$ 120,541**	**106,209**

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(iii) Other gains and losses

		For the years ended December 31, 2024	2023
Gain (loss) on disposal of property, plant, and equipment	$	1,207	(2,008)
Foreign exchange loss		(17,500)	(16,281)
Gain on financial assets (liabilities) at fair value through profit or loss		129,259	130,340
Government grants		10,198	-
Remuneration income of directors and supervisors		34,099	23,984
Others		24,682	38,556
Other gains and losses(net)	$	**181,945**	**174,591**

(iv) Finance costs

		For the years ended December 31, 2024	2023
Interest Expense			
Bank loans	$	190,554	221,099
Interest on domestic commerical paper		2,370	4,811
Lease payments		1,706	1,378
Less: Interest capitalization		(3,734)	(2,338)
Finance costs(net)	$	**190,896**	**224,950**

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets excluding cash and cash equivalents represents the Company’ s maximum credit exposure. As of December 31, 2024 and 2023, the maximum exposure to credit risk amounted to $5,707,550 thousand and $5,154,143 thousand, respectively.

2) Concentration of credit risk

Credit risk, which is mainly generated from operating activities, is the risk that counterparties default. The Company only deals with counterparties that are reputable. Therefore, it is not expected to generate any material credit risk. Moreover, the Company has numerous clients and does not make any concentrative transactions with any single client. Therefore, there is no concentration of credit risk for account receivables.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2024							
Non-derivative financial liabilities							
Unsecured bank loans	$ 9,466,439	9,565,014	6,105,351	531,373	2,928,290	-	-
Current financial liabilities at fairvalue through profit or loss	4,052	4,052	4,052	-	-	-	-
Lease liabilities	109,607	116,676	12,956	10,350	18,987	28,367	46,016
Accounts payable	1,877,518	1,877,518	1,877,518	-	-	-	-
Other payables	1,921,902	1,921,902	1,921,902	-	-	-	-
Guarantee deposits received	9,541	9,541	9,541	-	-	-	-
	$ 13,389,059	13,494,703	9,931,320	541,723	2,947,277	28,367	46,016
December 31, 2023							
Non-derivative financial liabilities							
Unsecured bank loans	$ 11,442,950	11,497,529	10,473,817	8,502	510,986	504,224	-
Current financial liabilities at fairvalue through profit or loss	60,457	60,457	60,457	-	-	-	-
Lease liabilities	128,370	133,909	14,710	14,269	21,313	35,755	47,862
Accounts payable	2,082,688	2,082,688	2,082,688	-	-	-	-
Other payables	1,947,863	1,947,863	1,947,863	-	-	-	-
Guarantee deposits received	7,016	7,016	7,016	-	-	-	-
	$ 15,669,344	15,729,462	14,586,551	22,771	532,299	539,979	47,862

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

(iii) Exchange rate risk

1) Exposure to exchange rate risk

The Company’s financial assets and liabilities exposed to significant exchange rate risk were as follows:

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate (in dollars)	TWD	Foreign currency	Exchange rate (in dollars)	TWD
Financial assets						
Monetary items						
USD	$ 60,574	32.79	1,986,221	5,948	30.71	182,663
CNY	15	4.478	67	24	4.327	104
Financial liabilities						
Monetary items						
USD	648	32.79	21,248	2,375	30.71	72,936

2) Sensitivity analysis

The Company’s exposure to exchange rate risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, loans and accounts receivable, which were denominated in different foreign currencies. The overall effects to net income after tax for the years ended December 31, 2024 and 2023, assuming the TWD appreciate or depreciate by 1% against the USD, EUR, JPY, and CNY, while other factors remain constant, as of December 31, 2024 and 2023, were as follows：

	Effect of appreciation on profit after tax	Effect of depreciation on profit after tax
December 31, 2024		
USD (appreciation/depreciation of 1%)	$ 15,720	(15,720)
CNY (appreciation/depreciation of 1%)	1	(1)
	$ 15,721	**(15,721)**

	Effect of appreciation on profit after tax	Effect of depreciation on profit after tax
December 31, 2023		
USD (appreciation/depreciation of 1%)	$ 878	(878)
CNY (appreciation/depreciation of 1%)	1	(1)
	$ 879	**(879)**

3) Exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, foreign exchange loss (including realized and unrealized portions) amounted to $17,500 thousand and $16,281 thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase in interest rate is assessed by management to be a reasonably possible interest rate change.

If the interest rate had increased by 1%, the Company’s net profit after tax will decrease by $75,732 thousand and $91,544 thousand for the years ended December 31, 2024 and 2023 respectively, assuming all other variable factors remaining constant.

TUNG HO STEEL ENTERPRISE CORPORATION

Notes to the Financial Statements

(v) Other market price risk

For the years ended December 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below：

	For the years ended December 31,			
	2024		2023	
Securities price at reporting date	**Other comprehensive income after tax**	**Profit after tax**	**Other comprehensive income after tax**	**Profit after tax**
Increasing 1%	**$ 4,326**	**1,092**	**4,369**	**1,446**
Decreasing 1%	**$ (4,326)**	**(1,092)**	**(4,369)**	**(1,446)**

(vi) Fair value of financial insturments

1) Types and fair value of financial instruments

The carrying and fair value of the Company’s financial assets and liabilities, including fair value hierarchy, wherein, disclosures are not required for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, were listed as follows：

	December 31, 2024				
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets mandatorily measured at fair value through profit or loss					
Non-derivative financial asset stocks listed on domestic markets	$ 109,204	109,204	-	-	109,204
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	432,618	432,618	-	-	432,618
Unquoted equity instruments measured at fair value	186,482	-	-	186,482	186,482
Subtotal	619,100	432,618	-	186,482	619,100
Financial assets measured at amortized cost					
Cash and cash equivalents	435,806	-	-	-	-
Notes and accounts receivable	3,242,852	-	-	-	-
Other receivables	1,666,699	-	-	-	-
Refundable deposits	69,695	-	-	-	-
Subtotal	5,415,052	-	-	-	-
Total	**$ 6,143,356**	**541,822**	**-**	**186,482**	**728,304**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities－foreign exchange forward contract	$ 4,052	-	4,052	-	4,052
Financial liabilities measured at amortized cost					
Short-term loans	6,259,439	-	-	-	-
Long-term loans (including current portion)	3,207,000	-	-	-	-
Notes and accounts payable	1,877,518	-	-	-	-
Other payables	1,921,902	-	-	-	-
Lease liabilities	109,607	-	-	-	-
Guarantee deposits received	9,541	-	-	-	-
Subtotal	13,385,007	-	-	-	-
Total	**$ 13,389,059**	**-**	**4,052**	**-**	**4,052**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

	December 31, 2023				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Non-derivative financial asset stocks listed on domestic markets	$ 144,619	144,619	-	-	144,619
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	436,936	436,936	-	-	436,936
Unquoted equity instruments measured at fair value	197,146	-	-	197,146	197,146
Subtotal	634,082	436,936	-	197,146	634,082
Financial assets measured at amortized cost					
Cash and cash equivalents	393,566	-	-	-	-
Notes and accounts receivable	4,295,499	-	-	-	-
Other receivables	23,866	-	-	-	-
Refundable deposits	56,077	-	-	-	-
Subtotal	4,769,008	-	-	-	-
Total	**$ 5,547,709**	**581,555**	**-**	**197,146**	**778,701**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities－foreign exchange forward contract	$ 60,457	-	60,457	-	60,457
Financial liabilities measured at amortized cost					
Short-term loans	10,442,950	-	-	-	-
Long-term loans	1,000,000	-	-	-	-
Notes and accounts payable	2,082,688	-	-	-	-
Other payables	1,947,863	-	-	-	-
Lease liabilities	128,370	-	-	-	-
Guarantee deposits received	7,016	-	-	-	-
Subtotal	15,608,887	-	-	-	-
Total	**$ 15,669,344**	**-**	**60,457**	**-**	**60,457**

2) Technique for fair value evaluation of financial instruments measured at fair value

a) Non- derivative financial instruments

If a financial instrument is quoted in an active market, the quoted price is its fair value. Announced prices at major exchanges and market prices of popular government bonds at the Taipei Exchange are bases of fair value for listed equity instruments and other debt investments with an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency. If this condition is not met, the market is not active. Generally, if bid-ask spreads are very wide, the spread is increasing, or the transaction volume is low, the market is not active.

Fair value of the Company's financial instruments that have an active market is displayed by category and attributed as follows：

Listed stocks are financial assets and liabilities with standard transaction terms and conditions, and are traded on an active market. The fair value of such items is determined in reference to the quoted market price.

Except for the abovementioned financial instruments with an active market price, the fair value of other financial instruments is measured using the valuation techniques. The fair value obtained through valuation techniques can be used as a reference to the current fair value, discounted cash flow, or other valuation techniques for other financial instruments with substantially similar properties and conditions. Fair value calculated using the valuation models and the available market information on the balance sheet date are also accepted by the market.

The fair value and the attributes of a financial instrument without an active market held by the Company is listed as follows：

- Equity instruments without an open quoted price: Fair value is estimated using the approach of comparative companies. The main assumptions are the estimated EBITDA of the investee, and the earnings multiplier derived from the quoted price of a comparative publicly listing company. Such estimate has been adjusted by the discount due from the lack of market circulation of the equity securities.

b) Derivative financial instruments

Such items are valued using the valuation models which are widely accepted by the market. Foreign exchange forward contracts normally are valued using the current forward exchange rates.

3) Transfers between Level 1 and Level 2

There were no transfers in either direction for the years ended December 31, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
January 1, 2024	$ 197,146
Purchased	3,858
Capital reduction and return of shares	(5,400)
Total gains recognized in other comprehensive income	(9,122)
December 31, 2024	**$ 186,482**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

		Fair value through other comprehensive income
		Unquoted equity instruments
January 1, 2023	$	156,484
Purchased		3,941
Capital reduction and return of shares		(5,960)
Total gains recognized in other comprehensive income		42,681
December 31, 2023	$	197,146

For the years ended December 31, 2024 and 2023, total gains or losses that were included in "unrealized gains and losses on financial assets at fair value through other comprehensive income" were as follows:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Total gains recognized in other comprehensive income (Note)	$ (9,122)	42,681

Note: Total gains recognized in other comprehensive income presented in unrealized gains and losses from financial assets at fair value through other comprehensive income.

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 other comprehensive income – equity investments".

Multiple unobservable inputs exist with the fair value of the Company's investments in equity instruments. Since the significant unobservable inputs are independent of each other, no interrelationship exists.

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Quantified information of significant unobservable inputs was as follows：

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income － investment in equity instrument without an active market	Comparative method	·Multiplier of P/E ratio (0.95~2.69 and 1.19~4.83 as of December 31, 2024 and 2023) ·Discount rate for lack of market circulation (21.16%~35.84% and 18.94%~35.70% as of December 31, 2024and 2023)	·The higher the multiplier and the control premium, the higher the fair value ·The higher the discount rate, the lower the fair value
	Asset method	·Net Asset Value ·Discount rate for lack of market circulation (8.74%~29.20% and 8.33%~29.96% as of December 31, 2024and 2023)	·The higher the net assets, the higher the fair value ·The higher the discount rate, the lower the fair value

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The measurement of fair value by the Company is considerably reasonable. However, if a different valuation model or assumption is adopted, the result can differ. For fair value measurements in Level 3, changes in the assumptions would have the following effects:

	Input	Changes in assumptions	Changes in fair value reflected in other comprehensive income Favorable	Unfavorable
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity instrument without an active market	Discount on circulation 8.74%~35.84%	5%	11,370	(11,370)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity instrument without an active market	Discount on circulation 8.33%~35.70%	5%	12,094	(12,094)

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. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(x) Financial risk management

(i) Summary

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

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company' s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the exposure risks, 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 the changes in market conditions and Company' s activities. The Company, through its training and management standards and procedures, aims to develop a discipline and constructive control environment in which all employees understand their roles and obligations.

The audit committee of the Company oversees how the management monitors compliance with the Company' s risk management policies and procedures. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit committee is assisted in its oversight role by Internal Audit. The internal audit sector of the Company reviews the risk management controls and procedures on a scheduled and non-scheduled basis, and reports the results to the audit committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment in securities.

1) Accounts receivable and other receivables

To maintain the credit quality of receivables, a credit risk management policy has been established. Under this policy, each customer is analyzed individually regarding customer' s financial situation, external and internal credit rating, historical trading record, and current economic condition which may affect customer's payment ability. In addition, some methods are adopted to reduce the credit risk for specific customers, such as prepayment and insurance of accounts receivable.

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2) Investments

The exposure to credit risk for the bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions 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.

3) Endorsements and guarantees

The parties whom the Company endorses and guarantees are its subsidiaries and affiliated companies; the items that the Company endorses and guarantees are mostly financing and import duties commodity tax. Because the affiliated companies are financially sound and operate stably, the Company has never suffered from losses due to endorsements and guarantees.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to managing liquidity is to ensure, as much as possible, that it will always have sufficient current funds, such as cash and cash equivalent, securities with high liquidity, and sufficient credit line from banks, to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation. Therefore, the Company believes the liquidity risk is low.

The Company not only analyzes its debt structure and deadline periodically to maintain sufficient capital, but also consults with financial institutions to maintain its credit lines, thereby, mitigating liquidity risk. The Company obtains its credit lines from certain financial institutions, of which the unused credit lines amounted to $20,892,418 thousand as of December 31, 2024. The borrowings that had been used within the credit lines were listed separately in short-term and long-term loans.

(v) Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices that 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) Exchange rate risk

Exchange rate risks are the risks generated from the fluctuation of fair value or the future cash flows of the financial instruments. The Company's exchange rate risks arise from transactions such as sales, purchases and loans that are not recognized at the Company's functional currency.

Steel bars and sections are the two main products of the Company. Sales of steel bars mainly go to domestic clients and are recognized in New Taiwan dollar. The ratio of domestic sales to external sales for sections was about 91 to 9 for the year ended December 31, 2024. The external sales for the year ended December 31, 2024 was about \$1,480,000 thousand, which was 3% of the total revenue. Because the functional currency for import and export sales are all recognized in United States dollar (“USD”), sales revenue in USD and payments in USD can offset each other. The Company uses foreign exchange forward contracts to avoid the risk of exchange rate fluctuation, recognizing the fluctuation of the fair value of the derivatives in profit or loss and takes the following steps to avoid exchange risk：

Collect relevant information about the daily fluctuation in exchange rate in order to know its trend. Decide whether to convert one currency into another specific currency at a proper time or retain foreign currency borrowings.

On dispatching foreign funds, the creditor’s rights and debts in foreign currency offset each other through regular external sales and imports, causing the effect of natural hedge.

Consult with foreign exchange departments of banks about hedging strategies and decide the foreign position that depends on the actual need of capital and the fluctuation of the exchange rate.

2) Interest rate risk

Interest rate risks are the risks that arise due to fluctuations in fair value or future cash flows of financial instruments because of changes in interest rate.

The Company will obtain a more beneficial capital according to the compatibility of corresponding banks and the actual interest rate trends. The ratio of net interest revenue to the net operating revenue is not material; therefore, interest rate fluctuation does not cause any significant impact on the Company. Besides, the Company maintains a close relationship with certain corresponding banks and is well informed of any changes in the market in order to obtain a much more beneficial borrowing rate. The Company continues to observe changes of interest rate on the market and issues convertible bonds to raise capital at proper time, and to fix and reduce interest cost for the Company. Material capital expenditure will be evaluated with prudence and will be compared to different fund-raising instruments in order to raise capital with the least cost.

(y) Capital management

Although business operated by the Company has reached the stage of maturity, a sufficient amount of capital is still required to support the operation of investee companies, construction and expand its production facilities and equipment. The Company’s policy is to maintain adequate financial resources and operating plan to meet future operating capital, capital expenditure, research and development expenditure, loans reimbursement, and dividend distribution.

The Company uses the debt-to-capital ratio to manage capital. The debt-to-capital ratio is calculated by dividing the net liabilities by the total capital. Net liabilities derive from deducting cash and cash equivalents from total liabilities.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

The Company reviews the ratio of debt-to-capital periodically to improve stockholders' value. The debt-to-capital ratios as of December 31, 2024 and 2023, were as follows：

	December 31, 2024	December 31, 2023
Total liabilities	$ 15,379,952	17,788,180
Less：cash and cash equivalents	(435,806)	(393,566)
Net liabilities	14,944,146	17,394,614
Total equity	32,639,488	31,048,280
Total capital	**$ 47,583,634**	**48,442,894**
Debt-to-capital ratio	**31.41 %**	**35.90 %**

As of December 31, 2024, there were no changes in the Company's approach to capital management during the period.

(z) The investing and financing activities of non-cash transactions

Cash flow of non-cash investing and financing transactions for the years ended December 31, 2024 and 2023, were as follows：

	For the years ended December 31, 2024	2023
Reclassification of other receivable to investments accounted for using the equity method	**$ -**	**162,500**
Reclassification of prepayment of land and equipment to property, plant and equipment	**$ 14,543**	**58,501**
Changes in unrealized gain or loss on financial instruments	**$ 13,440**	**113,272**
Exchange differences arising from foreign operation	**$ 62,420**	**(104,984)**
Increase in property, plant and equipment	$ 576,438	419,368
Add: payable for equipment as of January 1	24,185	11,255
Less: payable for equipment as of December 31	(34,897)	(24,185)
Cash paid	**$ 565,726**	**406,438**

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows: Proceeds	Cash flows: Repayment	Non-cash changes: Other	December 31, 2024
Short-term loans	$ 10,442,950	76,115,353	(80,298,864)	-	6,259,439
Long-term loans	1,000,000	5,507,000	(3,300,000)	-	3,207,000
Short-term notes and bills payable	-	1,550,000	(1,550,000)	-	-
Refundable deposits	7,016	2,525	-	-	9,541
Lease liabilities	128,370	-	(33,189)	14,426	109,607
Total liabilities from financing activities	**$ 11,578,336**	**83,174,878**	**(85,182,053)**	**14,426**	**9,585,587**

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

	January 1, 2023	Cash flows		Non-cash changes	December 31, 2023
		Proceeds	Repayment	Other	
Short-term loans	$ 11,027,774	95,899,399	(96,484,223)	-	10,442,950
Long-term loans	1,950,000	1,000,000	(1,950,000)	-	1,000,000
Short-term notes and bills payable	600,000	300,000	(900,000)	-	-
Refundable deposits	9,111	-	(2,095)	-	7,016
Lease liabilities	143,429	-	(30,889)	15,830	128,370
Total liabilities from financing activities	$ 13,730,314	97,199,399	(99,367,207)	15,830	11,578,336

(7) Related-party transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Company
Tung Yuan International Corp.	A subsidiary
Tung Kang Steel Structure Corp.	A subsidiary
Goldham Development Ltd.	A subsidiary
Katec Creative Resources Corp.	A subsidiary
Tung Kang Wind Power Corp.	A subsidiary
Tung Ho Steel Vietnam Corp., Ltd.	A subsidiary
3 Oceans International Inc.	A subsidiary
Tung Kang Engineering and Construction Corp.	A subsidiary
Fujian Tung Kang Steel Co., Ltd.	A subsidiary(Sale of holdings and loss of control in November 2023)
Duc Hoa International Joint Stock Company	A subsidiary
Tung Sugar Energy Service Co., Ltd.	An associate
Katec R & D Corp.	An associate
Taiwan Steel Union Co., Ltd.	An associate
Fujian Sino-Japan Metal Corp.	An associate
Shen Yuan Investment Co., Ltd.	Same chairman with the Company
Far East Steel Enterprise Corp.	Same chairman with the Company
Eturnity Corp.	Same chairman with the Company
Tung Ho Steel Foundation ("THSF")	The entity's principal is the spouse of the chairman of the Company
Hop Tsuen Investment Co., Ltd	Same chairman with the Company
Anyao Investment Co., Ltd	Same chairman with the Company
Directors, general manager and vice general manager	

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(b) Significant related-party transactions

(i) Sales to related parties

Significant sales to related parties and the balance of outstanding accounts receivable were as follows：

Relationship		Sales For the years ended December 31, 2024	Sales For the years ended December 31, 2023	Account Receivable December 31, 2024	Account Receivable December 31, 2024	Current Contract liabilities December 31, 2024	Current Contract liabilities December 31, 2024
Subsidiaries	$	2,590,117	2,704,633	2,028	89,468	84,637	-
Associates		-	87	-	-	-	-
	$	**2,590,117**	**2,704,720**	**2,028**	**89,468**	**84,637**	**-**

The selling price and credit terms for sales to related parties are not significantly different from those of the other customers.

(ii) Purchases from related parties

The amounts of significant purchases by the Company from related parties and the balance of outstanding accounts payable were as follows:

Relationship		Purchases For the years ended December 31, 2024	Purchases For the years ended December 31, 2023	Accounts payable December 31, 2024	Accounts payable December 31, 2023
Subsidiaries	$	4,927,636	4,791,483	10,328	12,390
Other related parties		294	1,530	294	381
	$	**4,927,930**	**4,793,013**	**10,622**	**12,771**

The terms of purchase transactions and the payment terms with related parties were not significantly different from those with other vendors.

(iii) The unrealized profit resulting from the Company’s downstream sales to its subsidiaries has been directly deducted from its operating gross profit. The realized profit has been added to its operating gross profit.

Significant unrealized (realized) profits from downstream sales for the years ended December 31, 2024 and 2023, were as follows：

		For the years ended December 31, 2024	For the years ended December 31, 2023
Downstream unrealized profit from sales	$	(69,152)	(74,620)
Downstream realized profit from sales		74,620	64,907
	$	**5,468**	**(9,713)**

As of December 31, 2024 and 2023, the balances of unrealized profits from downstream sale transactions were $69,152 thousand and $74,620 thousand, respectively, and were recognized as a reduction to investment accounted for using the equity method.

(iv) The Company's trading gains side-flow amounted to $51,644 thousand for the year ended December 31, 2023. Please refer to Note 6(g).

(v) Property transactions

1) In 2022, the Company signed contracts "New Construction Project of Donghe Taoyuan Processing Center" and "Taoyuan City factory dormitory construction project", "New construction of iron and steel industry research and development center", with Tung Kang Engineering and Construction Corp., the total price of the contracts was $389,497 thousand. As of December 31, 2024, these projects had not been completed. The relevant details are as follows:

	Construction in progress		Other payables	
Relationship	**December 31, 2024**	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Subsidiaries	$ **114,343**	**32,028**	**-**	**5,108**

2) In 2021, the Company entered into a "New construction of iron and steel industry research and development center" agreement with Tung Kang Engineering and Construction Corp., at a total price of $44,826 thousand. For the year ended December 31, 2022, the amount of $18,617 thousand had been accounted for as construction in progress, with the other payable of $16,690 thousand that has yet to be paid as of the reporting date. As of December 31, 2023, upon completion of the construction, the amount of $44,826 had been reclassified to property, plant and equipment.

3) In 2021, the Company entered into a "New construction of iron and steel industry research and development center " agreement with Tung Kang Steel Structure Corp., the total price of $22,475 thousand. As of December 31, 2023, upon completion of the construction, at amount of $22,386 had been reclassified to property, plant and equipment.

(vi) Guarantees and endorsement

The details regarding balances of financing endorsement were as follows：

Expressed in thousands

	December 31, 2024					
	Highest balance for current period		**Ending amount (Note)**		**Actual usage amount**	
Subsidiaries	USD$	503,000	USD	348,000	USD	83,417
Subsidiaries	CNY$	50,000	CNY	-	CNY	-

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

	December 31, 2023					
	Highest balance for current period		Ending amount (Note)		Actual usage amount	
Subsidiaries	USD$	557,900	USD	387,500	USD	145,994
Subsidiaries	CNY$	70,000	CNY	50,000	CNY	5,505

Note：The credit limit approved by the Board of Directors

(vii) Financing to related parties

The details of financing to related parties (listed as other receivables－loans to subsidiaries) were as follows：

	Actual usage amount	
Relationship	December 31, 2024	December 31, 2023
Subsidiary－Tung Ho Steel Vietnam Corp., Ltd.	$ 1,639,500	-

The Company financing to related parties was interest based on the average interest rate 105% of the Company's short-term loans from financial institutions in the year of appropriation, and all of unsecured loan. After assessment, no impairment loss is required.

Financing transactions with related parties were as follows：

	For the year ended December 31, 2024		December 31, 2024
Relationship	Interest income	Interest rate	Interest receivable
Subsidiary－Tung Ho Steel Vietnam Corp., Ltd.	$ 15,175	1.785%~1.89%	2,466

	For the year ended December 31, 2023		December 31, 2023
Relationship	Interest income	Interest rate	Interest receivable
Subsidiary－Tung Ho Steel Vietnam Corp., Ltd.	$ 11,437	4.84%~6.60%	-

(viii) Others

	Rental income		Miscellaneous revenue		Sales of scrap (Reduced operating costs)	
	For the years ended December 31,		For the years ended December 31,		For the years ended December 31,	
Relationship	2024	2023	2024	2023	2024	2023
Subsidiaries	$ 22,448	3,931	9,253	7,500	11,802	13,405
Associates	3,269	3,269	660	3,000	-	-
Other related parties	4,740	4,575	-	304	-	-
	$ 30,457	11,775	9,913	10,804	11,802	13,405

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

Relationship		Other operating expenses For the years ended December 31, 2024	Other operating expenses For the years ended December 31, 2023	Donations For the years ended December 31, 2024	Donations For the years ended December 31, 2023	Manufacturing expenses For the years ended December 31, 2024	Manufacturing expenses For the years ended December 31, 2023
Subsidiaries	$	12,867	4,791	-	-	179,692	124,783
Associates		2,671	5,736	-	-	26,088	37,367
Other related parties		-	-	5,624	4,980	-	-
	$	15,538	10,527	5,624	4,980	205,780	162,150

Relationship		Other receivables December 31, 2024	Other receivables December 31, 2023	Other payables December 31, 2024	Other payables December 31, 2023
Subsidiaries	$	13,517	10,480	28,332	18,858
Associates		-	-	286	6,754
Other related parties		1	26	-	-
	$	13,518	10,506	28,618	25,612

Relationship		Deposits received December 31, 2024	Deposits received December 31, 2023
Associates	$	304	304

(c) Key management personnel compensation

Key management personnel compensation comprised:

		For the years ended December 31, 2024	For the years ended December 31, 2023
Short-term employee benefits	$	50,429	36,496
Post-employment benefits		1,830	1,522
	$	52,259	38,018

As of years ended December 31, 2024 and 2023, the Company provided two cars that cost $7,640 thousand and $5,840 thousand, respectively for the key management personnel of the entity.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(8) Pledged assets

The details of the Company's pledged assets were as follows：

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2023
Refundable deposits - term deposits	Leases guarantee	$ 24,599	11,166

(9) Commitments and contingencies

(a) Unrecognized contractual commitments

(i) The guarantees were mainly for securing loans and gave rise to potential off-balance-sheet credit risk, which represents the risk of loss incurred by the default of counterparties or by the devaluation of collateral provided by the counterparties. The Company did not ask counterparties for collateral as secure guarantees. The amounts of the Company's guarantees were as following:

	December 31, 2024	December 31, 2023
Guarantees securities amounts	$ 11,410,920	12,116,475

(ii) The amounts of guaranteed notes issued by the Company were as follows：

Nature	December 31, 2024	December 31, 2023
Bank credit limit	$ 11,480,920	12,177,675
Leases	200	200
Guaranteed payment for purchases of raw materials	90,600	81,800
	$ 11,571,720	12,259,675

(iii) The amount of unused outstanding letters of credit was as follows：

	December 31, 2024	December 31, 2023
Unused outstanding letters of credit	$ 648,643	1,211,032

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to the Financial Statements

(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

	For the year ended December 31, 2024			For the year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	1,633,716	717,350	2,351,066	1,526,577	741,630	2,268,207
Labor and health insurance	144,334	44,614	188,948	134,491	45,638	180,129
Pension expenses	57,307	14,386	71,693	52,866	15,379	68,245
Remuneration of directors	-	109,450	109,450	-	119,474	119,474
Other personnel expenses	51,361	12,146	63,507	46,843	11,434	58,277
Depreciation expenses	903,690	76,710	980,400	922,925	70,398	993,323
Amortization expenses	8,242	94	8,336	9,840	40	9,880

For the years ended December 31, 2024 and 2023, the Company's additional information of number of employees and employee benefit expenses were as follows：

	For the years ended December 31, 2024	For the years ended December 31, 2023
Number of employees	2,131	2,075
Number of directors who were not employees	9	9
The average employee benefit	$ 1,261	1,246
The average salaries and wages	$ 1,108	1,098
Adjustment of average employee salary expenses	0.91 %	3.49 %
Remuneration of the supervisors	$ -	-

The company's remuneration policy for its employees (including directors, supervisors, managers and employees) were as follows:

The Company provides rational and competitive remuneration to attract, hold and inspire talented people for long term development and achieving its business objectives. In addition to fixed payment, the Company also takes the position held, responsibilities assumed, contribution and personal working performance of an individual into consideration for bonus distribution. Also, the Company upholds the principle of profit sharing to formulate the remuneration policy.

TUNG HO STEEL ENTERPRISE CORPORATION

Notes to the Financial Statements

(a) Employees remuneration policy：

Standard of remuneration payment is based on the Company' s salary structure standard for each position. It also refers to the salary market and the state of operation, which involved the individual's responsibility, learning and working experience, professional skill, job tenure and personal working performance.

(b) Managers remuneration policy：

Managers remuneration payment depends on the entire market positioning, result of industry investigation, and degree of goals achieving and contribution. The Salary and Remuneration Committee will regularly evaluate the payment with rationality.

(c) Directors remuneration policy：

(i) Based on the Company's articles, the total allocation for directors' remuneration should not exceed 2% of the Company's earnings for the year and should be distributed by performance evaluation of each director.

(ii) Salary and Remuneration Committee proposes that the Company pays a monthly fixed amount for directors' remuneration by referring to the payment level of other listed companies in the same industry and the responsibility of each director. Thereafter, the above proposal will be evaluated and approved by the board of directors.

(iii) Besides the monthly fixed remuneration for directors, an allowance for their attendance will also be provided based on the actual frequency of their participation in the board meeting.

(iv) If the directors also served as other functional members in the committee, they are entitled for an additional monthly fixed payment based on the actual frequency of their participation in the Board meeting.

(d) Independent Director remuneration policy

(i) Independent directors get a monthly fixed payment. In addition, an allowance for their attendance will also be provided based on the actual frequency of their participation in the Committee meeting. However, they cannot participate in the distribution of earnings.

(ii) The fixed payment mentioned above is based on the degree of the participation and contribution of an individual in the Company's operation and refers to the payment situation of other listed companies in the same industry. It is submitted to the remuneration committee for discussion, then proposed in the Board of Directors for evaluation and approval.

(iii) If the independent directors also served as other functional members in the committee, they are entitled for an additional monthly fixed payment based on the actual frequency of their participation in the Committee meeting.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Consolidated Company for the nine months ended December 31, 2024:

(i) Lending to other parties:

(In thousands of NTD/USD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 3)	Actual usage amount during the period (Note 4)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing
0	The Company	Tung Ho SteelVietnam Corp.,Ltd.	Other receivables	Yes	2,623,200 (USD 80,000)	2,623,200 (USD 80,000)	1,639,500 (USD 50,000)	1.785%~1.890%	2	-	Operating capital	-		-	3,263,949	6,527,898

Note 1: Financing to an individual party should not exceed 10% of the net equity on its latest financial statements. The maximum amount allowed for financing should not exceed 20% of the net equity on its latest financial statements.

Note 2: Reasons for short-term financing were as follows:

(1) Those with business contact please fill in 1.

(2) Those necessary for short-term fund circulation please fill in 2.

Note 3: The valid quota of financing to other parties as of December 31, 2024.

Note 4: The actual amount of loan within the financing quota.

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD/USD/CNY)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 1)	Limitation amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 9)	Balance of guarantees and endorsements as of reporting date (Note 7)	Actual usage amount during the period (Note 8)	Property pledged for guarantees and endorsements (amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (Note 10)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (Note 10)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (Note 10)
0	The Company (Note 2, 3)	Fujian Tung Kang Steel Co., Ltd.	2	16,319,744	223,900 (CNY 50,000)	- (CNY 0)	- (CNY 0)	-	- %	16,319,744	Y	N	Y
0	The Company (Note 2, 3,9)	Tung Ho SteelVietnam Corp.,Ltd.	2	16,319,744	16,493,370 (USD503,000)	11,410,920 (USD 348,000)	2,735,243 (USD83,417)	-	34.96 %	16,319,744	Y	N	N
1	Tung Yuan International Corp. (Note 4, 5,10)	Fujian Sino-Japan Metal Corp.	6	650,499 (USD 19,838)	344,295 (USD 10,500)	344,295 (USD 10,500)	172,148 (USD 5,250)	-	52.93 %	650,499 (USD 19,838)	N	N	Y

Note 1: The Company may provide guarantees or endorsements for its receiving parties under the following conditions:

1. The Company has business with the receiving parties.
2. The Company holds directly more than 50% of the ordinary stock of the subsidiaries.
3. The Company and its subsidiaries hold more than 50% of the investee.
4. The Company holds, directly or indirectly, through its subsidiaries, more than 50% of the investee.
5. The Company is required to make guarantees or endorsements for the construction project based on the contract.
6. The stockholders of the Company may provide guarantees or endorsements for the investee in proportion to their stockholding percentage.
7. The companies in the same industry provide, among themselves, joint and several securities for a performance guarantee on sales contracts for pre- construction homes pursuant to the Consumer Protection Act for each other.

Note 2: Guarantees and endorsements for an individual company should not exceed 50% of the net equity of the latest financial statements.

Note 3: The total amount of guarantees and endorsements should not exceed 50% of the net equity of the latest financial statements.

Note 4: Guarantees and endorsements for an individual company should not exceed 50% of the total amount of guarantees and endorsements.

Note 5: The total amount of guarantees and endorsements should not exceed the Company's net worth on its latest financial statements. The amount limited for the current period is USD19,838 thousand.

Note 6: Guarantees and endorsements for an individual company should not exceed 50% of the Company's net worth on its latest financial statements. Moreover, according to the Company's policy, the total amount of guarantees and endorsements made by the Company and subsidiaries should not exceed 50% of the Company's latest financial statement (limit for the current period: $16,319,744 thousand); the total amount of guarantees and endorsements on an individual company should not exceed 50% of the Company's net worth of its latest financial statements (limit for the current period: 16,319,744 thousand.)

Note 7: The amount approved by the Board of Directors.

Note 8: The actual amount used by the endorsed and guaranteed companies within their limited amount of guarantees and endorsements.

Note 9: The Company provided a maximum endorsement guarantee of USD503,000 thousand for THSVC for the current period.Before the said guarantee reached its maturity, it has been renewed with the board's approval, resulting in the guarantee amount of USD 89,500 thousand to be double counted from the date of approval of the board tothe commencement of the new contract.

Note 10: Tung Yuan International Corp. provided an endorsement guarantee of USD10,500 thousand for Fujian Sino-Japan Metal Corp. for the ending balance.
Before the said guarantee expired, it has been renewed with the Board of Directors' approval, resulting in the guarantee amount of USD 5,250 thousand being double counted from the date of the approval of the Board of Directors' to the commencement date of the new contract

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to Financial Statements

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of NTD)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	Note
The Company	Stock－Zenitron Corporation	-	(a)	3,825,000	109,204	1.61 %	109,204	None
The Company	Stock－Shiao Kang Warehousing Corp.	One of its directors	(b)	1,788,045	16,517	19.87 %	16,517	None
The Company	Stock－Hexawave Photonic System, Inc.	-	(b)	2,564,023	8,571	6.36 %	8,571	None
The Company	Stock－Overseas Investment & Development Corp.	-	(b)	1,000,000	9,993	1.11 %	9,993	None
The Company	Stock－Power World Fund, Inc.	One of its directors	(b)	304,760	9,211	5.68 %	9,211	None
The Company	Stock－Universal Venture Fund, Inc.	One of its directors	(b)	390,778	11,333	4.76 %	11,333	None
The Company	Stock－Tung Jiang Investment Corp.	One of its directors	(b)	-	41,651	9.11 %	41,651	None
The Company	Stock－Taiwan Aerospace Corp.	-	(b)	1,621,441	52,323	1.20 %	52,323	None
The Company	Stock－Universal Venture Capital Investment Corp.	-	(b)	2,800,000	28,177	2.33 %	28,177	None
The Company	Stock－IBT	-	(b)	1,312,993	8,706	4.17 %	8,706	None
The Company	Stock－Chien Shing Harbour Service Co., Ltd	One of its directors	(b)	8,203,800	379,426	9.24 %	379,426	None
The Company	Stock－Taiwan High Speed Rail Corp.	-	(b)	1,913,376	53,192	0.03 %	53,192	None

The account titles were as follows:

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

(b) Financial assets at fair value through other comprehensive income －non-current

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None

(vii) Information regarding related-party purchases and sales exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of NTD)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Transactions with terms different from others: Unit price	Payment terms	Notes/Accounts receivable (payable): Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	Tung Kang Steel Structure Corp.	Subsidiary	Sale	(2,533,214)	(5.61)%	60 days end of month	-	-	-	-%	
The Company	Tung Kang Steel Structure Corp.	Subsidiary	Purchase	148,440	0.47%	OA10/30 days endof month	-	-	(6,283)	(0.33)%	
The Company	THSVC	Subsidiary	Purchase	4,589,556	14.52%	Payment within 30 days from signing the contract	-	-	-	-%	
The Company	Duc Hoa International J.S.C.	Subsidiary	Purchase	182,718	0.58%	10 days after B/L	-	-	(3,881)	(0.21)%	
Tung Kang SteelStructure Corp.	The Company	Subsidiary	Purchase	2,533,214	46.01%	60 days end of month	-	-	-	-%	
Tung Kang Steel Structure Corp.	The Company	Subsidiary	Sale	(148,440)	(1.17)%	OA10/30 days endof month	-	-	6,283	12.10%	
THSVC	The Company	Subsidiary	Sale	(4,589,556)	(57.31)%	Payment within 30 days from signing the contract	-	-	-	-%	
Duc Hoa International J.S.C.	The Company	Subsidiary	Sale	(182,718)	(72.50)%	10 days after B/L	-	-	3,881	45.12%	
Tung Kang Wind Power Corp.	The Company	Subsidiary	Sale	(179,486)	(77.62)%	60 days end of month	-	-	27,280	45.37%	

(viii) Information regarding receivables from related parties exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of NTD)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue Amount	Overdue Action taken	Amounts received in subsequent period	Allowance for bad debts
The Company	THSVC	Subsidiary	1,641,966(Other receivables—related parties)	-	-		920,586	-

(ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b).

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to Financial Statements

(b) Information on investees:

The following is the information on investments for the year ended December 31, 2024 (excluding information on investees in Mainland China)：

(In thousands of NTD/VND/USD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2024	Original investment amount December 31, 2023	Balance as of December 31, 2024 Shares	Balance as of December 31, 2024 Percentage of ownership	Balance as of December 31, 2024 Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	Tung Yuan International Corp.	British Virgin Islands	Investment activities	891,331 (USD27,183)	891,331 (USD27,183)	82	100.00 %	650,499	(89,501)	(89,501)	Subsidiary
The Company	Tung Kang Steel Structure Corp.	Taiwan	Metal structure and buildingcomponent construction.	1,775,138	1,775,138	201,121,339	97.48 %	4,349,898	1,771,652	1,729,511	Subsidiary
The Company	Katec R&D Corp.	Taiwan	Waste recycling	35,352	35,352	5,646,398	46.19 %	94,247	40,204	18,570	Associate
The Company	Goldham Development Ltd.	British Virgin Islands	Investment activities	41,774 (USD1,274)	327,900 (USD10,000)	1,274,000	100.00 %	13,545	(16,132)	(16,132)	Subsidiary
The Company	Taiwan Steel Union Co., Ltd.	Taiwan	Waste disposal	113,291	113,291	24,829,009	22.31 %	996,381	831,086	185,435	Associate
The Company	Katec Creative Resources Corporation	Taiwan	Waste recycling	914,478	914,478	61,391,933	99.02 %	711,687	82,885	82,309	Subsidiary
The Company	Tung Kang Wind Power Corp.	Taiwan	Development, production, transmission and distribution of wind power generation	655,000	655,000	65,500,000	100.00 %	700,048	72,343	72,388	Subsidiary
The Company	Tung Ho SteelVietnam Corp., Ltd.	Vietnam	Steel industry	6,407,467	6,407,467	-	100.00 %	2,737,040	(388,521)	(388,408)	Subsidiary
The Company	Tung Sugar Energy Service Co.,Ltd.	Taiwan	Fertilizer producing and self-used equipment of renewable electric power	54,000	54,000	5,400,000	36.00 %	45,301	(10,546)	(3,796)	Associate
Tung Yuan International Corp.	3 Oceans International Inc.	Samoa	Investment activities	49,513 (USD1,510)	49,513 (USD1,510)	572,000	66.51 %	10,930	1,244	827	Subsidiary
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	123,586 (USD3,769)	123,586 (USD3,769)	8,154,419	96.00 %	140,548	8,813	8,461	Subsidiary
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Taiwan	Civil engineering	359,340	359,340	25,000,000	100.00 %	292,903	22,062	22,062	Subsidiary
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	3,823	3,823	230,335	2.71 %	4,457	8,813	239	Subsidiary
Tung Ho Steel Vietnam Corp., Ltd.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	1,377 (VND 1,094,467)	1,377 (VND1,094,467)	109,446	1.29 %	1,678	8,813	113	Subsidiary

1 USD＝32.79NTD

1 VND= 0.001258NTD

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of NTD/USD)

Name of investee	Main businesses and products	Total amount of paid-in capital (Note 4)	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows (Note 5) Outflow	Investment flows (Note 5) Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 3)	Book value (Note 2)	Accumulated remittance of earnings in current period
Fujian Sino-Japan Metal Corp.	Tin-coated plate	1,705,080 (USD 52,000)	(2)	602,254 (USD 18,367)	-	-	602,254 (USD 18,367)	(295,538)	35.00%	(103,439)	358,980	-
Fujian Tung Kang Steel Co., Ltd.	Processing of section steels and steel structures	229,530 (USD 7,000)	(2)	273,141 (USD 8,330)	-	286,126 (USD 8,726)	- (USD 0)	-	-%	-	-	-

Note 1: List of the method of investment

(1) Direct investment

(2) Indirect investment

(3) Others

Note 2: On December 31 , 2024, 1 USD＝32.79 NTD, 1 CNY＝4.478 NTD.

Note 3: For the year end December 31, 2024, 1 USD＝32.11 NTD, 1 CNY ＝4.454 NTD.

Note 4:The disposal, amounting to USD 8,726 thousand, of Fujian Tung Kang Steel Co., Ltd. in November 2023 had been remitted to the Company via third region on March 20 and April 9, 2024.

Note5: The receivable of investment amount in the current period has exceeded the amount of investment remitted at the beginning of the period due to exclusion of the amount of the batch of equipment which should have been included in the original investment cost.

TUNG HO STEEL ENTERPRISE CORPORATION
Notes to Financial Statements

(ii) Limitation on investment in Mainland China:

(In thousands of NTD/USD)

Accumulated Investment in Mainland China as of December 31, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 1)
602,254 (USD18,367)	602,254 (USD18,367)	19,583,693

Note1: 60% of net equity.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
Shen Yuan Investment Co., Ltd.	108,715,999	14.88 %
Mao Sheng Investment Co., Ltd.	65,122,877	8.91 %
He Zhao Investment Co., Ltd.	62,835,750	8.60 %
Yuanta Taiwan Dividend Plus ETF.	38,897,784	5.32 %

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical ordinary shares and preference shares (including treasury shares) on the last business date of each quarter. The actual registered non-physical shares may be different from the capital shares disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trust account. The shareholders holding more than 10% of the total shares of the company should declare insider's equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discreation over use. For details of the insider's euqity announcement please refer to the TWSE website.

(14) Segment information

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

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF CASH AND CASH EQUIVALENTS

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	Notes
Cash	Cash on hand	$ 127	
	Revolving funds	258	
	Subtotal	385	
Cash in banks	Checking accounts	82,453	
	Demand deposits accounts	253,680	
	Foreign currency demand deposits	99,288	Note 1
	Subtotal	435,421	
Total		**$ 435,806**	

Note 1: Total amount of foreign currency	USD 3,025(thousand dollars)
	JPY 69(thousand dollars)
	EUR 1(thousand dollars)
	CNY 15(thousand dollars)
Exchange rate	USD →NT @32.79
	JPY →NT @0.2099
	EUR →NT @34.14
	CNY →NT @4.478

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS-CURRENT

December 31, 2024

(Expressed in thousands of New Taiwan Dollars/USD)

Name of financial instruments－current	Description	Number of shares or unit	Book value	Total amount/ Nominal amount	Interest rate %	Acquisition costs	Fair value	
							Unit price	Amount
Financial assets held for trading:								
Stock:								
Zenitron	Publicly List	3,825,000	$ 10	38,250	-	$ 92,166	28.55	109,204

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF NOTES RECEIVABLE

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Non-related parties:		
Saint Koon Construction	Payment for goods	$ 28,911
Chunglin Construction	Payment for goods	12,203
Jin Yuan Construction	Payment for goods	5,749
Li Qi Construction	Payment for goods	4,760
Others (Note)	Payment for goods	11,488
Total notes receivable		63,111
Less: Allowance for impairment		(159)
Total		**$ 62,952**

Note: Consisting of individual accounts with less than 5% of the total amount.

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF ACCOUNTS RECEIVABLE

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Related parties:		
Tung Kang Engineering and Construction	Business	$ 2,028
Non-related parties:		
SANWA	Business	182,020
Chunglin Construction	Business	143,409
Others (Note)	Business	2,860,843
Subtotal		3,186,272
Total accounts receivable		3,188,300
Less: Allowance for impairment		(8,400)
Total		**$ 3,179,900**

Note: Consisting of individual accounts with less than 5% of the total amount.

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF OTHER RECEIVABLES

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Receivables from loans to subsidiaries (including interest receivable)	$ 1,641,966
Revenue of disposing colcothar and metal shavings	6,500
Revenue of selling scrap iron and material supplies (related parties included)	3,280
Revenue of technical service (related parties included)	830
Rent receivable(related parties included)	11,645
Others (related parties included)	2,478
Total	**$ 1,666,699**

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF INVENTORIES

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount		Notes
		Cost	Market price	
Finished goods	Deformed bars	$ 2,293,412	2,553,360	Market price based on net realizable value
	Sections	584,134	733,876	〃
	Universal plates	269,475	382,544	〃
	Outbound product	143,087	143,087	〃
	Subtotal	3,290,108	3,812,867	
Work in process	Billets	1,891,443	2,175,359	〃
	Beam blank	1,043,285	1,268,058	〃
	Bloom	122,557	189,294	〃
	Outbound product (Billets)	138,933	138,933	
	Subtotal	3,196,218	3,771,644	
Raw materials	Scrap iron	6,857,390	9,245,487	〃
	In transit raw materials	1,052,482	1,052,482	〃
	Subtotal	7,909,872	10,297,969	
Material supplies	Electrode rods	152,398	138,701	〃
	Silicon iron	39,151	38,356	〃
	Manganese iron	27,640	26,518	〃
	Silicon manganese	189,169	176,684	〃
	Vanadium iron	111,226	114,806	〃
	Roller	23,202	23,814	〃
	Roller ring	70,053	67,038	〃
	Other material	1,186,873	1,190,099	〃
	Subtotal	1,799,712	1,776,016	
Inventories, net		**$ 16,195,910**	**19,658,496**	

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF PREPAYMENTS

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Prepaid expenses	Prepaid supplies expenses	$ 84,700
	Insurance premium and rent expenses	20,110
	Prepaid heavy oil and maintenance expenses	33,241
	Others	7,633
	Subtotal	145,684
Prepayments for goods		52,088
Other prepayments		709
Total		**$ 198,481**

Note: Consisting of individual accounts with less than 5% of the total account.

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

	Balance as of January 1, 2024		Increase and reclassification		Decrease and reclassification		Investment income recognized under the equity method (loss)	Balance as December 31, 2024				
Name of company	**Share**	**Amount**	**Share**	**Amount**	**Share**	**Amount**		**Share**	**Share-holding percentage**	**Amount**	**Net value or market price**	**Pledged or collateralized**
Subsidiaries:												
Tung Yuan International Corp.	82	$ 713,101	-	26,899 (Note 7)	-	-	(89,501)	82	100.00 %	650,499	650,499	None
Tung Kang Steel Structure Corp.	201,121,339	4,022,717	-	5,519 (Notes 2, 6)	-	1,407,849 (Note 5)	1,729,511	201,121,339	97.48 %	4,349,898	4,463,250	None
Goldham Development Ltd.	10,000,000	296,090	-	9,154 (Note 1)	8,726,000	275,567 (Note 4)	(16,132)	1,274,000	100.00 %	13,545	13,545	None
Katec Creative Resources Corp.	61,391,933	641,180	-	476 (Note 3)	-	12,278 (Note 5)	82,309	61,391,933	99.02 %	711,687	711,687	None
Tung Kang Wind Power Corp.	65,500,000	627,660	-	-	-	-	72,388	65,500,000	100.00 %	700,048	699,624	None
Tung Ho Steel Vietnam Corp., Ltd.	-	3,099,081	-	26,367 (Note 1)	-	-	(388,408)	-	100.00 %	2,737,040	2,737,306	None
Subtotal		9,399,829		68,415		1,695,694	1,390,167			9,162,717		
Associates:												
Katec R&D Corp.	5,646,398	89,863	-	-	-	14,186 (Notes 5,6)	18,570	5,646,398	46.19 %	94,247	94,247	None
Taiwan Steel Union Co., Ltd.	24,829,009	917,424	-	287 (Note 3)	-	106,765 (Note 5)	185,435	24,829,009	22.31 %	996,381	996,381	None
Tung Sugar Energy Service Corp.	-	49,097	-	-	-	-	(3,796)	-	36.00 %	45,301	45,301	None
Subtotal		1,056,384		287		120,951	200,209			1,135,929		
Total		$ 10,456,213		68,702		1,816,645	1,590,376			10,298,646		

Note 1: Adjustments of exchange difference on translation of foreign operations.

Note 2: Resulting from downstream unrealized sales profit.

Note 3: From other comprehensive income on defined benefit plans of associates.

Note 4: Capital reduction and return of shares.

Note 5: Proceeds from cash dividends.

Note 6: Adjustment of "evaluation of equity instrument at fair value through other comprehensive income " due to changes in fair value.

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS－NON-CURRENT

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Name of company	Balance as of January 1, 2024 Share	Balance as of January 1, 2024 Amount	Increase and reclassification Share	Increase and reclassification Amount	Decrease and reclassification Share	Decrease and reclassification Amount	Balance as December 31, 2024 Share	Balance as December 31, 2024 Amount	Pledged or collateralized
Fair value through other comprehensive income－non current:									
Hsiao Kang Warehousing Corp.	1,788,045	$ 14,561	-	1,956	-	-	1,788,045	16,517	None
Hexawave Photonic System, Inc.	2,564,023	19,521	-	-	-	10,950	2,564,023	8,571	None
Taiwan Aerospace Corp.	1,621,441	49,763	-	2,560	-	-	1,621,441	52,323	None
Overseas Investment & Development Corp.	1,000,000	14,210	-	-	-	4,217	1,000,000	9,993	None
Power World Fund, Inc.	677,245	9,176	-	3,760	372,485	3,725 (Note 1)	304,760	9,211	None
Universal Venture Fund, Inc.	558,255	8,866	-	4,142	167,477	1,675 (Note 1)	390,778	11,333	None
IBT II Venture Capital Co.	1,312,993	9,021	-	-	-	315	1,312,993	8,706	None
Tung Jing Investment Corp.	-	45,018	-	3,858 (Note 2)	-	7,225	-	41,651	None
Universal Venture Capital Investment Corp.	2,800,000	27,010	-	1,167	-	-	2,800,000	28,177	None
Subtotal		197,146		17,443		28,107		186,482	
Public listed stocks －Taiwan High Speed Rail Corporation	1,913,376	58,741	-		-	5,549	1,913,376	53,192	None
Stock listed on emerging markets－Chien Shing Harbour Service Co., Ltd.	8,203,800	378,195	-	1,231	-	-	8,203,800	379,426	None
Subtotal		436,936		1,231		5,549		432,618	
Total		$ 634,082		18,674		33,656		619,100	

Note 1：Capital reduction and return of shares.

Note 2：New acquisition

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF REFUNDABLE DEPOSITS

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Refundable deposits	Golf card deposits	$ 41,500
	Performance guarantees	24,842
	Lease deposits	3,348
	Others	5
Total		**$ 69,695**

Please refer to Note 6(h) for details of property, plant and equipment.

Please refer to Note 6(j) for details of investment property.

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF OVERDUE RECEIVABLES

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
BEST-STEEL	$ 47,993
Shuang Xi Construction	9,680
Subtotal	57,673
Less: Allowance for bad debt expense	(57,673)
Total	$ -

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF SHORT-TERM LOANS

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Bank	Description	Balance as of December 31, 2024	Duration	Interest rate	Amount	Pledge or collateralized
Bank of Taiwan	Unsecured loans	$ 700,000	November 5, 2024 ~ March 24, 2025	1.78%	700,000	None
First Commercial Bank	Unsecured loans	1,000,000	October 14, 2024 ~ February 4, 2025	1.71%	1,000,000	None
Land Bank of Taiwan	Unsecured loans	642,000	December 23, 2024 ~ March 27, 2025	1.91%	800,000	None
Cathay United Bank	Unsecured loans	900,000	December 20, 2024 ~ January 13, 2025	1.87%	900,000	None
O Bank	Unsecured loans	200,000	December 20, 2024 ~ January 10, 2025	1.7293%~1.7294%	200,000	None
Hua Nan Commercial Bank	Unsecured loans	490,000	December 6, 2024 ~ March 19, 2025	1.85%	1,000,000	None
Yuanta Bank	Unsecured loans	900,000	October 4, 2024 ~ March 28, 2025	1.77%~1.9%	2,000,000	None
TCB Bank	Unsecured loans	260,000	December 13, 2024 ~ January 13, 2025	1.8656%	700,000	None
CHB Bank	Unsecured loans	600,000	October 11, 2024 ~ May 7, 2025	1.825%	600,000	None
The Shanghai Commercial & Savings Bank	Unsecured loans	100,000	December 16, 2024 ~ March 14, 2025	1.85%	200,000	None
Exim Bank	Unsecured loans	300,000	December 26, 2024 ~ December 26, 2025	1.825%	300,000	None
SK Bank	Unsecured loans	150,000	December 11, 2024 ~ January 10, 2025	1.84%	150,000	None
Subtotal		6,242,000				
Bank of Taiwan	Letter of credit	3,963	December 5, 2024 ~ March 13, 2025	5.4757%~5.5603%	900,000	None
Hua Nan Commercial Bank	Letter of credit	1,496	December 27, 2024 ~ January 22, 2025	5.3891%	2,000,000	None
The Shanghai Commercial & Savings Bank	Letter of credit	4,843	December 30, 2024 ~ January 24, 2025	5,02912%	310,000	None
Cathay United Bank	Letter of credit	272	December 30, 2024 ~ June 18, 2025	5.27%	1,160,000	None
Taiwan Business Bank	Letter of credit	4,616	December 30, 2024 ~ February 22, 2025	5.177343%	600,000	None
Union Bank of Taiwan	Letter of credit	2,249	December 19, 2024 ~ February 17, 2025	5.45%	500,000	None
Subtotal		17,439				
Total		**$ 6,259,439**				

Note 1: The effective period of the financing contract is two to three years. However, the banks will evaluate the terms of the contract periodically through credit checking every year.

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF NOTES PAYABLE

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Objects	Description	Amount
Non-related parties:		
Taiwan Power Company	Operating expenses	$ 223,788
Others (Note)	Operating expenses	15,855
Total		**$ 239,643**

Note: Consisting of individual accounts with less than 5% of the total amount

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF ACCOUNTS PAYABLE

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Objects	Description	Amount
Related parties:		
Tung Kang Steel Structure Corp.	Payment for goods	$ 6,283
Duc Hoa International J.S.C.	Payment for goods	3,881
Katec Creative Resources	Payment for goods	164
Eturnity Corp.	Payment for goods	294
Subtotal		10,622
Non-related parties:		
Heng Yu Steel Enterprise Co., Ltd.	Payment for goods	143,983
Hung Ruen Co., Ltd.	Payment for goods	26,633
Others (Note)	Payment for goods	1,456,637
Subtotal		1,627,253
Total		**$ 1,637,875**

Note: Consisting of individual accounts of less than 5% of the total amount
Please refer to Note 6(o) for details of other payables.

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF CURRENT CONTRACT LIABILITIES

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount
Related parties:		
Tung Kang Steel Structure Corp.	Business	$ 84,637
Non-related parties:		
Haiguang Enterprise	Business	72,100
Hantai Steel	Business	67,860
Others (Note)		1,246,914
Total contract liabilities		**$ 1,471,511**

Note: Consisting of individual accounts of less than 5% of the total amount

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF LONG-TERM LOANS

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

				Amount		
Bank	**Duration**	**Nature**	**Interest rate**	**Current portion**	**Long-term loans**	**Pledged or Collateralized**
Mega Bank	December 27, 2024 ~ September 27, 2026 Principal repaid at maturity	Repayment of loan and improvement of financial structure	1.925%	$ -	590,000	None
Mizuho Bank	November 11, 2024 ~ April 19, 2026 Principal repaid at maturity	Repayment of loan and improvement of financial structure	1.84%~1.87%	-	1,617,000	None
Yuanta Bank	April 2, 2024 ~ April 2, 2026 Principal repaid at maturity	Repayment of loan and improvement of financial structure	1.79%	-	500,000	None
O-Bank	June 12, 2023 ~ June 12, 2026 Interest-first, principal amortized	Repayment of loan and improvement of financial structure	1.8182%~1.8777%	300,000	200,000	None
				$ 300,000	**2,907,000**	

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF GUARANTEE DEPOSITS

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Client name	Description	Amount
Related parties:		
Katec Research and Development	Rental deposits	$ 304
Non-related parties:		
Chang Jieh Logistics Corp.	Rental deposits	6,300
Qianzhen Land	Rental deposits	1,630
Hongzhao Construction	Performance guarantee	830
Others (Note)	Rental deposits and performance guarantee	477
Subtotal		9,237
Total		**$ 9,541**

Note: Consisting of individual accounts with less than 5% of the total amount.

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF OPERATING REVENUES

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Description		Amount
Re-bar	1,364,301	tons	$ 28,877,203
Billet	254	tons	4,626
H-beams	495,600	tons	12,910,408
Universal plate	78,187	tons	2,415,263
I-beams	1,527	tons	45,872
Channel beams	46,059	tons	1,167,577
Other steel	503	tons	9,212
Others	-	tons	29,340
Total operating revenue			45,459,501
Less: Sales returns			(1,719)
Sales allowances			(279,919)
Net operating revenue			**$ 45,177,863**

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF OPERATING COSTS

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Amount Subtotal	Amount Total
Manufacturing:		
(a) Direct raw materials		
Beginning balance of raw materials	$ 9,536,544	
Self-manufactured transferred in	56,110,488	
Purchases of raw materials	21,704,273	
Sale of raw materials	(1,613)	
Reclassification to manufacturing overhead	(402)	
Reclassification to donation expenses	(117)	
Reclassified administrative Expenses	(118)	
Reclassified construction in progress and equipment	(4,246)	
Reclassification to other expenses	(19)	
Transfer to work in process	(4,341)	
R&D scrap transferred in	1,434	
Roller scrap transferred in	7,797	
Ending balance of raw materials	(7,909,872)	
Cost of direct raw materials consumed		79,439,808
(b) Indirect raw materials		
Beginning balance of raw materials	1,856,259	
Purchases of indirect raw materials	4,107,029	
Sale of material supplies	(5,523)	
Reclassification to manufacturing overhead	(1,304,078)	
Reclassification to deferred expenses and prepaid expenses	(284,989)	
Reclassification to construction in progress and equipment	(93,887)	
Transfer to finished goods	(1,414)	
Ending balance of raw materials	(1,786,281)	
Reclassification to consigned goods	(2,552)	
Cost of indirect materials consumed		2,484,564
(c) Direct labor, net		1,124,850
(d) Manufacturing overhead, net		7,726,172
Manufacturing cost		90,775,394
(e) Cost of by-products		(1,175,013)
(f) Cost of finished goods (work in process)		89,600,381
Beginning balance of work in process	3,035,658	
Purchases of work in process	5,403,777	
Consigned goods transferred in	3,083	
Work in process transferred to raw materials	(36,987,426)	
Transfer to consigned goods	(19,221)	
Ending balance of work in process	(3,196,218)	
Reclassification to other expenses	11,221	
Subtotal		(31,749,126)
(g) Cost of finished goods		
Beginning balance of finished goods	2,489,589	
Finished goods transferred to raw materials	(17,948,049)	
Material supplies transferred to finished goods	1,414	
Raw materials transferred to finished goods	4,341	
Consigned goods transferred to finished goods	5,093	
Finished goods transferred to construction in progress and prepayment of equipment	(14,697)	
Consigned goods transferred to finished goods	2,755,747	
Transfer to consigned goods	(2,740,830)	
Ending balance of finished goods	(3,147,021)	
Reclassification to donation expenses	(476)	
Reclassification to other expenses	(10,901)	
Reclassification to deferred expenses	(2,708)	
Subtotal		(18,608,498)
Cost of work in process and finished goods		39,242,757
(h) Cost of by-products		
Beginning balance of by-products	-	
By-products manufactured	1,175,013	
By-product transferred to raw materials	(1,175,013)	
Ending balance of by-products	-	
Cost of by-products		-
(i) Cost of consigned goods		
Beginning balance of consigned goods	152,745	
Raw materials transferred in	2,552	
Work in process transferred in	19,221	
Finished goods transferred in	2,740,830	
Transfer to work in process	(3,083)	
Transfer to finished goods	(2,755,747)	
Ending balance of consigned goods	(156,518)	
Cost of goods sold－manufacturing		
Selling:		
Beginning inventory	-	
Purchases	395,117	
Ending inventory	-	
Cost of goods sold－selling		395,117
Work in process		26,621
Adjustment for capacity variance		100,359
Revenue from sale of raw materiels and scrap		(108,491)
Operating costs		$ 39,656,363

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF MANUFACTURING EXPENSES

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Indirect labor	$ 497,638
Utilities expense	3,383,413
Depreciation	903,690
Amortization	8,242
Repair and maintenance	1,043,808
Equipment insurance	32,678
Labor insurance	144,334
Meal expenses	51,361
Employee benefits	34,391
Pension	57,307
Fuel expenses	839,372
Cleaning expense	263,539
Taxes	41,366
Professional service fee	199,071
Packaging fee	76,428
Others	149,534
Total	**$ 7,726,172**

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF OPERATING EXPENSES

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Total
Salaries	$ 83,506	633,844	717,350
Directors' remuneration	-	109,450	109,450
Freight expense	703,928	139	704,067
Repair and Maintenance Expenses	57	13,994	14,051
Advertisement	22,262	3,689	25,951
Taxes	20	52,887	52,907
Depreciation	1,864	74,846	76,710
Amortizations	-	94	94
Meal expense	1,620	10,526	12,146
Labor pension	3,413	10,973	14,386
Export expense	7,447	-	7,447
Labor insurance	2,661	21,575	24,236
National health insurance	3,686	16,692	20,378
Research and Development Expenses	-	33,569	33,569
Others	44,911	157,221	202,132
Total	$ **875,375**	**1,139,499**	**2,014,874**

TUNG HO STEEL ENTERPRISE CORPORATION

DETAILS OF NON-OPERATING INCOME AND EXPENSES

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Net loss on financial assets at fair value through profit or loss	$ (21,136)
Net gain on financial liabilities at fair value through profit or loss	150,395
Net loss on foreign exchange	(17,500)
Directors' remuneration and transportation fee	34,099
Technical service revenue	9,893
Government Grant	10,198
Foreign worker board and lodging income	3,604
Net loss on disposal of property, plant, and equipment	1,207
Net Income (Loss) from Compensation	3,300
Estimated Surplus and Deficit	(3,130)
Others	11,015
Total	**$ 181,945**