Stock Code: 2006

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Tung Ho Steel Enterprise Corporation as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Tung Ho Steel Enterprise Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Tung Ho Steel Enterprise Corporation
Chairman: Henry Ho
Date: February 25, 2025.

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Tung Ho Steel Enterprise Corporation (“ the Company”) and its subsidiaries (“the Consolidated Company”), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Consolidated Company as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“ IFRSs”), International Accounting Standards (“ IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our 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 Consolidated Financial Statements section of our report. We are independent of the Consolidated 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 consolidated financial statements as of and for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for the consoldiated financial statements are stated as follows:

1. Revenue recognition

   Please refer to Note 4(q) “Revenue recognition” and Note 6(u) “Revenue from contracts with customers” in the consolidated financial statements.

Explanation of the key audit matter:

The Consolidated 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(h) “Inventories” and Note 6(f) “Inventories” in the consolidated 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. Construction contracts

Please refer to Note 4(q) "Revenue recognition－ Construction contracts" Note 5(c) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty on construction contracts", and Note 6(u) "Revenue from contracts with customers" of the consolidated financial statements.

Explanation of the key audit matter:

Contract accounting is considered to be an audit risk to the Consolidated Company 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, leading to different profit or loss and revenue being reported in the consolidated financial statements.

Our principal audit procedures included:

- reviewing significant contracts and discussing them with the management to obtain a full understanding of 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, 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. Impairment of property, plant and equipment

Please refer to Note 4(o) "Impairment of non-financial assets", Note 5(b) "Impairment evaluation of property, plant and equipment", and Note 6(i) "Property, plant and equipment" of the consolidated financial statements.

Explanation of the key audit matter:

The subsidiary in Vietnam of Tung Ho Steel Enterprise Corporation is facing an assets impairment issue due to the impact of the local market. The subsidiary regularly evaluates whether there is any indication of impairment of non-financial assets such as property, plant and equipment, based on the value in use and industry characteristics to estimate the recoverable amount of property, plant and equipment. The estimation involves numbers of assumptions, including the determination of discount rates and expected growth rates, subject to subjective judgment and uncertainty. Therefore, the assessment of impairment is one of the important evaluation matters in auditing the consolidated financial report of Tung Ho Steel Enterprise Corporation and its subsidiaries.

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 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.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Consolidated 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 Consolidated 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 Consolidated Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated 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 Consolidated 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit.

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

The engagement partners on the audit resulting in this independent auditors' report are Lee, Tzu Hui and Ko, Hui-Chih.

KPMG

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

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 1,519,082	3	1,732,667	3
1110	Current financial assets at fair value through profit or loss (Note 6(b))	109,204	-	144,619	-
1140	Current contract assets (Note 6(u))	5,492,215	10	4,426,703	8
1150	Notes receivable, net (Notes 6(d) and (u))	73,381	-	213,233	-
1170	Accounts receivable, net (including from related parties) (Notes 6(d), (u) and 7)	3,361,617	6	4,189,707	7
1200	Other receivables(including from related parties) (Notes 6(e) and 7)	32,152	-	229,780	1
1310	Inventories (Note 6(f))	19,073,355	35	19,894,017	35
1410	Prepayments	308,987	1	315,208	1
1470	Other current assets (Note 8)	1,138,055	2	1,121,723	2
	Total current assets	31,108,048	57	32,267,657	57
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	619,100	1	636,347	1
1550	Investments accounted for using the equity method (Note 6(h))	1,494,909	3	1,503,674	3
1600	Property, plant and equipment (Note 6(i))	18,782,636	34	19,052,245	34
1755	Right-of-use assets (Note 6(j))	289,112	1	313,529	1
1760	Investment property, net (Notes 6(i) and (k))	1,974,279	4	1,923,110	3
1780	Intangible assets	164,019	-	167,964	-
1840	Deferred tax assets (Note 6(r))	72,075	-	84,931	-
1900	Other non-current assets (Note 8)	49,102	-	54,732	-
1911	Natural resources	8,342	-	8,730	-
1915	Prepayments for equipment	125,243	-	53,505	-
1920	Refundable deposits (Note 8)	193,752	-	312,456	1
	Total non-current assets	23,772,569	43	24,111,223	43
	Total assets	$ 54,880,617	100	56,378,880	100

	Liabilities and equity	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities:				
2100	Short-term loans (Note 6(l))	$ 8,770,644	16	13,884,659	25
2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	3,855	-	60,861	-
2130	Current contract liabilities (Note 6(u))	3,581,004	7	2,991,668	5
2150	Notes payable	249,352	-	17,807	-
2170	Accounts payable (including to related parties) (Note 7)	2,671,231	5	2,985,512	5
2200	Other payables (including to related parties) (Notes 6(p) and 7)	2,461,096	5	2,248,736	4
2230	Current tax liabilities	599,889	1	710,236	1
2250	Current provisions	920	-	702	-
2280	Current lease liabilities (Note 6(n))	39,209	-	43,047	-
2322	Long-term loans, current portion (Note 6(m))	304,846	1	190,515	1
2399	Other current liabilities, others	13,436	-	12,992	-
	Total current liabilities	18,695,482	35	23,146,735	41
	Non-current liabilities:				
2540	Long-term loans (Note 6(m))	2,941,324	5	1,421,411	3
2570	Deferred tax liabilities (Note 6(r))	174,230	-	169,431	-
2580	Non-current lease liabilities (Note 6(n))	122,965	-	140,808	-
2640	Net defined benefit liability, non-current (Note 6(q))	37,772	-	211,060	1
2645	Guarantee deposits received (Note 7)	9,541	-	7,016	-
2550	Non-current provisions	137,207	-	121,241	-
	Total non-current liabilities	3,423,039	5	2,070,967	4
	Total liabilities	22,118,521	40	25,217,702	45
	Equity (Note 6(s)):				
3100	Capital stock	7,302,138	13	7,302,138	13
3200	Capital surplus	7,742,308	14	7,739,750	14
	Retained earnings:				
3310	Legal reserve	5,600,943	10	5,127,305	9
3320	Special reserve	614,156	1	486,844	1
3350	Unappropriated retained earnings	11,636,693	22	10,697,520	19
	Total retained earnings	17,851,792	33	16,311,669	29
3400	Other equity interest	(256,750)	-	(305,277)	(1)
	Total equity attributable to owners of the parent	32,639,488	60	31,048,280	55
36XX	Non-controlling interests	122,608	-	112,898	-
	Total equity	32,762,096	60	31,161,178	55
	Total liabilities and equity	$ 54,880,617	100	56,378,880	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		For the years ended December 31,			
		2024		2023	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(u) and 7)**	$ 60,162,997	100	60,961,908	100
5000	**Operating costs (Notes 6(f), (i), (j), (k), (q), 7 and 12(a))**	(51,772,427)	(86)	(52,315,715)	(86)
5900	**Gross profit from operations**	8,390,570	14	8,646,193	14
6000	**Operating expenses:**				
6100	Selling expenses (Notes 6(i), (j), (k), (q), (v), 7 and 12(a))	(1,131,847)	(2)	(1,126,406)	(2)
6200	Administrative expenses (Notes 6(i), (j), (k), (q), (v), 7 and 12(a))	(1,545,055)	(2)	(1,530,609)	(2)
6450	Expected credit (impairment loss) reversal of impairment loss (Note 6(d))	(8,726)	-	9,522	-
6500	**Total operating expenses**	(2,685,628)	(4)	(2,647,493)	(4)
6900	**Net operating income**	5,704,942	10	5,998,700	10
7000	**Non-operating income and expenses:**				
7100	Interest income (Note 6(w))	33,848	-	37,311	-
7010	Other income (Notes 6(w) and 7)	100,552	-	102,946	-
7020	Other gains and losses (Notes 6(w) and 7)	132,424	-	168,332	-
7050	Finance costs (Notes 6(n) and (w))	(343,750)	-	(434,699)	-
7060	Share of profit of associates accounted for using the equity method (Note 6(h))	96,770	-	129,431	-
	Total non-operating income and expenses	19,844	-	3,321	-
7900	**Profit before income tax**	5,724,786	10	6,002,021	10
7950	Less: income tax expenses (Note 6(r))	1,199,072	2	1,292,896	2
	Net profit for continuing operations	4,525,714	8	4,709,125	8
	Profit (loss) from discontinued operations (Note 12(b)):				
8100	Profit (loss) from discontinued operations, net of tax	-	-	50,695	-
8200	**Profit**	4,525,714	8	4,759,820	8
8300	**Other comprehensive income (loss):**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	126,587	-	6,848	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(13,386)	-	113,284	-
8320	Share of other comprehensive income of associates accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	217	-	(1,490)	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	120	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	113,298	-	118,642	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	62,761	-	(122,960)	-
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	62,761	-	(122,960)	-
8300	**Other comprehensive income**	176,059	-	(4,318)	-
8500	**Total comprehensive income**	**$ 4,701,773**	**8**	**4,755,502**	**8**
8600	**Profit attributable to:**				
8610	Owners of the parent	$ 4,479,837	8	4,729,346	8
8620	Non-controlling interests	45,877	-	30,474	-
		$ 4,525,714	**8**	**4,759,820**	**8**
8700	**Comprehensive income attributable to:**				
8710	Owners of the parent	$ 4,655,548	8	4,742,992	8
8720	Non-controlling interests	46,225	-	12,510	-
		$ 4,701,773	**8**	**4,755,502**	**8**
	Basic earnings per share (in dollars) (Note 6(t))				
9710	Continuing operations	$	6.13		6.41
	Discontinued operation		-		0.07
		$	**6.13**		**6.48**
	Diluted earnings per share (in dollars) (Note 6(t))				
9810	Continuing operations	$	6.12		6.39
	Discontinued operation		-		0.07
		$	**6.12**		**6.46**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
			Retained earnings				Other equity interest					
	Captial stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of 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	108,549	28,914,514
Profit for the period	-	-	-	-	4,729,346	4,729,346	-	-	-	4,729,346	30,474	4,759,820
Other comprehensive income for the period	-	-	-	-	7,038	7,038	(104,984)	111,592	6,608	13,646	(17,964)	(4,318)
Total comprehensive income for the period	-	-	-	-	4,736,384	4,736,384	(104,984)	111,592	6,608	4,742,992	12,510	4,755,502
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)	-	(2,555,748)
Changes in equity of associates accounted for using equity method	-	51	-	-	-	-	-	-	-	51	-	51
Other changes in capital surplus	-	55,020	-	-	-	-	-	-	-	55,020	-	55,020
Capital reduction of financial assets at fair value through other comprehensive income	-	-	-	-	(2)	(2)	-	2	2	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(8,161)	(8,161)
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	112,898	31,161,178
Profit for the period	-	-	-	-	4,479,837	4,479,837	-	-	-	4,479,837	45,877	4,525,714
Other comprehensive income for the period	-	-	-	-	126,749	126,749	62,420	(13,458)	48,962	175,711	348	176,059
Total comprehensive income for the period	-	-	-	-	4,606,586	4,606,586	62,420	(13,458)	48,962	4,655,548	46,225	4,701,773
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)	-	(3,066,898)
Other changes in capital surplus	-	2,558	-	-	-	-	-	-	-	2,558	-	2,558
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	435	435	-	(435)	(435)	-	-	-
Cach dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(36,515)	(36,515)
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**	**122,608**	**32,762,096**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated 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 operating activities:		
Profit before tax of continuing operations	$ 5,724,786	6,002,021
Profit before tax of discontinued operations	-	75,680
Profit before tax	5,724,786	6,077,701
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,545,938	1,566,817
Amortization expense	53,739	36,375
Expected credit impairment loss (reversal of impairment loss)	8,726	(9,517)
Net gain on financial assets or liabilities at fair value through profit or loss	(148,036)	(136,851)
Interest expense	343,750	434,948
Interest income	(33,848)	(40,930)
Dividend income	(39,803)	(38,018)
Share of profit of associates accounted for using the equity method	(96,770)	(129,431)
Loss on disposal of property, plant and equipment	2,401	5,206
Gain on lease modification	(2)	-
Loss from disposal of subsidiaries	-	14,354
Impairment loss on financial assets	20,563	-
Impairment loss on non-financial assets	-	1,751
Unrealized foreign exchange gains	(8,777)	(32,341)
Property, plant and equipment transferred to expense	6,955	-
Prepayments for equipment transferred to expense	7,918	4,379
Total adjustments to reconcile profit or loss	1,662,754	1,676,742
Changes in operating assets and liabilities:		
Decrease in financial assets mandatorily measured at fair value through profit or loss	126,445	200,851
Increase in contract assets	(1,065,511)	(839,318)
Decrease (increase) in notes receivable	140,312	(23,805)
Decrease (increase) in accounts receivable (including overdue receivable)	822,384	(944,593)
(Increase) decrease in accounts receivable-related parties	(929)	272
Increase in other receivables	(18,713)	(14,267)
Decrease (increase) in inventories	819,900	(1,088,183)
Decrease (increase) in prepayments	7,821	(63,379)
Decrease (increase) in other current assets	142,728	(281,896)
Increase in other operating assets	(4,489)	(30,190)
Total changes in operating assets	969,948	(3,084,508)
Increase in contract liabilities	589,336	357,770
Increase (decrease) in notes payable	231,545	(59,941)
(Decrease) increase in accounts payable	(314,281)	939,989
(Decrease) increase in other payables	(9,633)	147,859
Increase in provisions	16,184	20,817
Increase in other current liabilities	444	2,462
Decrease in net defined benefit liability	(46,826)	(43,049)
Total changes in operating liabilities	466,769	1,365,907
Total net changes in operating assets and liabilities	1,436,717	(1,718,601)
Total adjustments	3,099,471	(41,859)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION ITS SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

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 inflow generated from operations	$ 8,824,257	6,035,842
Interest received	33,356	43,968
Dividends received	160,684	210,699
Interest paid	(346,783)	(438,989)
Income taxes paid	(1,291,763)	(1,229,735)
Net cash flows from operating activities	7,379,751	4,621,785
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,858)	(3,941)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,318	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,400	5,960
Proceeds from liquidation of financial assets at fair value through other comprehensive income	-	212
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	45,048
Proceeds from disposal of subsidiaries	196,039	-
Acquisition of property, plant and equipment	(946,306)	(639,844)
Proceeds from disposal of property, plant and equipment	2,568	1,053
Decrease (increase) in refundable deposits	54,908	(26,557)
Acquisition of investment property	(56,012)	(3,304)
(Increase) decrease in other financial assets	(95,464)	5,775
Increase in prepayments for equipment	(106,499)	(43,261)
Net cash flows used in investing activities	(946,906)	(658,859)
Cash flows from (used in) financing activities:		
Increase in short-term loans	87,285,464	108,629,540
Decrease in short-term loans	(92,498,344)	(108,709,644)
Increase in short-term notes and bills payable	1,550,000	2,870,000
Decrease in short-term notes and bills payable	(1,550,000)	(3,470,000)
Proceeds from long-term loans	5,807,000	3,610,381
Repayments of long-term loans	(4,200,110)	(4,713,510)
Increase (decrease) in guarantee deposits received	2,525	(2,095)
Payment of lease liabilities	(50,863)	(48,330)
Cash dividends paid	(3,066,898)	(2,555,748)
Change in non-controlling interests	(36,167)	(26,125)
Net cash flows used in financing activities	(6,757,393)	(4,415,531)
Effect of exchange rate changes on cash and cash equivalents	110,963	58,759
Net Decrease in cash and cash equivalents	(213,585)	(393,846)
Cash and cash equivalents at beginning of period	1,732,667	2,126,513
Cash and cash equivalents at end of period	$ **1,519,082**	**1,732,667**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated 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 and its subsidiaries (the "Consolidated Company") are primarily involved in manufacturing and selling Re-Bar, Section, and Plate.

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

The consolidated financial statements for the year 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 consolidated 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 Consolidated 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 consolidated financial statements:

- Amendments to IAS21 "Lack of Exchangeability"

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 Consolidated 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

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

The Consolidated 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 consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- 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 policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments measured at fair value through profit or loss；

2) Financial assets measured at fair value through other comprehensive income；

3) The defined benefit liabilities are measured as the fair value of plan assets, less the present value of defined benefit obligation.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of the Consolidated Company is determined based on the primary economic environment in which the entity operates. The consolidated 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) Basis of consolidation

(i) Principle of preparing consolidated financial statements

The Consolidated Company comprise of the Company and the entities over which it possessed control (its subsidiaries). When the Company is exposed to variable rewards and the right to such rewards of an entity, the Company possesses control over such entities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Balances, transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in the preparation of the consolidated financial statements. Attributable comprehensive income to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The financial statements of the subsidiaries have been adjusted so that they align with the accounting policies of the Consolidated Company.

Changes in the Consolidated Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Adjustments or differences between purchase consideration and fair value of non-controlling interest are recognized as equity attributable to the owners of the Company.

(ii) List of subsidiaries in the consolidated financial statements :

Investor	The name of subsidiaries	Business activity	Percentage of ownership		Note
			December 31, 2024	December 31, 2023	
The Company	Tung Yuan International Corp.	Investment activities	100.00 %	100.00 %	
The Company	Tung Kang Steel Structure Corp.	Steel structure engineering construction	97.48 %	97.48 %	
The Company	Goldham Development Ltd.	Investment activities	100.00 %	100.00 %	
The Company	Katec Creative Resources Corporation	Waste recycling	99.02 %	99.02 %	
The Company	Tung Kang Wind Power Corp.	Electric power generation	100.00 %	100.00 %	
The Company	Tung Ho Steel Vietnam Corp., Ltd. (THSVC)	Steel industry	100.00 %	100.00 %	
Tung Yuan International Corp.	3 Oceans International Inc.	Investment activities	66.51 %	66.51 %	
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Quicklime manufacturing	96.00 %	96.00 %	
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Civil engineering	100.00 %	100.00 %	
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Quicklime manufacturing	2.71 %	2.71 %	
Tung Ho Steel Vietnam Corp., Ltd.	Duc Hoa International J.S.C.	Quicklime manufacturing	1.29 %	1.29 %	

(iii)List of subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Consolidated Company entities 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 at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in 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 presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the 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 Consolidated 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 Consolidated 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.

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

The Consolidated 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 Consolidated 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 Consolidated 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.

(f) Cash and cash equivalents

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

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Consolidated 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 Consolidated 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 under 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 Consolidated 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 Consolidated Company's right to receive payment is established.

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

(Continued)

The Consolidated Company measures loss allowances at an amount equal to lifetime expected credit loss (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 accounts receivable and contract assets are 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 Consolidated 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 Consolidated Company's historical experience and informed credit assessment as well as forwardlooking information.

The Consolidated Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Consolidated 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 Consolidated Company in full.

The Consolidated 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'.

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 Consolidated 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 Consolidated Company in accordance with the contract and the cash flows that the Consolidated Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Consolidated Company assesses whether the credit of financial assets carried at amortized cost are impaired. The credit of a financial asset is 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 the credit of a financial assets is impaired includes the following observable information：

- 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.

The gross carrying amount of a financial asset is written off when the Consolidated Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Consolidated 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 Consolidated 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 Consolidated Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Company are classified as financial liabilities 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 Consolidated Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Consolidated 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.

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 Consolidated 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.

(h) 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.

(Continued)

(i) Investment in associates

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

The Consolidated 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 Consolidated 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 Consolidated Company, from the date on which significant influence commences until the date on which significant influence ceases. The Consolidated 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 Consolidated Company and an associate are recognized only to the extent of unrelated Consolidated Company’s interests in the associate.When the Consolidated 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 Consolidated Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Consolidated 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 Consolidated 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 Consolidated 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 Consolidated Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Consolidated 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 Consolidated Company continues to apply the equity method without remeasuring the retained interest.

(Continued)

When the Consolidated 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 Consolidated Company' s proportionate interest in the net assets of the associate. The Consolidated 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 Consolidated 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

(j) Non-current assets held for sale and discontinued operations (disposal group)

(i) Non-current assets held for sale and discontinued operations (disposal group)

Non-current assets or disposal group composed of assets and liabilities are classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The components in the asset or disposal group are remeasured in accordance with the accounting policies of the Consolidated Company before being originally classified for sale. After being classified as held for sale, it is measured on the basis of the lower of its carrying amount and fair value less costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining assets and liabilities will be apportioned on a pro rata basis, except that no loss is allocated to assets not in the scope of IAS 36 - Impairment of Assets. Such assets will continue to be measured in accordance with the Consolidated Company's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) Discontinued operation

A discontinued operation is a component of Consolidated Company that either has been disposed of, or is classified as held for sale, and

1) represents a separate major line of business or geographical area of operations,

2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or

3) is a subsidiary acquired exclusively with a view to resale.

The operation should be classified as a discontinued operation at the earlier of its disposal date, or when that operation meets the held-for-sale criteria.

(k) 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.

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.

(l) 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 Consolidated Company.

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives for the current and comparative years 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 and adjusted if appropriate.

(m) Leases

(i) Identifying a lease

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

(ii) As a leasee

The Consolidated 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 Consolidated Company's incremental borrowing rate. Generally, the Consolidated 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 Consolidated Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment on whether it will exercise a purchase; or

- there is a change of its assessment on whether it will exercise a purchase, 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 Consolidated 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 Consolidated Company presents right-of-use assets that do not meet the definition of investment properties and lease liabilities as a separate line item respectively in the statement of financial position.

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

(iii) As a leasor

When the Consolidated 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 Consolidated 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 Consolidated Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(n) Natural resource

Natural resource is the mining right acquired for a specific area and the necessary cost incurred to acquire the mining right, including developing costs. It is measured at costs less accumulated amortization and accumulated impairment. Natural resource is amortized after the mining license is acquired by production life (20 years) using the straight-line method, with the amortized amount recognized through profit or loss.

Salvage value, amortization period, and amortization method should be inspected at least at every fiscal year-end. If any changes occur, changes should be recognized as changes in accounting estimate.

(Continued)

(o) Impairment of non-financial assets

The Consolidated Company assesses whether impairment has occurred on its non-financial assets other than inventories, contract assets, and deferred tax assets at every reporting date, and estimates the recoverable amounts of assets with indication of impairment. If it is not able to estimate the recoverable amounts of the individual assets, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

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

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

Impairment losses are recognized immediately in profit or loss.

(p) Provisions

A provision is recognized if, as a result of a past event, the Consolidated Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognized based on the estimated expenditures that may incur during the warranty period of the contracted projects. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities. Provisions are reversed when actual expenditures incur. If the expenditures exceed the balance of the provisions, they are recognized as expenses for the period.

(ii) Onerous contracts

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

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(q) Revenue recognition

Revenue is measured based on the consideration to which the Consolidated Company expects to be entitled in exchange for transferring goods or services to a customer. The Consolidated 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 Consolidated Company's main types of revenue are explained below：

(i) Sale of goods

The Consolidated 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 Consolidated Company has objective evidence that all criteria for acceptance have been satisfied.

(ii) Construction contracts

The Consolidated Company engages in construction contracts. Because its customer controls the asset as it is constructed, the Consolidated Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The customer pays the fixed amount based on a payment schedule. If the Consolidated Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

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

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

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

The Consoldiated Company recognizes provisions for its warranty for the agreed specifications of the construction contracts.

(iii) Re-Bar Processing Services

The Consolidated Company provides Re-Bar processing services, and the related income is recognized during the financial reporting period of the provision of labor services.

(Continued)

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If the situation changes, under a fixed price contract, the customer pays a fixed amount according to the agreed schedule. A contract liability is recognized when the payment exceeds the service rendered.

The Consolidated 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.

(iv) Rendering of services

The Consolidated Company is engaged in the collection and disposal services of electric arc furnace dusts (EAF dusts). The revenue is recognized when the services are completed. The total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The Consolidated Company does not expect significant differences in the timing of revenue recognition for these services.

(v) Financing components

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

(r) Contract costs

(i) Incremental costs of obtaining a contract

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

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

(ii) Costs to fulfil a contract

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

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

(Continued)

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

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

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as expense for the period in which services are rendered by employees.

(ii) Defined benefit plans

The Consolidated 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 Consolidated Company, an asset is recognized but the recognized asset is limited to the total of 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.

Remeasurement of the net defined benefit liability, comprising 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 Consolidated Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(Continued)

(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 Consolidated 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.

(t) 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 Consolidated Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred taxes are measured at 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 Consolidated 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.

(u) Earnings per share

The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after adjustments for the effects of all potentially dilutive ordinary shares, including convertible bonds.

(v) Operating segments

An operating segment is a component of the Consolidated Company that engages in business activities from which it may incur revenues and incur expenses. Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

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

In preparing these consolidated 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 Consolidated 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.

(a) Judgment of whether the Consolidated Company has substantive control over its investees

The Consolidated Company holds 46.19% and 35% of the outstanding voting shares of its associates, Katec R&D Corp. and Fujian Sino-Japan Metal Corp., respectively, and is the single largest shareholder of both investees. Although the remaining shares are not concentrated within specific shareholders, the Consolidated Company still cannot obtain more than half of their directors and the voting rights at their shareholders' meeting. Therefore, it is determined that the Consolidated Company has significant influence but not control over both associates.

(b) Impairment evaluation of property, plant and equipment

In the process of evaluating impairment, the Consolidated Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years.

(c) Revenue recognition of construction contracts

Contract revenue are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Estimated total contract costs of contracted items are assessed and determined by the management based on the nature of activities, expected sub-contracting charges, construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts.

The Consolidated Company’s accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Consolidated 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 Consolidated 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. prices) or indirectly (i.e. derived from prices).

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

For any transfers between 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(k), Investment property

Note 6(x), Financial instruments

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$ 2,646	2,659
Checking and demand deposits	911,082	1,045,605
Term deposits	385,771	294,761
Repurchase agreement	219,583	389,642
Cash and cash equivalents in the statement of cash flows	**$ 1,519,082**	**1,732,667**

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(i) Please refer to Note 6(x) for interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated 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 and other current or non-current assets. Please refer to Note 8 for details.

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

	December 31, 2024	December 31, 2023
Financial assets 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:		
Derivative instruments not used for hedging		
Foreign exchange forward contracts	$ 3,855	60,861

The Consolidated Company holds derivative financial instruments to hedge certain foreign exchange and price risk exposures 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 assets:

	December 31, 2024		
	Nominal amount (in thousands)	Currency	Maturity dates
Forward exchange purchased	USD 21,292	Sell USD/buy NTD	2025.01.02~2025.02.27
Forward exchange selled	USD 12,000	Sell USD/buy NTD	2025.01.17~2025.04.15

	December 31, 2023		
	Nominal amount (in thousands)	Currency	Maturity dates
Forward exchange purchased	USD 76,767	Sell USD/buy NTD	2024.01.02~2024.03.29

None of the financial assets at fair value through profit or loss was pledged as collateral as of December 31, 2024 and 2023, respectively.

(Continued)

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(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 common shares	$	432,618	436,936
Unlisted common shares		186,482	199,411
Total	$	**619,100**	**636,347**

(i) The Consolidated 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 Consolidated Company intends to hold for long-term for strategic purposes.

(ii) For market risk, please refer to Note 6(x).

(iii) None of the financial assets were pledged.

(d) Notes and accounts receivable

		December 31, 2024	December 31, 2023
Notes receivable	$	73,568	213,880
Accounts receivable		3,376,597	4,206,117
Accounts receivable-related parties		1,706	777
Overdue receivables		57,673	49,439
Less: allowance for impairment		(74,546)	(67,273)
	$	**3,434,998**	**4,402,940**

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

	December 31, 2024			
		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
With low risk	$	641,498	0%~0.30%	6,415
With moderate risk		2,688,840	0.68%~0.80%	20,113
With financial difficulties		47,993	100%	47,993
	$	**3,378,331**		**74,521**

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	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
With low risk	$ 757,735	0%~0.31%	6,211
With moderate risk	3,515,782	0.29%~0.82%	11,591
With financial difficulties	49,446	100%	49,446
	$ 4,322,963		**67,248**

The aging analysis of Domestic Steel Department and Steel Structure Department were determined as follows:

	December 31, 2024	December 31, 2023
Current	$ 3,304,539	4,253,868
1 to 60 days past due	824	19,649
61 to 364 days past due	24,963	-
More than 365 days past due	48,005	49,446
	$ 3,378,331	**4,322,963**

The loss allowance provision of notes and accounts receivable from Foreign Departments and Other Departments were determined as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	**$ 131,213**	0%~0.019%	**25**

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 131,938	0.019%	25
1 to 90 days past due	15,312	0%	-
	$ 147,250		**25**

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

	For the years ended December 31, 2024	For the years ended December 31, 2023
Balance at January 1	$ 67,273	97,674
Impairment losses recognized	11,367	12,520
Amounts written off	(1,003)	(20,900)
Impairment losses reversed	(2,641)	(11,991)
Foreign exchange losses	-	(36)
Loss of control over subsidiary	-	(9,994)
Recovery from the amount written off	(450)	-
Balance at December 31	**$ 74,546**	**67,273**

For credit risk, please refer to Note 6(x).

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(e) Other receivables

	December 31, 2024	December 31, 2023
Receivables from disposal of subsidiary	$ 20,794	203,454
Receivables from disposal of stocks	-	5,086
Other receivables-related parties	1	26
Tax refund receivable	3,630	-
Others	28,521	21,214
Less: allowance for impairmentl	(20,794)	-
	$ 32,152	**229,780**

Receivable from disposal of subsidiary of $20,794 thousand (CNY4,644 thousand) was provided for as loss allowance due to the inspection of the tax compensation and stamp duty from the State Taxation Administration in China. For credit risk, please refer to Note 6(x).

(f) Inventories

	December 31, 2024	December 31, 2023
Finished goods (including consigned goods)	$ 3,618,814	2,932,814
Work in process (including consigned goods and goods in transit)	3,772,977	3,271,844
Raw materials (including goods in transit)	9,146,739	10,949,307
Material (including consigned goods and goods in transit)	2,534,825	2,740,052
Inventories, net	**$ 19,073,355**	**19,894,017**

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 Consolidated 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 recognized was as follows:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Cost of goods sold	$ 42,943,878	46,511,066
Gain from receovery of inventory market price	(1,563)	(140,271)
Unallocated production overheads — capacity variance	187,442	164,684
Revenue from sales of materials and scrap	(230,538)	(196,367)
Total	**$ 42,899,219**	**46,339,112**

For the years ended December 31, 2024 and 2023, the inventory experienced a reversal of the previously recognized impairment losses due to an increase in the net realizable value. This increase was primarily attributed to the rising prices of international raw materials such as iron ore, coking coal, and steel scrap, which resulted in higher market selling prices for the inventory.

The Consolidated Company's processing costs recognized for providing services for the years ended December 31, 2024 and 2023, consisted of the following:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Processing costs	**$ 415,158**	**365,737**

(g) Loss control of subsidiaries

(i) In September 2023, the Consolidated Company acquired a letter of intent to purchase the entire shares of Fujian Tung Kang Steel Co., Ltd. from a third party, at a disposal of CNY 51,610 thousand (equivalent to approximately $228,219 thousand). Consequently, Goldham Development Co., Ltd. (Goldham) disposed its entire shares in Fujian Tung Kang Steel Co., Ltd., at the price mentioned above, based on a resolution approved during its board meeting held on October 23, 2023. All relevant registration procedures had been completed on November 9, 2023, resulting in Goldham's investment accounted for using the equity method to decrease by $246,645 thousand, with the estimated taxes and fees, exchange differences on translation of foreign financial statements, and reversal of side-flow and counter-flow transaction profits in the previous year, amounting to $12,644 thousand, $34,928 thousand, and $51,644 thousand, resulting in a loss on disposal of $14,354 thousand (recognized as other gains and losses in the consolidated comprehensive income statement), respectively. Please refer to Note 6 (w) for details.

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In order to ensure the safety of their equity trading fund security, Goldham entered into a capital supervision agreement with a buyer, entrusting Xiamen Bank Fuzhou Branch to supervise their transaction. According to the contract, upon completion of the ownership transfer, the fund incurred shall be remitted to a designated account. The amount of $203,454 thousand was recorded as other receivables as of December 31, 2023, of which $178,653 thousand (CNY 41,288) has been remitted to the supervision account jointly agreed by both parties to be frozen.

The aforementioned amount of $196,039 thousand (CNY43,943 thousand) was received as of December 31, 2024.The remaining amount may not be recoverable due to the inspection by the State Taxation Administration in China for additional taxes and stamp duty. Therefore, an impairment loss on financial assets of $20,563 thousand (CNY4,644 thousand) was recognized.

The details of the carrying amount of the assets and liabilities disposed by Fujian Tung Kang Steel Co., Ltd. was as follows:

Cash and cash equivalents	$	23,409
Notes receivable		31,171
Accounts receivable		132,290
Other receivables		1,123
Inventories		15,237
Current contract assets		241,334
Prepayments		933
Property, plant and equipment		94,012
Right-of-use assets		5,179
Refundable deposits		4,102
Other non-current assets		16,589
Carrying amount of net assets of previous subsidiaries	**$**	**565,379**
Notes and accounts payable	$	83,198
Other payables		10,387
Current contract liabilities		225,105
Guarantee deposits received		44
Carrying amount of net liabilities of previous subsidiaries	**$**	**318,734**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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(h) Investments accounted for using the equity method

(i) The Consolidated Company's financial information on 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	$ 1,494,909	1,503,674

	For the years ended December 31, 2024	2023
Attributable to the Consolidated Company:		
Net income from continuing operations	$ 96,770	129,431
Other comprehensive income	217	(1,490)
Total	$ 96,987	127,941

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

	For the years ended December 31, 2024	2023
Katec Research & Development Corp.	$ 14,116	11,293
Taiwan Steel Union Co., Ltd.	106,765	161,389
Total	$ 120,881	172,682

(iii) Collateral

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

(i) Property, plant and equipment

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

	Land	Land improvements	Building and structures	Machinery and equipment	Miscellaneous equipment	Other assets	Construction in progress	Total
Cost or deemed cost:								
Balance as of January 1, 2024	$ 5,549,555	27,241	9,948,920	30,179,089	470,089	380,288	393,765	46,948,947
Additions	-	2,587	26,865	656,508	24,147	7,144	457,169	1,174,420
Reclassification in (out)	(3,970)	-	16,457	574,891	-	3,970	(573,071)	18,277
Disposals	-	-	(5,061)	(111,233)	(12,642)	-	-	(128,936)
Effects of exchange rates and others	-	-	57,576	53,694	517	-	234	112,021
Balance as of December 31, 2024	$ 5,545,585	29,828	10,044,757	31,352,949	482,111	391,402	278,097	48,124,729

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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	Land	Land improvements	Building and structures	Machinery and equipment	Miscellaneous equipment	Other assets	Construction in progress	Total
Balance as of January 1, 2023	$ 5,478,223	24,889	10,069,127	30,233,984	470,783	389,632	211,154	46,877,792
Loss of control of subsidiary	-	-	(132,052)	(187,801)	(21,711)	-	-	(341,564)
Additions	8,076	2,352	68,918	234,978	37,020	27,502	265,807	644,653
Reclassification in (out)	63,256	-	29,767	83,512	97	(36,807)	(82,357)	57,468
Disposals	-	-	(23,465)	(48,573)	(13,117)	(39)	-	(85,194)
Effects of exchange rates and others	-	-	(63,375)	(137,011)	(2,983)	-	(839)	(204,208)
Balance as of December 31, 2023	**$ 5,549,555**	**27,241**	**9,948,920**	**30,179,089**	**470,089**	**380,288**	**393,765**	**46,948,947**
Accumulated depreciation and impairment losses:								
Balance as of January 1, 2024	$ -	2,548	4,707,599	22,863,712	322,843	-	-	27,896,702
Depreciation for the period	-	2,724	270,146	1,173,670	39,671	-	-	1,486,211
Disposals	-	-	(4,827)	(105,736)	(12,642)	-	-	(123,205)
Effects of exchange rates and others	-	-	26,203	55,964	218	-	-	82,385
Balance as of December 31, 2024	**$ -**	**5,272**	**4,999,121**	**23,987,610**	**350,090**	**-**	**-**	**29,342,093**
Balance as of January 1, 2023	$ -	-	4,575,293	21,952,131	311,801	-	-	26,839,225
Depreciation for the period	-	2,548	275,870	1,188,065	41,271	-	-	1,507,754
Loss of control of subsidiary	-	-	(106,148)	(172,404)	(15,914)	-	-	(294,466)
Disposals	-	-	(22,131)	(43,381)	(12,699)	-	-	(78,211)
Effects of exchange rates and others	-	-	(15,285)	(60,699)	(1,616)	-	-	(77,600)
Balance as of December 31, 2023	**$ -**	**2,548**	**4,707,599**	**22,863,712**	**322,843**	**-**	**-**	**27,896,702**
Carrying value								
Balance as of December 31, 2024	**$ 5,545,585**	**24,556**	**5,045,636**	**7,365,339**	**132,021**	**391,402**	**278,097**	**18,782,636**
Balance as of December 31, 2023	**$ 5,549,555**	**24,693**	**5,241,321**	**7,315,377**	**147,246**	**380,288**	**393,765**	**19,052,245**

(i) Land borrowed name registration and trust registration

Several agricultural lands of the Consolidated 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 Consolidated 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	$ 391,402	380,288
Investment property	553,564	499,124
	$ 944,966	**879,412**

(ii) Impairment

For the years ended December 31, 2024 and 2023, the Consolidated Company performed an assessment on the property, plant and equipment that indicated impairment. The recoverable amount was calculated using the value in use. For the years ended December 31, 2024 and 2023, the carrying value was higher than the value in use. The Consolidated Company recorded an impairment loss which amounted to $7,242 thousand and $7,540 thousand respectively.

(iii) 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.

(iv) Collateral

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

(j) Right-of-use assets

The Consolidated Company leases many assets including land, building and structures, machinery and equipment, transportation equipment and office equipment. Information about leases for which the Consolidated Company as a lessee is presented below:

	Land	Building and structures	Machinery and equipment	Transportation equipment	Office equipment	Total
Cost:						
Balance at January 1, 2024	$ 315,654	50,075	88,402	31,207	5,607	490,945
Additions	5,765	16,378	-	4,877	2,105	29,125
Disposal	-	(10,575)	-	(2,495)	(533)	(13,603)
Effect of exchange rates	1,262	26	684	-	-	1,972
Balance at December 31, 2024	**$ 322,681**	**55,904**	**89,086**	**33,589**	**7,179**	**508,439**
Balance at January 1, 2023	$ 330,800	49,570	91,483	24,639	5,802	502,294
Loss of control of subsidiary	(6,497)	-	-	-	-	(6,497)
Additions	5,258	7,739	-	14,364	1,284	28,645
Disposal	(8,250)	(7,010)	-	(7,796)	(1,479)	(24,535)
Effect of exchange rates	(5,657)	(224)	(3,081)	-	-	(8,962)
Balance at December 31, 2023	**$ 315,654**	**50,075**	**88,402**	**31,207**	**5,607**	**490,945**
Accumulated depreciation:						
Balance at January 1, 2024	$ 75,495	36,920	51,470	10,558	2,973	177,416
Depreciation for the period	19,260	15,456	10,482	8,528	1,158	54,884
Disposal	-	(10,575)	-	(2,495)	(474)	(13,544)
Effect of exchange rates	152	63	356	-	-	571
Balance at December 31, 2024	**$ 94,907**	**41,864**	**62,308**	**16,591**	**3,657**	**219,327**
Balance at January 1, 2023	$ 65,924	28,968	42,528	11,242	3,069	151,731
Loss of control of subsidiary	(1,318)	-	-	-	-	(1,318)
Depreciation for the period	19,927	15,104	10,790	7,112	974	53,907
Disposal	(8,250)	(6,923)	-	(7,796)	(1,070)	(24,039)
Effect of exchange rates	(788)	(229)	(1,848)	-	-	(2,865)
Balance at December 31, 2023	**$ 75,495**	**36,920**	**51,470**	**10,558**	**2,973**	**177,416**
Carrying amount:						
Balance at December 31, 2024	**$ 227,774**	**14,040**	**26,778**	**16,998**	**3,522**	**289,112**
Balance at December 31, 2023	**$ 240,159**	**13,155**	**36,932**	**20,649**	**2,634**	**313,529**

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(k) Investment property

	Land and improvements	Building 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 and impairment losses:			
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 amount:			
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 Cianjhen 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) The fair value of investment property is in reference to the appraisal report done by independent professionals (with certificated qualification and recent experience in appraisals of items that are within the same area or of similar items). The valuation technique used is classified as the third hierarchy of input value.

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

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

(l) Short-term loans

(i) The details of the Consolidated Company's short-term loans were as follows:

	December 31, 2024	December 31, 2023
Letters of credits	$ 17,439	72,950
Unsecured bank loans	8,753,205	13,811,709
	$ 8,770,644	**13,884,659**
Unused short-term credit lines (including notes and bills payable)	**$ 33,425,615**	**25,675,102**
Range of interest rates	**1.71%~5.5603%**	**1.50%~6.829%**

(m) Long-term loans

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

	December 31, 2024			
	Currency	**Interest rate**	**Maturity**	**Amount**
Unsecured bank loans	TWD	1.79%~2.11%	2025.06.12 ~2026.11.10	$ 3,246,170
Less：current portion				(304,846)
Total				**$ 2,941,324**
Unused credit lines				**$ 2,681,209**

	December 31, 2023			
	Currency	**Interest rate**	**Maturity**	**Amount**
Unsecured bank loans	TWD	1.67~1.90%	2024.11.24 ~2026.06.12	$ 1,040,381
Unsecured bank loans	USD	5.48%~6.05%	2024.01.17 ~2025.01.17	571,545
Less：current portion				(190,515)
Total				**$ 1,421,411**
Unused credit lines				**$ 4,420,919**

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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(n) Lease liabilities

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

		December 31, 2024	December 31, 2023
Current	$	39,209	43,047
Non-current	$	122,965	140,808

The amounts recognized in profit or loss were as follows:

		For the years ended December 31, 2024	For the years ended December 31, 2023
Interest on lease liabilities	$	3,088	2,824
Variable lease payments not included in the measurement of lease liabilities	$	255	-
Income from sub-leasing right-of-use assets	$	450	463
Expenses relating to short-term leases	$	28,388	29,370
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	4,708	4,909

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

		For the years ended December 31, 2024	For the years ended December 31, 2023
Total cash outflow for leases	$	86,852	84,970

(i) Real estate leases

The Consolidated Company leases land and buildings for its office space and storage locations. The leases for office space and storage locations typically run for a period of 2 to 3 years；and for land in Vietnam and China is 50 years. Some leases 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 Consolidated 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 Consolidated Company and not by the lessors. In which lessee 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 Consolidated Company leases machinery equipment and transportation equipment, with lease terms of 2 to 5 years. In some cases, the Consolidated 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 Consolidated Company also leases transportation, IT equipment and machinery with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Consolidated Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(iii) Short-term rental fees

Short-term rental fees included the discontinued operation fees of $677 thousand for the year ended December 31, 2023.

(o) Operating lease

There were no significant changes in operating lease for the years ended December 31, 2024 and 2023. Please refer to Note 6(k) to the consolidated financial statements for the year ended December 31, 2024.

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	$ 57,410	59,010
One to two years	46,757	10,024
Two to three years	45,282	8,922
Three to four years	45,300	6,975
Four to five years	45,239	6,915
Over five years	103,779	82,309
	$ 343,767	**174,155**

The operating lease revenues for the December 31, 2024 and 2023, were $48,821 thousand and $51,358 thousand.

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(p) Other payables

	December 31, 2024	December 31, 2023
Accrued payroll, year-end bonuses, provisionally estimated bonuses, remuneration of directors and supervisors, and employee benefits	$ 911,229	900,320
Freight payable	194,189	191,409
Utilities payable	392,684	322,165
Sales bonuses payable	244,830	272,014
Waste disposal payable (including to related parties)	73,121	99,262
Taxes payable	95,002	119,562
Repair and maintenance payable	98,182	94,396
Equipment payable	252,299	19,077
Other operating and manufacturing overhead payable(including to related parties)	199,560	230,531
	$ 2,461,096	**2,248,736**

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

(q) Employee benefits

(i) Defined benefit plan

Reconciliation between the present value of the Consolidated Company’s defined benefit obligation and the fair value of the plan assets were as follows：

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligation	$ 1,353,695	1,433,862
Fair value of the plan assets	(1,315,923)	(1,222,802)
Net defined benefit liabilities	**$ 37,772**	**211,060**

1) Composition of the plan assets

The Labor Pension Fund Supervisory Committee manages the Consolidated Company’s pension fund which is being funded according to the Labor Standards Act. Under the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, this fund is required to distribute income of not less than the interest income derived from two-year time deposit with the local banks.

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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As of December 31, 2024 and 2023, the balance of the Consolidated Company's pension fund at Bank of Taiwan amounted to $1,315,923 thousand and $1,222,802 thousand, respectively. Please refer to the related information published on the website of the Labor Pension Supervisory Committee concerning the utilization off the labor pension fund, related yield rate and its asset allocation.

2) Changes in the present value of the defined benefit obligation

Changes in the present value of the Consolidated Company's defined benefit obligation were as follows：

	For the years ended December 31, 2024	2023
Balance as of January 1	$ 1,433,862	1,507,094
Service cost and interest expense for the period	21,563	24,323
Remeasurements of the net defined benefit liabilities		
－Experience adjustments	(12,026)	6,817
Profit or loss from past service cost	-	3,280
Benefits paid	(89,704)	(107,652)
Balance as of December 31	**$ 1,353,695**	**1,433,862**

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
Balance as of January 1	$ 1,222,802	1,246,137
Interest income	12,518	12,760
Remeasurements of the net defined benefit liabilities		
－Return on plan assets (excluding interests for the period)	114,561	13,665
Contributions from employer	55,746	57,892
Benefits paid	(89,704)	(107,652)
Balance at December 31	**$ 1,315,923**	**1,222,802**

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

	For the years ended December 31, 2024	2023
Service cost for the period	$ 7,215	9,253
Net interest expense of net defined benefit liabilities	1,830	2,310
Service cost for prior periods	-	3,280
	$ 9,045	**14,843**

(Continued)

		For the years ended December 31, 2024	2023
Operating costs	$	7,051	9,768
Selling expenses		307	434
Administrative expenses		1,687	4,641
	$	**9,045**	**14,843**

4) Actuarial assumptions

The principal assumptions of the Company's actuarial valuation were as follows：

	For the years ended December 31, 2024	2023
Discount rates	1.55 %	1.00 %
Rates of increase in future salary	2.50 %	2.00 %

The Company expects to make a contribution of $55,628 thousand to its defined benefit plans in the following year, beginning December 31, 2024. The weighted average duration of the defined benefit obligation is 5.0 years.

The principal assumptions of the subsidiaries' actuarial valuation were as follows：

	For the years ended December 31, 2024	2023
Discount rates	1.50 %	1.25 %
Rates of increase in future salary	2.00 %	2.00 %

The subsidiaries' expects to make a contribution of $117 thousand to its defined benefit plans in the following year, beginning December 31, 2024. The weighted average duration of the defined benefit obligation is 22.4 years.

5) 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 Consolidated Company's defined benefit obligations Increase by 0.25%	Decrease by 0.25%
December 31, 2024			
Discount rate	$	(10,124)	10,373

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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		Effects on the Consolidated Company's defined benefit obligations	
		Increase by 1%	**Decrease by 1%**
Rate of increase in future salary	$	42,228	(39,108)

		Effects on the Consolidated Company's defined benefit obligations	
		Increase by 0.25%	**Decrease by 0.25%**
December 31, 2023			
Discount rate	$	(12,540)	12,875

		Effects on the Consolidated Company's defined benefit obligations	
		Increase by 1%	**Decrease by 1%**
Rate of increase in future salary	$	52,284	(48,040)

The above sensitivity analysis was based on the changes of a single assumption while holding other assumptions constant. In practicality, it is reasonably possible that the changes in different assumptions are linked to one another. The sensitivity analysis adopts the same method for determining the defined benefit assets at the reporting date.

There was no change of method and assumptions used in the sensitivity analysis for 2024 and 2023.

(ii) Defined contribution plan

The Consolidated 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 Consolidated 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 Consolidated Company's pension costs under the defined contribution plan were $84,097 thousand and $75,819 thousand for 2024 and 2023, respectively. The payment was made to the Bureau of the Labor Insurance.

(Continued)

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(r) Income tax

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

		For the years ended December 31, 2024	2023
Income tax expense for the period			
Current tax expense incurred during the period	$	1,222,980	1,310,198
Adjustment for prior periods		(41,480)	249
		1,181,500	1,310,447
Deferred tax expenses			
The origination and reversal of temporary differences		17,572	(17,551)
Income tax expenses (Not including discontinued operation)	$	**1,199,072**	**1,292,896**

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	2023
Profit before income tax	$	**5,724,786**	**6,006,021**
Income tax using the Company’s domestic tax rate	$	1,144,957	1,201,204
Effect of difference in income tax rates between foreign investees		59,384	33,187
Permanent difference		(101,979)	(103,453)
Current investment tax credits used		(9,886)	(7,620)
Use carryforward losses on unrecognized deferred tax assets		(16,532)	(4,738)
Changes of unrecognized temporary difference		63,535	73,966
Losses from current periods of unrecognized deferred tax assets		39,734	37,473
Over-estimation from prior periods		(2,490)	77
Surtax on unappropriated earnings		60,325	60,019
Difference between administrative remedy and assessment by the tax authority		(38,990)	-
Other adjustments		1,014	2,781
Total	$	**1,199,072**	**1,292,896**

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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

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

2) Unrecognized deferred tax assets

The items of unrecognized deferred tax assets were as follows：

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	$ 33,031	35,615
Temporary differences related to investment in subsidiary	815,038	748,919
Loss carry-forward	191,705	339,239
	$ 1,039,774	**1,123,773**

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

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of five to ten years for local tax reporting purposes. No deferred tax assets have been recognized in respect of the losses due to the uncertainty about whether there will be sufficient taxable gains in the future to utilize the taxable losses.

As of December 31, 2024 and 2023, the Consolidated Company's unused loss carry-forwards that were not recognized as deferred tax assets were $1,649,865 thousand and $3,035,572 thousand, the deductible deadline were December 31, 2030 and 2029.

3) Recognized deferred tax assets and liabilities

Changes in 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	2,257	169,431
Recognized in profit	-	4,799	4,799
Balance as of December 31, 2024	**$ 167,174**	**7,056**	**174,230**

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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	Reserve for land appreciation tax	Others	Total
Balance as of January 1, 2023	$ 167,174	20,406	187,580
Recognized in profit	-	(18,162)	(18,162)
Exchange difference on translation of financial statements of foreign operating institutions	-	13	13
Balance as of December 31, 2023	$ **167,174**	**2,257**	**169,431**

	Defined benefit plans	Unrealized loss on financial assets	Reversal of difference on difference between financial and tax reports arising from deferred gain on foreign exchange forward contracts	Loss carry-forward	Others	Total
Deferred tax assets:						
Balance as of January 1, 2024	$ 1,808	12,172	11,147	5,259	54,545	84,931
Recognized in profit	52	(11,362)	(1,854)	(5,259)	5,650	(12,773)
Recognized in other comprehensive income	(120)	-	-	-	-	(120)
Exchange difference on translation of financial statements of foreign operating institutions	-	-	-	-	37	37
Balance as of December 31, 2024	$ **1,740**	**810**	**9,293**	**-**	**60,232**	**72,075**
Balance as of January 1, 2023	$ 11,115	2,935	13,052	13,197	45,243	85,542
Recognized in profit	(9,307)	9,237	(1,905)	(7,938)	9,302	(611)
Balance as of December 31, 2023	$ **1,808**	**12,172**	**11,147**	**5,259**	**54,545**	**84,931**

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

(s) 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 (in dollars), and total issued ordinary shares amounted to 730,214 thousand shares. All issued shares were paid up upon issuance.

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 of total issued shares and outstanding shares 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**

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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(ii) Capital surplus

The balances of capital surplus 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 between the acquiring value and the carrying value of subsidiaries	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.

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.

(Continued)

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 energy-saving 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 $308,879 thousand.

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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, 2025, the Company's Board of directors resolved to appropriste the 2024 earnings. The relevant divided distributions to shareholders was as follows:

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

(iv) Other equity interest, (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:			
The Consolidated Company	62,420	-	62,420
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	(13,458)	(13,458)
Others：			
The Consolidated Company	-	(435)	(435)
Balance as of December 31, 2024	**$ (562,748)**	**305,998**	**(256,750)**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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	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:			
The Consolidated Company	(104,984)	-	(104,984)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	111,592	111,592
Other:			
The Consolidated Company	-	2	2
Balance as of December 31, 2023	**$ (625,168)**	**319,891**	**(305,277)**

(t) Earnings per share

The Company's earnings per share were calculated as follows:

	For the years ended December 31, 2024	2023
Basic earnings per share (in dollars)		
Continuing operations	$ 6.13	6.41
Discontinued operation	-	0.07
Total	**$ 6.13**	**6.48**
Profit attributable to ordinary shareholders of the Company		
Continuing operations	$ 4,479,837	4,678,651
Discontinued operation	-	50,695
Total	**$ 4,479,837**	**4,729,346**
Weighted-average number of outstanding ordinary shares (in thousands)	**730,214**	**730,214**
Diluted earnings per share (in dollars)		
Continuing operations	$ 6.12	6.39
Discontinued operation	-	0.07
Total	**$ 6.12**	**6.46**
Profit attributable to ordinary shareholders of the Company		
Continuing operations	$ 4,479,837	4,678,651
Discontinued operation	-	50,695
Total	**$ 4,479,837**	**4,729,346**
Weighted-average number of outstanding ordinary shares (in thousands)	730,214	730,214
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	2,264	2,441
Weighted-average number of outstanding ordinary shares (in thousands) (after adjustments of the effect of dilutive potential ordinary shares)	**732,478**	**732,655**

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the year ended December 31, 2024							
	Sale of goods		Construction contracts		Rendering of services		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operations	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Primary geographical markets:								
Taiwan	$ 40,851,046	-	13,433,419	-	561,444	-	54,845,909	-
The United States	71,459	-	-	-	-	-	71,459	-
Asia	3,036,647	-	-	-	1,378	-	3,038,025	-
Others	2,205,289	-	-	-	2,315	-	2,207,604	-
	$ 46,164,441	-	13,433,419	-	565,137	-	60,162,997	-
Main products/service lines:								
Re-Bar	$ 32,208,234	-	-	-	-	-	32,208,234	-
Section	13,763,511	-	-	-	-	-	13,763,511	-
Billet	3,165	-	-	-	-	-	3,165	-
Rendering of services	-	-	-	-	565,137	-	565,137	-
Metal structure	-	-	12,554,093	-	-	-	12,554,093	-
Civil engineering	-	-	879,326	-	-	-	879,326	-
Others	189,531	-	-	-	-	-	189,531	-
	$ 46,164,441	-	13,433,419	-	565,137	-	60,162,997	-

	For the year ended December 31, 2023							
	Sale of goods		Construction contracts		Rendering of services		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operations	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Primary geographical markets:								
Taiwan	$ 45,223,553	-	9,970,503	656	461,586	-	55,655,642	656
The United States	87,742	-	-	-	-	-	87,742	-
Asia	3,669,836	-	-	543,085	862	-	3,670,698	543,085
Others	1,544,835	-	-	-	2,991	-	1,547,826	-
	$ 50,525,966	-	9,970,503	543,741	465,439	-	60,961,908	543,741
Main products/service lines:								
Re-Bar	$ 35,282,556	-	-	-	-	-	35,282,556	-
Section	14,762,378	-	-	-	-	-	14,762,378	-
Billet	256,670	-	-	-	-	-	256,670	-
Rendering of services	-	-	-	-	465,439	-	465,439	-
Metal structure	-	-	9,459,139	543,741	-	-	9,459,139	543,741
Civil engineering	-	-	511,364	-	-	-	511,364	-
Others	224,362	-	-	-	-	-	224,362	-
	$ 50,525,966	-	9,970,503	543,741	465,439	-	60,961,908	543,741

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable	$ 73,568	213,880	221,246
Accounts receivable	3,378,303	4,206,894	3,413,472
Overdue receivables	57,673	49,439	63,628
Less: allowance for impairment	(74,546)	(67,273)	(102,021)
Total	**$ 3,434,998**	**4,402,940**	**3,596,325**
Contract assets－construction contract	**$ 5,492,215**	**4,426,703**	**3,828,719**
Contract liabilities－advance receipts	$ 2,186,719	1,737,086	1,381,809
Contract liabilities－construction contract	1,394,285	1,254,582	1,473,195
Total	**$ 3,581,004**	**2,991,668**	**2,855,004**

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

The amounts 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 $1,737,086 thousand and $1,385,809 thousand, respectively.

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.

(v) Remunerations to employees and 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.

Employee compensation were calculated based on the Company's profit before income tax excluding the employee benefits and directors’remuneration of the period and the earnings allocation method as stated under the Company’s articles of incorporation and recognized as operating expense for the for the years ended December 31, 2024 and 2023. Related information is available at the Market Observation Post System website.

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There amounts, as stated in the financial statements for the years ended December 31, 2024 and 2023, are identical to those of the actual distributions.

	For the years ended December 31,	
	2024	**2023**
Remuneration to employees	$ 136,813	149,342
Remuneration to directors	109,450	119,474
	$ 246,263	**268,816**

(w) Non-operating income and expenses

(i) Interest income

	For the years ended December 31,			
	2024		**2023**	
	Continuing operations	**Discontinued operation**	**Continuing operations**	**Discontinued operation**
Interest income from bank deposits	$ 31,583	-	31,335	3,619
Other interest income	2,265	-	5,976	-
	$ 33,848	**-**	**37,311**	**3,619**

(ii) Other income

	For the years ended December 31,			
	2024		**2023**	
	Continuing operations	**Discontinued operation**	**Continuing operations**	**Discontinued operation**
Rental income	$ 54,244	-	58,165	276
Dividend income	39,803	-	38,018	-
Scrap income	6,505	-	6,763	2,927
	$ 100,552	**-**	**102,946**	**3,203**

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(iii) Other gains and losses

	For the years ended December 31,			
	2024		2023	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Losses on disposal of property, plant and equipment	$ (2,401)	-	(4,313)	(893)
Foreign exchange losses	(47,586)	-	(638)	(4,176)
Net gain on financial assets or liabilities at fair value through profit or loss	148,036	-	136,851	-
Property, plant and equipment transferred to expense	(6,955)	-	-	-
Prepayments for equipment transferred to expense	(7,918)	-	-	-
Compensation income (loss)	3,538	-	(4,582)	-
Impairment losses on financial assets	(20,563)	-	-	-
Loss on disposal of subsidiary	-	-	(14,354)	-
Impairment losses on non-financial assets	-	-	(1,751)	-
Government grants	10,198	-	-	-
Remuneration income of directors and supervisors	34,099	-	23,984	-
Others	21,976	-	33,135	(2,336)
	$ 132,424	**-**	**168,332**	**(7,405)**

(Note) The Consolidated Company performed an impairment assessment on the investment value of natural resources in 2024 and 2023, respectively. The valuation expert used the Monte Carlo method to simulate the value of the investment, and there was no impairment loss in 2024, as the recoverable amount of the investment was higher than the carrying amount. However, the Consolidated Company recognized an impairment loss of $1,751 thousand in 2023, as the carrying amount was higher than the recoverable amount. The inputs used in its fair value evaluation were categorized as Level 3 of the fair value hierarchy.

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(iv) Finance costs

	For the years ended December 31,			
	2024		2023	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Interest Expense				
Bank loans	$ 342,026	-	429,094	248
Interest on domestic commerical papers	2,370	-	5,091	-
Lease liabilities	3,088	-	2,851	-
Less: interest capitalization	(3,734)	-	(2,337)	-
	$ 343,750	**-**	**434,699**	**248**

(x) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets excluding cash and cash equivalents represents the Consolidated Company's maximum credit exposure. As of December 31, 2024 and 2023, the maximum exposure to credit risk amounted to $4,553,010 thousand and $5,730,686 thousand, respectively.

2) Concentration of credit risk

Credit risk, which is mainly generated from operating activities, is the risk that counterparties default. The Consolidated Company only deals with counterparties that are reputable. Therefore, it is not expected to generate any material credit risk. Moreover, the Consolidated 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 but 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	$ 12,016,814	12,117,434	8,619,952	534,181	2,963,301	-	-
Current financial liabilities at fair value through profit or loss	3,855	3,855	3,855	-	-	-	-
Lease liabilities	162,174	171,084	22,273	19,283	36,631	45,634	47,263
Accounts and notes payable	2,920,583	2,920,583	2,920,583	-	-	-	-
Other payables	2,461,096	2,461,096	2,461,096	-	-	-	-
Guarantee deposits received	9,541	9,541	9,541	-	-	-	-
	$ 17,574,063	**17,683,593**	**14,037,300**	**553,464**	**2,999,932**	**45,634**	**47,263**

(Continued)

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Unsecured bank loans	$ 15,496,585	15,569,227	13,848,701	282,471	898,842	539,213	-
Current financial liabilities at fair value through profit or loss	60,861	60,861	60,861	-	-	-	-
Lease liabilities	183,855	191,964	22,807	22,361	36,853	60,686	49,257
Accounts and notes payable	3,003,319	3,003,319	3,003,319	-	-	-	-
Other payables	2,248,736	2,248,736	2,248,736	-	-	-	-
Guarantee deposits received	7,016	7,016	7,016	-	-	-	-
	$ 21,000,372	21,081,123	19,191,440	304,832	935,695	599,899	49,257

The Consolidated Company does not expected that 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 Consolidated 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	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 61,291	32.79	2,009,732	6,267	30.71	192,460
CNY	2,709	4.478	12,131	49,601	4.327	214,624
Financial liabilities						
Monetary items						
USD	$ 54,024	32.79	1,771,447	41,727	30.71	1,281,436
CNY	27	4.478	121	-	-	-

Since the Consolidated Company has many kinds of functional currency, the information on foreign exchange (losses) gains on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, the foreign exchange losses (including realized and unrealized portions) amounted to $47,586 thousand and $58,009 thousand, respectively.

2) Sensitivity analysis

The Consolidated Company’s exposure to exchange rate risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivable and loans, which were denominated in different foreign currencies. The overall effects to net income for the years ended December 31, 2024 and 2023 assuming the NTD 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	$	1,906	(1,906)
CNY		96	(96)
	$	**2,002**	**(2,002)**

		Effect of appreciation on profit after tax	Effect of depreciation on profit after tax
December 31, 2023			
USD	$	(8,712)	8,712
CNY		1,717	(1,717)
	$	**(6,995)**	**6,995**

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the risk exposure to interest rates of the 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 change in interest rate.

If the interest rate increases by 1%, the Consolidate Company's net profit after tax will decrease by $(96,135) thousand and $123,973 thousand for the years ended December 31, 2024 and 2023 respectively, assuming all other variable factors remain constant.

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(v) Other market price risk：

The impact of hypothetical changes in prices of equity securities on other comprehensive income on the reporting date was as follows：

	For the years ended December 31,			
	2024		2023	
Security price on reporting date	Other comprehensive income after tax	Profit after tax	Other comprehensive income after tax	Profit after tax
Increase 1%	$ 4,326	1,092	4,369	1,446
Decrease 1%	$ (4,326)	(1,092)	(4,369)	(1,446)

(vi) Fair value of financial instruments

1) Types and fair value of financial instruments

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

	December 31, 2024				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial asset－Stocks listed on domestic stocks	$ 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	1,519,082	-	-	-	-
Notes and accounts receivable	3,434,998	-	-	-	-
Other receivables	32,152	-	-	-	-
Refundable deposits and pledged deposits	357,556	-	-	-	-
Subtotal	5,343,788	-	-	-	-
Total	$ 6,072,092	541,822	-	186,482	728,304

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	December 31, 2024				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities－forward foreign exchange contracts	$ 3,855	-	3,855	-	3,855
Financial liabilities measured at amortized cost					
Short-term loans	8,770,644	-	-	-	-
Long-term loans (including current portion)	3,246,170	-	-	-	-
Notes and accounts payable	2,920,583	-	-	-	-
Other payables	2,461,096	-	-	-	-
Lease liabilities (including current portion)	162,174	-	-	-	-
Guarantee deposits received	9,541	-	-	-	-
Subtotal	17,570,208	-	-	-	-
Total	**$ 17,574,063**	**-**	**3,855**	**-**	**3,855**

	December 31, 2023				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets－stocks listed on domestic stocks	$ 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	199,411	-	-	199,411	199,411
Subtotal	636,347	436,936	-	199,411	636,347
Financial assets measured at amortized cost					
Cash and cash equivalents	1,732,667	-	-	-	-
Notes and accounts receivable	4,402,940	-	-	-	-
Other receivables	229,780	-	-	-	-
Refundable deposits and pledged deposits	317,000	-	-	-	-
Subtotal	6,682,387	-	-	-	-
Total	**$ 7,463,353**	**581,555**	**-**	**199,411**	**780,966**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities－foreign exchange forward contracts	$ 60,861	-	60,861	-	60,861
Financial liabilities measured at amortized cost					
Short-term loans	13,884,659	-	-	-	-
Long-term loans (including current portion)	1,611,926	-	-	-	-
Notes and accounts payable	3,003,319	-	-	-	-
Other payables	2,248,736	-	-	-	-
Lease liabilities (including current portion)	183,855	-	-	-	-
Guarantee deposits received	7,016	-	-	-	-
Subtotal	20,939,511	-	-	-	-
Total	**$ 21,000,372**	**-**	**60,861**	**-**	**60,861**

(Continued)

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

a) Non-derivative financial instrument

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 Consolidated 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 Consolidated 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 in the years ended December 31, 2024 and 2023.

(Continued)

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income Unquoted equity instruments
January 1, 2024	$ 199,411
Purchased	3,858
Capital reduction and return of shares	(5,400)
Total losses recognized in other comprehensive income	(9,069)
Disposals	(2,318)
December 31, 2024	**$ 186,482**
January 1, 2023	$ 158,472
Purchased	3,941
Capital reduction and return of shares	(5,960)
Liquidation	(212)
Total gains recognized in other comprehensive income	43,170
December 31, 2023	**$ 199,411**

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	**2023**
Total (losses) 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 Consolidated 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 Consolidated Company's investments in equity instruments. Since the significant unobservable inputs are independent of each other, no interrelationship exists.

Quantified information of significant unobservable inputs was as follow:

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 －equity investments without an active market	· Market comparable companies	· 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 marketability (21.16%~35.84%, and 18.94%~35.70%, as of December 31, 2024 and 2023)	·The higher the multiplier, the higher the fair value ·The higher the discount rate lack of marketability, the lower the fair value
	· Asset method	·Net asset value	·The higher the net assets, the higher the fair value
		·Discount rate for lack of marketability (8.74%~29.20%, and 8.33%~29.96%, as of December 31, 2024 and 2023	·The higher the discount rate lack of marketability, 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 Consolidated 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 investments without an active market	Discount rate circulation 8.74%~35.84%	5%	$ 11,370	(11,370)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 8.33%~35.70%	5%	12,264	(12,264)

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.

(y) Financial risk management

(i) Summary

The Consolidated Company is exposed to the following risks by using financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Consolidated Company'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) The structure of risk management

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

The audit committee of the Company oversees how the management complies in monitoring the Consolidated 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 Consolidated Company. The internal audit sector of the Consolidated 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 Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Company' s receivables from customers and investment 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.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Consolidated Company's finance department. The Consolidated Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Consolidated Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

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

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Consolidated 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 Consolidated Company' s reputation. Therefore, the Consolidated Company believes the liquidity risk is low.

The Consolidated 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 Consolidated Company obtains its credit lines from certain financial institutions, of which the unused credit lines amounted to $36,106,824 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 exchange rates, interest rates and equity prices that will affect the Consolidated 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 Consolidated Company's exchange rate risks arise from transactions such as sales, purchases and borrowings that are not recognized at the Consolidated Company's functional currency.

Steel bars and sections are the two main products of the Consolidated 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 $1,487,000 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 Consolidated 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：

a) 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.

b) 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.

c) 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 Consolidated 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 Consolidated Company. Besides, the Consolidated 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 Consolidated 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 Consolidated 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.

(z) Capital management

Although business operated by the Consolidated 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 Consolidated 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.

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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The Consolidated 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. Total capital is the total component of equity (ie, equity, additional paid-in capital, retained earnings and other equity) plus net liabilities.

The Consolidated 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	$ 22,118,521	25,217,702
Less: cash and cash equivalents	(1,519,082)	(1,732,667)
Net liabilities	20,599,439	23,485,035
Total equity	32,762,096	31,161,178
Total capital	**$ 53,361,535**	**54,646,213**
Debt-to-capital ratio	**38.60 %**	**42.98 %**

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

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

The 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 prepayment of land and equipment to property, plant and equipment	**$ 25,232**	**61,016**
Changes in unrealized (losses) gains on financial instruments	**$ (13,386)**	**113,284**
Foreign exchange differences arising from foreign operations	**$ 62,761**	**(122,960)**
Increase in property, plant and equipment	$ 1,174,420	644,653
Add: Payable for equipment as of January 1	24,185	11,460
Less: Payable for equipment as of December 31	(252,299)	(24,185)
Cash paid	**$ 946,306**	**631,928**

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows: Acquisition	Cash flows: Repayment	Non-cash changes: Effect of exchange rates	Non-cash changes: Other	December 31, 2024
Short-term loans	$ 13,884,659	87,285,464	(92,498,344)	98,865	-	8,770,644
Long-term loans (including current portion)	1,611,927	5,807,000	(4,200,110)	27,353	-	3,246,170
Short-term notes and bills payable	-	1,550,000	(1,550,000)	-	-	-
Deposits received	7,016	2,525	-	-	-	9,541
Lease liabilities	183,855	-	(50,863)	57	29,125	162,174
Total liabilities from financing activities	**$ 15,687,457**	**94,644,989**	**(98,299,317)**	**126,275**	**29,125**	**12,188,529**

	January 1, 2023	Cash flows: Acquisition	Cash flows: Repayment	Non-cash changes: Effect of exchange rates	Non-cash changes: Other	December 31, 2023
Short-term loans	$ 13,994,974	108,629,540	(108,709,637)	(30,218)	-	13,884,659
Long-term loans (including current portion)	2,718,043	3,610,381	(4,713,510)	(2,988)	-	1,611,926
Short-term notes and bills payable	600,000	2,870,000	(3,470,000)	-	-	-
Deposits received	9,155	-	(2,139)	-	-	7,016
Lease liabilities	205,271	-	(48,330)	(1,731)	28,645	183,855
Total liabilities from financing activities	**$ 17,527,443**	**115,109,921**	**(116,943,616)**	**(34,937)**	**28,645**	**15,687,456**

(7) Related-party transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Consolidated Company
Katec R&D Corp.	An associate
Taiwan Steel Union Co., Ltd.	An associate
Fujian Sino-Japan Metal Corp.	An associate
Tung Sugar Energy Service Co., Ltd.	An associate
Far East Steel Enterprise Corp.	The entity's chairman is the same as the Company
Shen Yuan Investment Co., Ltd.	The entity's chairman is the same as the Company
Eturnity Corp.	The entity's chairman is the same as the Company
Hop Tsuen Co., Ltd.	The entity's chairman is the same as the Company
Anyao Co., Ltd.	The entity's chairman is the same as the Company
Tung Ho Steel Foundation	The entity's principal is the spouse of the chairman of the Company

Directors, general manager and vice general manager of the Consolidated Company

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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(b) Significant related-party transactions

(i) Sales from related parties

The amounts of significant sales by the Consolidated Company to related parties and the balance of outstanding accounts receivable were as follows:

	Sales		Accounts receivable	
	For the years ended December 31,			
	2024	2023	December 31, 2024	December 31, 2023
Associates	$ 5,014	6,458	1,706	777

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

(ii) Purchases from related parties

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

	Purchases		Accounts payable	
	For the years ended December 31,			
	2024	2023	December 31, 2024	December 31, 2023
Associates	$ 235	-	10	-
Other related parties	294	1,530	294	381
	$ 529	1,530	304	381

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were no different from the payment terms given by other vendors.

(iii) Guarantees and endorsement

The details of regarding balances of financing endorsement were as follows:

Expressed in thousands of USD

	December 31, 2024		
	Highest balance for the period	Ending amount (Note)	Actual amount usage
Associates	USD$ 10,500	USD 10,500	USD 5,250

	December 31, 2023		
	Highest balance for the period	Ending amount (Note)	Actual amount usage
Associates	USD$ 10,500	USD 10,500	USD 5,250

Note: The credit limit approved by the Board of Directors.

(Continued)

(iv) Others

	Rental income For the years ended December 31, 2024	2023
Associates	$ 3,269	3,284
Other related parties	4,740	4,575
	$ 8,009	**7,859**

	Miscellaneous revenue For the years ended December 31, 2024	2023
Associates	$ 660	3,000
Other related parties	-	304
	$ 660	**3,304**

	Operating expenses For the years ended December 31, 2024	2023
Associates	**$ 2,671**	**5,736**

	Donations For the years ended December 31, 2024	2023
Other related parties-Tung Ho Steel Foundation	**$ 5,624**	**4,980**

	Manufacturing expenses For the years ended December 31, 2024	2023
Associates	**$ 42,400**	**48,443**

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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Relationship	Other receivables December 31, 2024	Other receivables December 31, 2023	Other payables December 31, 2024	Other payables December 31, 2023
Associates	$ -	-	1,201	7,261
Other related parties	1	26	-	-
	$ 1	**26**	**1,201**	**7,261**

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	$ 57,591	43,697
Post-employment benefits	1,866	1,555
	$ 59,457	**45,252**

As of years ended December 31, 2024 and 2023, the Consolidated Company provided two vehicles at an aggregate cost of $7,640 thousand and $5,840 thousand, respectivity, for the key management personnel.

(8) Pledged assets

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

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2023
Other current and non-current assets	Customs guarantee and performance guarantee	$ 100,008	4,544
Reclassified as other current assets and refundable deposits	Performance guarantee	187,396	248,116
		$ 287,404	**252,660**

(9) Commitments and contingencies

(a) Unrecognized contractual commitments

(i) Gurantees securities

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 Consolidated Company did not ask counterparties for collateral as secure guarantees. The amounts of the Consolidated Company's guarantees were as following:

	December 31, 2024	December 31, 2023
Guarantees securities amounts	$ 344,295	322,455

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

	December 31, 2024	December 31, 2023
Bank credit limit	$ 19,240,147	19,056,148
Leases	200	200
Guaranteed payment for purchases of raw materials	90,600	81,800
	$ 19,330,947	19,138,148

(iii) Other:

	December 31, 2024	December 31, 2023
Unused outstanding letters of credit	$ 1,324,932	1,873,562
Provide customer with a guarantee letter from the bank for the performance guarantee	$ 1,394,054	1,417,631

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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(12) Other

(a) A summary of 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	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Employee benefits												
Salaries	2,095,090	-	960,977	-	3,056,067	-	1,965,580	12,633	906,700	13,764	2,872,280	26,397
Labor and health insurance	189,424	-	55,641	-	245,065	-	178,834	699	56,825	815	235,659	1,514
Pension expenses	74,071	-	19,071	-	93,142	-	66,429	589	22,470	1,174	88,899	1,763
Remuneration of directors	-	-	109,450	-	109,450	-	-	-	151,576	-	151,576	-
Other personnel expenses	71,614	-	16,395	-	88,009	-	65,752	1,034	15,378	875	81,130	1,909
Depreciation expenses	1,430,270	-	115,668	-	1,545,938	-	1,446,462	6,609	112,067	1,679	1,558,529	8,288
Amortization expenses	43,574	-	10,165	-	53,739	-	27,251	-	9,124	-	36,375	-

(b) Discontinued operation (Disposed operation)

As Note 6(g), the Consolidated Company acquired a letter of intent in September 2023 to purchase the entire equity of Fujian Tung Kang Steel Co., Ltd., resulting in its investment to be classified as a discontinued operation. The consolidated company completed the transfer of equity in Fujian Tung Kang Steel Co., Ltd. on November 9, 2023.

The operating results of the discontinued operations was as follows:

	For the year ended December 31, 2023
The operating results of the discontinued operations:	
Operating revenue	$ 543,741
Operating costs	(428,296)
Gross operating profit	115,445
Operating expenses	(38,934)
Non-operating income	76,511
Non-operating income and expenses	(831)
Profit before income tax	75,680
Income taxes	(24,985)
Profit for the period	50,695
Basic earnings per share (in dollars)	**$ 0.07**
Diluted earnings per share (in dollars)	**$ 0.07**

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to Consolidated 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 year 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	THSVC	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	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
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)	THSVC	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 , it has been renewed with the Board of Directors' approval, resulting in the guarantee amount of USD 5,250 thousand double counted from the date of approval of the Board of Directors' to the commencement of the new contract.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to Consolidated 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	Highest Percentage of ownership (%)	Note
The Company	Stock－Zenitron Corporation	-	(a)	3,825,000	109,204	1.61 %	109,204	1.64 %	None
The Company	Stock－Adlink	-	(a)	-	-	- %	-	0.10 %	None
The Company	Stock－Shiao Kang Warehousing Corp.	One of its directors	(b)	1,788,045	16,517	19.87 %	16,517	19.87 %	None
The Company	Stock－Hexawave Photonic System, Inc.	-	(b)	2,564,023	8,571	6.36 %	8,571	6.36 %	None
The Company	Stock－Overseas Investment & Development Corp.	-	(b)	1,000,000	9,993	1.11 %	9,993	1.11 %	None
The Company	Stock－Power World Fund, Inc.	One of its directors	(b)	304,760	9,211	5.68 %	9,211	5.68 %	None
The Company	Stock－Universal Venture Fund, Inc.	One of its directors	(b)	390,778	11,333	4.76 %	11,333	4.76 %	None
The Company	Stock－Tung Jiang Investment Corp.	One of its directors	(b)	-	41,651	9.11 %	41,651	9.11 %	None
The Company	Stock－Taiwan Aerospace Corp.	-	(b)	1,621,441	52,323	1.20 %	52,323	1.20 %	None
The Company	Stock－Universal Venture Capital Investment Corp.	-	(b)	2,800,000	28,177	2.33 %	28,177	2.33 %	None
The Company	Stock－IBT	-	(b)	1,312,993	8,706	4.17 %	8,706	4.17 %	None
The Company	Stock－Chien Shing Harbour Service Co., Ltd	One of its directors	(b)	8,203,800	379,426	9.24 %	379,426	9.35 %	None
The Company	Stock－Taiwan High Speed Rail Corporation	-	(b)	1,913,376	53,192	0.03 %	53,192	0.03 %	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 end of 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 end of 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)%	30 days end of month	-	-	27,280	45.37%	

Note：The transactions have already been written off in the consolidated financial statements.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	THSVC	Subsidiary	1,641,966(Other receivables—related parties)	-	-		920,586	-

Note ：The transactions have already been written off in the consolidated financial statements.

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

(x) Significant transactions and business relationship between the parent company and its subsidiaries for the year ended December 31, 2024:

(In thousands of NTD)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Sales	2,590,056	General conditions	4.31%
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Accounts receivable	2,028	60 days end of month	-%
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Contract liabilities	84,637	60 days end of month	0.15%
0	The Company	THSVC	1	Other receivables	1,641,966	General conditions	2.99%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Sales	47,101	General conditions	0.08%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Accounts receivable	985	60 days end of month	-%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Prepayment	95,828	60 days end of month	0.17%
2	THSVC	The Company	2	Sales	4,589,556	Payment within 30 days from signing the contract	7.63%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Sales	182,718	General conditions	0.30%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Accounts receivable	3,881	General conditions	0.01%
4	Tung Kang Wind Power Corp.	The Company	2	Sales	179,486	General conditions	0.30%
4	Tung Kang Wind Power Corp.	The Company	2	Accounts receivable	27,280	General conditions	0.05%

Note 1: The numbers represent the following:

1. 0 represents the parent company.
2. Subsidiaries are numbered from 1.

Note 2: Transactions are categorized as follows：

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

For significant intercompany transactions, only information regarding sales, funding and finances, and accounts receivables were disclosed; the opposing items of the transactions were not disclosed.

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(b) Information on investments:

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	Highest Percentage of ownership	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	82	(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	201,121,339	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	5,646,398	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	10,000,000	(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	24,829,009	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	61,391,933	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	65,500,000	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	5,400,000	(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	572,000	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	8,154,419	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	25,000,000	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	230,335	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	109,446	8,813	113	Subsidiary

1 USD＝32.79NTD

1 VND= 0.001258NTD

Note1: The tansactions were written off in the consolidated financial statements.

(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	Highest 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%	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 ended 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.

Note6: The tansactions were written off in the consolidated financial statements.

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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(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.

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information

(a) General information

The Consolidated Company has two reportable segments:

(i) Steel Segment: Including the Taipei Headquarters, Taoyuan Processing Center, Taoyuan Plant, Taichung Port Logistics Center, Miaoli Plant, Kaohsiung Plant, Daye Plant and THSVC, mainly engaged in the manufacture and sale of steel products.

(ii) Steel Structure Segment: Including Tung Kang Steel Structure Corp., Tung Kang Engineering & Construction Corp., Fujian Tung Kang Steel Co., Ltd., mainly engaged in steel structure processing, steel structure engineering and civil construction engineering.

(b) Information about reportable segments and their measurement and reconciliations

The reportable segments are the strategic divisions in the Consolidated Company. The resources and management of each professional strategic division are independent and have separate financial information.

Tax expenses are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker

The operating segment accounting policies are similar to the ones described in Note 4 "Significant" Accounting Policies." The Consolidated Company treated intersegment sales and transfers as thirdparty transactions. They are measured at market price.

(c) The Consolidated Company's operating segment information and reconciliation were as follows:

	For the year ended December 31, 2024				
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 46,007,005	13,548,845	607,147	-	60,162,997
Inter-segment revenue	7,179,673	135,130	426,139	(7,740,942)	-
Total revenue	**$ 53,186,678**	**13,683,975**	**1,033,286**	**(7,740,942)**	**60,162,997**
Interest expense	$ (355,402)	(3,520)	(187)	15,359	(343,750)
Interest revenue	33,058	8,491	7,475	(15,176)	33,848
Reportable segment profit or loss	**$ 4,837,739**	**2,187,919**	**86,746**	**(1,387,618)**	**5,724,786**
Reportable segment assets	**$ 54,347,473**	**8,370,764**	**3,251,239**	**(11,088,859)**	**54,880,617**
Reportable segment liabilities	**$ 19,689,158**	**3,778,588**	**452,883**	**(1,802,108)**	**22,118,521**

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the year ended December 31, 2023				
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 50,342,830	10,652,972	509,847	-	61,505,649
Inter-segment revenue	7,141,694	145,221	401,067	(7,687,982)	-
Total revenue	**$ 57,484,524**	**10,798,193**	**910,914**	**(7,687,982)**	**61,505,649**
Interest expense	$ (439,554)	(6,746)	(294)	11,646	(434,948)
Interest revenue	35,110	9,828	7,430	(11,437)	40,931
Reportable segment profit or loss	**$ 5,321,257**	**1,512,976**	**95,392**	**(851,924)**	**6,077,701**
Reportable segment assets	**$ 55,603,547**	**7,534,382**	**2,932,556**	**(9,691,605)**	**56,378,880**
Reportable segment liabilities	**$ 22,121,901**	**2,987,191**	**268,753**	**(160,143)**	**25,217,702**

(d) Products information

Revenue from the external customers of the Consolidated Company was as follows：

	For the years ended December 31,	
Product Name	**2024**	**2023**
Re-Bar	$ 32,208,234	35,282,556
Section	13,763,511	14,762,378
Billet	3,165	256,670
Construction Contracts	13,433,419	10,514,244
Others	754,668	689,801
Less:the operating revenue on discontinued operations	-	(543,741)
	$ 60,162,997	**60,961,908**

(e) Geographic information

The Consolidated Company's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location were as follows：

	For the years ended December 31,	
Geographic information	**2024**	**2023**
Net revenue from external customers：		
Taiwan	$ 54,845,908	55,656,298
China	13,140	543,085
Vietnam	3,024,885	3,691,869
Others	2,279,064	1,614,397
Less:the operating revenue on discontinued operations	-	(543,741)
	$ 60,162,997	**60,961,908**

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Geographic information	December 31, 2024	December 31, 2023
Non-current assets：		
Taiwan	$ 17,745,640	17,617,200
Vietnam	3,638,751	3,947,885
Others	8,342	8,730
	$ 21,392,733	21,573,815

Non-current assets include property, plant and equipment, investment property, and other non-current assets, not including financial instruments, investments accounted for using the equity method, deferred tax assets, and post-employment benefit assets.

(f) Information about major customers

	For the years ended December 31, 2024	For the years ended December 31, 2023
Customer A from sections	$ 2,957,273	3,273,681