

(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' Review Report  
For the Three Months Ended March 31, 2024 and 2023**

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	11~42
(7) Related-party transactions	43~45
(8) Pledged assets	46
(9) Commitments and contingencies	46
(10) Losses Due to Major Disasters	46
(11) Subsequent Events	46
(12) Other	47
(13) Other disclosures	
(a) Information on significant transactions	48~50
(b) Information on investments	50~51
(c) Information on investment in mainland China	51
(d) Major shareholders	52
(14) Segment information	52~53



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## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Tung Ho Steel Enterprise Corporation ("the Company") and its subsidiaries ("the Consolidated Company") as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months ended, as well as the changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$3,108,297 thousand and \$3,599,716 thousand, constituting 5% and 7% of the consolidated total assets; and the total liabilities amounting to \$632,526 thousand and \$630,662 thousand, constituting 2% and 2% of the consolidated total liabilities as of March 31, 2024 and 2023, respectively; as well as the total comprehensive income (loss) amounting to \$23,015 thousand and \$70,527 thousand, all constituting 2% and 6% of the consolidated total comprehensive income for the three months ended March 31, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(g), the other investments accounted for using the equity method of the Consolidated Company in its investee companies amounting to \$143,368 thousand and \$142,766 thousand as of March 31, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$4,408 thousand and \$3,255 thousand for the three months ended March 31, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Consolidated Company as of March 31, 2024 and 2023, and of its consolidated financial performance for the three months ended, as well as its consolidated cash flows for the three months ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
April 30, 2024

**Notes to Readers**

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

The independent auditors’ review 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’ review 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**  
**March 31, 2024, December 31, 2023, and March 31, 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2024		December 31, 2023		March 31, 2023						March 31, 2024		December 31, 2023		March 31, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>									
1100	Cash and cash equivalents (Note 6(a))	\$ 2,212,762	4	1,732,667	3	2,438,548	4	2100	Short-term loans (Note 6(k))	\$ 13,509,917	24	13,884,659	25	13,759,405	25		
1110	Current financial assets at fair value through profit or loss (Note 6(b))	155,115	-	144,619	-	189,475	-	2110	Short-term notes and bills payable (Note 6(l))	-	-	-	-	969,169	2		
1140	Current contract assets (Note 6(t))	4,503,672	8	4,426,703	8	3,948,865	7	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	2,644	-	60,861	-	-	-		
1150	Notes receivable, net (Notes 6(d) and (t))	193,311	-	213,233	-	186,110	-	2130	Current contract liabilities (Note 6(t))	3,006,957	5	2,991,668	5	2,940,306	5		
1170	Accounts receivable, net (including from related parties) (Notes 6(d), (t) and 7)	3,670,405	7	4,189,707	7	3,653,878	7	2150	Notes payable	25,496	-	17,807	-	194,818	-		
1200	Other receivables (Notes 6(e) and 7)	167,161	-	229,780	1	189,633	-	2170	Accounts payable (including to related parties) (Note 7)	2,544,841	4	2,985,512	5	2,607,332	5		
1310	Inventories (Note 6(f))	19,777,519	35	19,894,017	35	18,596,382	34	2200	Other payables (including to related parties) (Notes 6(r) and 7)	5,007,388	9	2,248,736	4	4,370,619	8		
1410	Prepayments	674,319	1	315,208	1	389,196	1	2230	Current tax liabilities	994,480	2	710,236	1	857,448	3		
1470	Other current assets (Note 8)	1,261,674	3	1,121,723	2	881,283	2	2250	Current provisions	1,124	-	702	-	1,907	-		
	<b>Total current assets</b>	<u>32,615,938</u>	<u>58</u>	<u>32,267,657</u>	<u>57</u>	<u>30,473,370</u>	<u>55</u>	2280	Current lease liabilities (Note 6(n))	48,942	-	43,047	-	43,864	-		
<b>Non-current assets:</b>								2322	Long-term loans, current portion (Note 6(m))	501,633	1	190,515	1	190,624	-		
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	624,797	1	636,347	1	618,556	1	2399	Other current liabilities, others	14,773	-	12,992	-	9,825	-		
1550	Investments accounted for using the equity method (Note 6(g))	1,406,583	2	1,503,674	3	1,403,875	3		<b>Total current liabilities</b>	<u>25,658,195</u>	<u>45</u>	<u>23,146,735</u>	<u>41</u>	<u>25,945,317</u>	<u>48</u>		
1600	Property, plant and equipment (Note 6(h))	19,077,197	34	19,052,245	34	19,747,493	36	2540	Long-term loans (Note 6(m))	1,040,381	2	1,421,411	3	976,560	2		
1755	Right-of-use assets (Note 6(i))	326,888	1	313,529	1	340,944	1	2570	Deferred tax liabilities	182,892	-	169,431	-	185,566	-		
1760	Investment property, net (Notes 6(h) and (j))	1,921,922	3	1,923,110	3	1,924,677	4	2580	Non-current lease liabilities (Note 6(n))	146,470	-	140,808	-	155,522	-		
1780	Intangible assets	171,325	-	167,964	-	177,410	-	2640	Net defined benefit liability, non-current	199,603	1	211,060	1	250,119	-		
1840	Deferred tax assets	84,931	-	84,931	-	85,542	-	2645	Guarantee deposits received (Note 7)	6,186	-	7,016	-	10,084	-		
1900	Other non-current assets (Note 8)	51,628	-	54,732	-	84,031	-	2550	Non-current provisions	143,278	-	121,241	-	102,726	-		
1911	Natural resources	8,858	-	8,730	-	11,174	-		<b>Total non-current liabilities</b>	<u>1,718,810</u>	<u>3</u>	<u>2,070,967</u>	<u>4</u>	<u>1,680,577</u>	<u>2</u>		
1915	Prepayments for equipment	61,492	-	53,505	-	61,495	-		<b>Total liabilities</b>	<u>27,377,005</u>	<u>48</u>	<u>25,217,702</u>	<u>45</u>	<u>27,625,894</u>	<u>50</u>		
1920	Refundable deposits (Note 8)	326,204	1	312,456	1	274,204	-	<b>Equity (Note 6(r)):</b>									
	<b>Total non-current assets</b>	<u>24,061,825</u>	<u>42</u>	<u>24,111,223</u>	<u>43</u>	<u>24,729,401</u>	<u>45</u>	3100	Capital stock	7,302,138	13	7,302,138	13	7,302,138	13		
								3200	Capital surplus	7,739,750	14	7,739,750	14	7,684,679	14		
									Retained earnings:								
								3310	Legal reserve	5,127,305	9	5,127,305	9	4,718,218	9		
								3320	Special reserve	486,844	1	486,844	1	157,889	-		
								3350	Unappropriated retained earnings	8,728,672	15	10,697,520	19	7,834,082	14		
									Total retained earnings	<u>14,342,821</u>	<u>25</u>	<u>16,311,669</u>	<u>29</u>	<u>12,710,189</u>	<u>23</u>		
								3400	Other equity interest	(205,225)	-	(305,277)	(1)	(226,534)	-		
									Total equity attributable to owners of the parent	29,179,484	52	31,048,280	55	27,470,472	50		
								36XX	Non-controlling interests	121,274	-	112,898	-	106,405	-		
									<b>Total equity</b>	<u>29,300,758</u>	<u>52</u>	<u>31,161,178</u>	<u>55</u>	<u>27,576,877</u>	<u>50</u>		
<b>Total assets</b>		<u>\$ 56,677,763</u>	<u>100</u>	<u>56,378,880</u>	<u>100</u>	<u>55,202,771</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 56,677,763</u>	<u>100</u>	<u>56,378,880</u>	<u>100</u>	<u>55,202,771</u>	<u>100</u>		

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 three months ended March 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		For the three months ended March 31,			
		2024		2023 (Restated)	
		Amount	%	Amount	%
4000	<b>Operating revenue (Notes 6(t) and 7)</b>	\$ 14,846,311	100	13,411,090	100
5000	<b>Operating costs (Notes 6(f), (h), (i), (p), (u) and 7)</b>	(12,812,237)	(86)	(11,396,588)	(85)
5900	<b>Gross profit from operations</b>	2,034,074	14	2,014,502	15
6000	<b>Operating expenses:</b>				
6100	Selling expenses (Notes 6(h), (i), (p), (u) and 7)	(263,468)	2	(242,828)	2
6200	Administrative expenses (Notes 6(h), (i), (p), (u) and 7)	(364,226)	3	(342,577)	2
6450	Expected credit impairment losses (Note 6(d))	(439)	-	(568)	-
6500	<b>Total operating expenses</b>	(628,133)	5	(585,973)	4
6900	<b>Net operating income</b>	1,405,941	9	1,428,529	11
7000	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6(v))	4,561	-	6,998	-
7010	Other income (Notes 6(v) and 7)	17,333	-	14,210	-
7020	Other gains and losses (Notes 6(v) and 7)	71,647	1	34,483	-
7050	Finance costs (Notes 6(n) and (v))	(94,099)	(1)	(107,303)	(1)
7060	Share of profit of associates accounted for using the equity method (Note 6(g))	372	-	4,658	-
	<b>Total non-operating income and expenses</b>	(186)	-	(46,954)	(1)
7900	<b>Profit before tax</b>	1,405,755	9	1,381,575	10
7950	Less: income tax expenses (Note 6(q))	299,053	2	277,015	2
	Net profit for continuing operations	1,106,702	7	1,104,560	8
	<b>Profit (loss) from discontinued operations (Note 12(b)):</b>				
8100	Profit (loss) from discontinued operations, net of tax	-	-	33,456	-
8200	<b>Profit</b>	1,106,702	7	1,138,016	8
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(11,549)	-	93,741	1
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	(11,549)	-	93,741	1
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	111,325	1	(13,646)	-
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	111,325	1	(13,646)	-
8300	<b>Other comprehensive income</b>	99,776	1	80,095	1
8500	<b>Total comprehensive income</b>	<u>\$ 1,206,478</u>	<u>8</u>	<u>1,218,111</u>	<u>9</u>
8600	<b>Profit attributable to:</b>				
8610	Owners of the parent	\$ 1,098,050	7	1,134,902	8
8620	Non-controlling interests	8,652	-	3,114	-
		<u>\$ 1,106,702</u>	<u>7</u>	<u>1,138,016</u>	<u>8</u>
8700	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent	\$ 1,198,102	8	1,220,255	9
8720	Non-controlling interests	8,376	-	(2,144)	-
		<u>\$ 1,206,478</u>	<u>8</u>	<u>1,218,111</u>	<u>9</u>
	<b>Basic earnings per share (in dollars) (Note 6(s))</b>				
9710	Continuing operations	\$	1.50		1.51
	Discontinued operation	-			0.04
		<u>\$ 1.50</u>			<u>1.55</u>
	<b>Diluted earnings per share (in dollars) (Note 6(s))</b>				
9810	Continuing operations	\$	1.50		1.51
	Discontinued operation	-			0.04
		<u>\$ 1.50</u>			<u>1.55</u>

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 three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity interest					
	Ordinary shares	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
Net income for the period	-	-	-	-	1,134,902	1,134,902	-	-	-	1,134,902	3,114	1,138,016
Other comprehensive income for the period	-	-	-	-	-	-	(8,379)	93,732	85,353	85,353	(5,258)	80,095
Total comprehensive income for the period	-	-	-	-	1,134,902	1,134,902	(8,379)	93,732	85,353	1,220,255	(2,144)	1,218,111
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	(2,555,748)	(2,555,748)	-	-	-	(2,555,748)	-	(2,555,748)
Balance as of March 31, 2023	\$ 7,302,138	7,684,679	4,718,218	157,889	7,834,082	12,710,189	(528,563)	302,029	(226,534)	27,470,472	106,405	27,576,877
Balance as of January 1, 2024	\$ 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
Net income for the period	-	-	-	-	1,098,050	1,098,050	-	-	-	1,098,050	8,652	1,106,702
Other comprehensive income for the period	-	-	-	-	-	-	111,613	(11,561)	100,052	100,052	(276)	99,776
Total comprehensive income for the period	-	-	-	-	1,098,050	1,098,050	111,613	(11,561)	100,052	1,198,102	8,376	1,206,478
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	(3,066,898)	(3,066,898)	-	-	-	(3,066,898)	-	(3,066,898)
Balance as of March 31, 2024	\$ 7,302,138	7,739,750	5,127,305	486,844	8,728,672	14,342,821	(513,555)	308,330	(205,225)	29,179,484	121,274	29,300,758

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 three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2024	2023
<b>Cash flows from operating activities:</b>		
<b>Cash flows of continuing operations</b>	\$ 1,405,755	1,381,575
<b>Profit before tax of discontinued operations</b>	-	34,457
<b>Profit before tax</b>	<u>1,405,755</u>	<u>1,416,032</u>
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	384,838	389,091
Amortization expense	15,420	5,510
Expected credit losses	439	568
Net gain on financial assets or liabilities at fair value through profit or loss	(104,857)	(28,355)
Interest expense	94,099	107,554
Interest income	(4,561)	(8,304)
Share of profit of associates accounted for using the equity method	(372)	(4,658)
Loss on disposal of property, plant and equipment	169	614
Unrealized foreign exchange losses	24,978	516
Property, plant and equipment transferred to expense	-	206
<b>Total adjustments to reconcile profit or loss</b>	<u>410,153</u>	<u>462,742</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	36,144	(13,372)
Increase in contract assets	(76,969)	(120,146)
Decrease in notes receivable	19,632	34,678
Decrease (increase) in accounts receivable	520,149	(285,951)
(Increase) decrease in other receivables	(13,468)	14
Decrease in inventories	116,498	224,917
Increase in prepayments	(359,111)	(137,137)
Increase in other current assets	(140,345)	(36,009)
(Increase) decrease in other operating assets	(52)	4,299
<b>Total changes in operating assets</b>	<u>102,478</u>	<u>(328,707)</u>
Increase in contract liabilities	15,289	81,302
Increase in notes payable	7,689	117,070
(Decrease) increase in accounts payable	(440,799)	478,611
Decrease in other payables	(281,110)	(288,068)
Increase in provisions	22,459	3,507
Increase (decrease) in other current liabilities	1,781	(765)
Decrease in net defined benefit liability	(11,457)	(10,838)
<b>Total adjustments</b>	<u>(173,517)</u>	<u>514,854</u>
Cash inflow generated from operations	1,232,238	1,930,886
Interest received	6,572	8,280
Interest paid	(109,829)	(96,449)
Income taxes paid	(1,347)	(35,240)
<b>Net cash flows from operating activities</b>	<u>1,127,634</u>	<u>1,807,477</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of subsidiary	180,841	-
Acquisition of property, plant and equipment	(295,146)	(75,209)
(Increase) decrease in refundable deposits	(13,748)	15,797
Acquisition of investment property	(23)	(1,063)
(Increase) decrease in other financial assets	(105)	128
Increase in prepayments for equipment and land	(27,638)	(10,128)
<b>Net cash flows used in investing activities</b>	<u>(155,819)</u>	<u>(70,475)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	22,465,943	22,091,522
Decrease in short-term loans	(23,040,071)	(22,335,769)
Increase in short-term notes and bills payable	1,020,000	1,800,000
Decrease in short-term notes and bills payable	(1,020,000)	(1,430,000)
Proceeds from long-term loans	-	500,000
Repayments of long-term loans	(96,173)	(2,044,743)
(Decrease) increase in guarantee deposits received	(830)	929
Payment of lease liabilities	(11,536)	(10,900)
Change in non-controlling interests	(276)	(5,258)
<b>Net cash flows used in financing activities</b>	<u>(682,943)</u>	<u>(1,434,219)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>191,223</u>	<u>9,252</u>
<b>Net increase in cash and cash equivalents</b>	480,095	312,035
<b>Cash and cash equivalents at beginning of period</b>	<u>1,732,667</u>	<u>2,126,513</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 2,212,762</u>	<u>2,438,548</u>

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****March 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 deformed bars, sections, and steel plates.

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

The consolidated financial statements for the three months ended March 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors on April 30, 2024.

**(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 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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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.	January 1, 2027

(Continued)

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>	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”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

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

**(4) Summary of material policies**

**(a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2023.

**(b) Basis of consolidation**

**(i) List of subsidiaries in the consolidated financial statements :**

Investor	The name of subsidiaries	Business activity	Percentage of ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Tung Yuan International Corp.	Investment activities	100.00 %	100.00 %	100.00 %	
The Company	Tung Kang Steel Structure Corp.	Steel structure engineering construction	97.48 %	97.48 %	97.48 %	Note 1
The Company	Goldham Development Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
The Company	Katec Creative Resources Corporation	Waste recycling	99.02 %	99.02 %	99.02 %	
The Company	Tung Kang Wind Power Corp.	Electric power generation	100.00 %	100.00 %	100.00 %	
The Company	Tung Ho Steel Vietnam Corp., Ltd. (THSVC)	Steel industry	100.00 %	100.00 %	100.00 %	Note 1
Tung Yuan International Corp.	3 Oceans International Inc.	Investment activities	66.51 %	66.51 %	66.32 %	
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Quicklime manufacturing	96.00 %	96.00 %	96.00 %	
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Civil engineering	100.00 %	100.00 %	100.00 %	
Goldham Development Ltd.	Fujian Tung Kang Steel Co., Ltd.	Processing of section steels and steel structures	- %	- %	100.00 %	Note 2
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 %	- %	

Note 1: Financial Statement of THSVC and Tung Kang Steel Structure Corp. were reviewed by an independent auditor, while financial statement of other non-significant subsidiaries were not.

Note 2: 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, which was approved during the board meeting of Goldham held on October 23, 2023. The above equity had been fully transferred on November 9, 2023, resulting in the Consolidated Company to classify its investment in Fujian Tung Kang Steel Co., Ltd. as discontinued operation.

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

(Continued)

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

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying the pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

**(6) Explanation of significant accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Cash on hand	\$ 2,191	2,659	2,181
Checking and demand deposits	989,749	1,045,605	1,099,183
Term deposits	601,883	294,761	1,217,292
Repurchase agreement	618,939	389,642	119,892
Cash and cash equivalents in the statement of cash flows	<u>\$ 2,212,762</u>	<u>1,732,667</u>	<u>2,438,548</u>

(Continued)

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

- (i) Please refer to Note 6(w) for interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company.
- (ii) As of March 31, 2024, December 31 and March 31, 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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Financial assets at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	\$ 19,901	-	4,079
Non-derivative financial assets			
Listed common shares	135,214	144,619	185,396
Total	<u><u>\$ 155,115</u></u>	<u><u>144,619</u></u>	<u><u>189,475</u></u>
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Financial liabilities at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	\$ -	60,861	-
Over-the-counter steel scrap exchange contract	2,644	-	-
Total	<u><u>\$ 2,644</u></u>	<u><u>60,861</u></u>	<u><u>-</u></u>

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:

- (i) Foreign exchange forward contracts

	<b>March 31, 2024</b>		
	<b>Nominal amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange purchased	USD <u><u>46,334</u></u>	Sell USD/buy NTD	2024.04.03~2024.06.12

(Continued)

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

<b>December 31, 2023</b>			
	<b>Nominal amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange purchased	USD <u>76,767</u>	Sell USD/buy NTD	2024.01.02~2024.03.29
<b>March 31, 2023</b>			
	<b>Nominal amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange purchased	USD <u>95,334</u>	Sell USD/buy NTD	2023.04.06~2023.06.15

(ii) Over-the-counter steel scrap exchange contract:

The Consolidated Company signed an over-the-counter steel scrap exchange contract with another company, wherein both parties agreed to settle the price differences, in order to hedge certain price risk from raw materials. The following derivative instruments, without the application of hedge accounting, were classified as financial assets:

<b>March 31, 2024</b>			
	<b>Nominal amount(in tons)</b>	<b>Price exchange (in thousands of USD)</b>	<b>Maturity dates</b>
Steel scrap	<u>2,500</u>	0.38	2024.08.07

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

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Equity investments at fair value through other comprehensive income:			
Listed common shares	\$ 419,380	436,936	454,123
Unlisted common shares	<u>205,417</u>	<u>199,411</u>	<u>164,433</u>
Total	<u>\$ 624,797</u>	<u>636,347</u>	<u>618,556</u>

- (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(w).
- (iii) None of the financial assets were pledged.

(Continued)

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

(d) Notes and accounts receivable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes receivable from operating activities \$	194,248	213,880	186,568
Accounts receivable-measured as amortised cost	3,687,199	4,206,117	3,686,064
Accounts receivable-related parties	542	777	1,943
Overdue receivables	48,443	49,439	63,628
Less: loss allowance	(66,716)	(67,273)	(98,215)
	<b><u>\$ 3,863,716</u></b>	<b><u>4,402,940</u></b>	<b><u>3,839,988</u></b>

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:

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
With low risk	\$ 750,160	0%~0.78%	7,313
With moderate risk	3,037,225	0.31%~0.80%	10,928
With financial difficulties	48,450	100%	48,450
	<b><u>\$ 3,835,835</u></b>		<b><u>66,691</u></b>
	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
With low risk	\$ 757,735	0.31%	6,211
With moderate risk	3,515,782	0.33%	11,591
With financial difficulties	49,446	100%	49,446
	<b><u>\$ 4,322,963</u></b>		<b><u>67,248</u></b>
	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
With low risk	\$ 617,572	0.80%	4,925
With moderate risk	2,837,391	0.81%	22,966
With financial difficulties	63,635	100%	63,635
	<b><u>\$ 3,518,598</u></b>		<b><u>91,526</u></b>

(Continued)

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
Current	\$ 3,782,258	4,253,868	3,449,255
1 to 60 days past due	5,127	19,649	5,708
More than 365 days past due	48,450	49,446	63,635
	<u>\$ 3,835,835</u>	<u>4,322,963</u>	<u>3,518,598</u>

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

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 82,763	0.030%	25
1 to 90 days past due	10,216	0%	-
91 to 180 days past due	1,618	0%	-
	<u>\$ 94,597</u>		<u>25</u>

  

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

  

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 412,942	0%	-
With financial difficulties	6,663	100%	6,663
	<u>\$ 419,605</u>		<u>6,663</u>

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 67,273	97,674
Impairment losses recognized	1,436	568
Amounts written off	(996)	-
Impairment losses reversed	(997)	-
Foreign exchange (gains) losses	-	(27)
Balance at December 31	<u>\$ 66,716</u>	<u>98,215</u>

(Continued)



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

(e) Other receivables

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other receivables-related parties	\$ 2	26	165
Receivables from disposal of stocks	-	5,086	-
Dividends receivable	106,765	-	161,389
Receivables from disposal of subsidiary	32,171	203,454	-
Others	28,223	21,214	28,079
	<u><u>\$ 167,161</u></u>	<u><u>229,780</u></u>	<u><u>189,633</u></u>

For the three months ended March 31, 2024 and 2023, no other receivables were impaired resulted from overdue. For credit risk, please refer to Note 6(w).

(f) Inventories

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Finished goods (including consigned goods)	\$ 3,151,010	2,932,814	3,296,244
Work in process (including consigned goods and goods in transit)	3,735,137	3,271,844	3,334,188
Raw materials (including goods in transit)	10,335,022	10,949,307	9,053,551
Material (including consigned goods and goods in transit)	2,556,350	2,740,052	2,912,399
Inventories, net	<u><u>\$ 19,777,519</u></u>	<u><u>19,894,017</u></u>	<u><u>18,596,382</u></u>

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

(ii) For the three months ended March 31, 2024 and 2023, cost of sales recognized was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023 (Restated)</b>
Cost of goods sold	\$ 10,855,924	10,683,362
Loss on the decline (gain from recovery) of inventory market price	8,350	(145,499)
Unallocated production overheads — capacity variance	55,339	26,094
Revenue from sales of materials and scrap	(66,718)	(60,328)
Total	<u><u>\$ 10,852,895</u></u>	<u><u>10,503,629</u></u>

For the three months ended March 31, 2024, 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.

(Continued)

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

- (iii) The Consolidated Company's processing costs recognized for providing services for the three months ended March 31, 2024 and 2023, consisted of the following:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023 (Restated)</b>
Processing costs	<b>\$ 113,894</b>	<b>63,424</b>

- (g) 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:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Carrying amount of individually insignificant associates' equity	<b>\$ 1,406,583</b>	<b>1,503,674</b>	<b>1,403,875</b>

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Attributable to the Consolidated Company:		
Profit from continuing operations	<b>\$ 372</b>	<b>4,658</b>

- (ii) Collateral

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

- (iii) The unreviewed financial statements of investments accounted for using the equity method Except for Taiwan Steel Union Co., Ltd., which were reviewed by other auditors, investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

- (h) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Consolidated Company for the three months ended March 31, 2024 and 2023 were as follows:

	<b>Land</b>	<b>Land improvements</b>	<b>Building and structures</b>	<b>Machinery and equipment</b>	<b>Miscellaneous equipment</b>	<b>Other assets</b>	<b>Construction in progress</b>	<b>Total</b>
<b>Cost or deemed cost:</b>								
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	-	-	1,455	66,641	2,492	2,061	211,892	284,541
Reclassification in	-	-	13,700	28,038	-	-	(30,006)	11,732
Disposals	-	-	(339)	(45,724)	(300)	-	-	(46,363)
Effects of exchange rates and others	-	-	92,584	130,891	1,247	-	642	225,364
Balance as of March 31, 2024	<b>\$ 5,549,555</b>	<b>27,241</b>	<b>10,056,320</b>	<b>30,358,935</b>	<b>473,528</b>	<b>382,349</b>	<b>576,293</b>	<b>47,424,221</b>

(Continued)

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

	<u>Land</u>	<u>Land improvements</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Miscellaneous equipment</u>	<u>Other assets</u>	<u>Construction in progress</u>	<u>Total</u>
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
Additions	-	-	121	25,885	932	66	46,317	73,321
Reclassification in	-	-	-	41,443	-	-	(14,690)	26,753
Disposals	-	-	(20,473)	(11,679)	(1,801)	-	-	(33,953)
Effects of exchange rates and others	-	-	(6,203)	(13,677)	(212)	-	(84)	(20,176)
Balance as of March 31, 2023	<u>\$ 5,478,223</u>	<u>24,889</u>	<u>10,042,572</u>	<u>30,275,956</u>	<u>469,702</u>	<u>389,698</u>	<u>242,697</u>	<u>46,923,737</u>
<b>Accumulated depreciation and impairment losses:</b>								
Balance as of January 1, 2024	\$ -	2,548	4,707,599	22,863,712	322,843	-	-	27,896,702
Depreciation	-	681	67,642	291,532	10,275	-	-	370,130
Disposals	-	-	(339)	(45,555)	(300)	-	-	(46,194)
Effects of exchange rates and others	-	-	35,140	91,051	195	-	-	126,386
Balance as of March 31, 2024	<u>\$ -</u>	<u>3,229</u>	<u>4,810,042</u>	<u>23,200,740</u>	<u>333,013</u>	<u>-</u>	<u>-</u>	<u>28,347,024</u>
Balance as of January 1, 2023	\$ -	-	4,575,293	21,952,131	311,801	-	-	26,839,225
Depreciation	-	622	68,810	294,786	10,300	-	-	374,518
Disposals	-	-	(20,473)	(11,368)	(1,496)	-	-	(33,337)
Effects of exchange rates and others	-	-	(592)	(3,530)	(40)	-	-	(4,162)
Balance as of March 31, 2023	<u>\$ -</u>	<u>622</u>	<u>4,623,038</u>	<u>22,232,019</u>	<u>320,565</u>	<u>-</u>	<u>-</u>	<u>27,176,244</u>
<b>Carrying value</b>								
Balance as of March 31, 2024	<u>\$ 5,549,555</u>	<u>24,012</u>	<u>5,246,278</u>	<u>7,158,195</u>	<u>140,515</u>	<u>382,349</u>	<u>576,293</u>	<u>19,077,197</u>
Balance as of December 31, 2023	<u>\$ 5,549,555</u>	<u>24,693</u>	<u>5,241,321</u>	<u>7,315,377</u>	<u>147,246</u>	<u>380,288</u>	<u>393,765</u>	<u>19,052,245</u>
Balance as of March 31, 2023	<u>\$ 5,478,223</u>	<u>24,267</u>	<u>5,419,534</u>	<u>8,043,937</u>	<u>149,137</u>	<u>389,698</u>	<u>242,697</u>	<u>19,747,493</u>

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

<u>Accounts</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment	\$ 382,349	380,288	389,698
Investment property	499,124	499,124	499,124
	<u>\$ 881,473</u>	<u>879,412</u>	<u>888,822</u>

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

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

- (iii) Collateral

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

(Continued)

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

(i) 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:

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
<b>Cost:</b>						
Balance at January 1, 2024	\$ 315,654	50,075	88,402	31,207	5,607	490,945
Additions	4,320	16,350	-	-	1,200	21,870
Disposal	-	(6,188)	-	(541)	-	(6,729)
Effect of exchange rates	4,415	278	2,396	-	-	7,089
Balance at March 31, 2024	<u>\$ 324,389</u>	<u>60,515</u>	<u>90,798</u>	<u>30,666</u>	<u>6,807</u>	<u>513,175</u>
Balance at January 1, 2023	\$ 330,800	49,570	91,483	24,639	5,802	502,294
Additions	1,023	4,371	-	-	-	5,394
Disposal	(1,022)	-	-	(539)	(454)	(2,015)
Effect of exchange rates	(597)	(22)	(343)	-	-	(962)
Balance at March 31, 2023	<u>\$ 330,204</u>	<u>53,919</u>	<u>91,140</u>	<u>24,100</u>	<u>5,348</u>	<u>504,711</u>
<b>Accumulated depreciation:</b>						
Balance at January 1, 2024	\$ 75,495	36,920	51,470	10,558	2,973	177,416
Depreciation for the period	4,761	3,783	2,615	2,061	277	13,497
Disposal	-	(6,188)	-	(541)	-	(6,729)
Effect of exchange rates	612	64	1,427	-	-	2,103
Balance at March 31, 2024	<u>\$ 80,868</u>	<u>34,579</u>	<u>55,512</u>	<u>12,078</u>	<u>3,250</u>	<u>186,287</u>
Balance at January 1, 2023	\$ 65,924	28,968	42,528	11,242	3,069	151,731
Depreciation for the period	4,932	3,762	2,646	1,648	237	13,225
Disposal	-	-	-	(538)	(454)	(992)
Effect of exchange rates	(52)	(12)	(133)	-	-	(197)
Balance at March 31, 2023	<u>\$ 70,804</u>	<u>32,718</u>	<u>45,041</u>	<u>12,352</u>	<u>2,852</u>	<u>163,767</u>
<b>Carrying amount:</b>						
Balance at March 31, 2024	<u>\$ 243,521</u>	<u>25,936</u>	<u>35,286</u>	<u>18,588</u>	<u>3,557</u>	<u>326,888</u>
Balance at December 31, 2023	<u>\$ 240,159</u>	<u>13,155</u>	<u>36,932</u>	<u>20,649</u>	<u>2,634</u>	<u>313,529</u>
Balance at March 31, 2023	<u>\$ 259,400</u>	<u>21,201</u>	<u>46,099</u>	<u>11,748</u>	<u>2,496</u>	<u>340,944</u>

(j) Investment property

	<u>Land and improvements</u>	<u>Building and structures</u>	<u>Total</u>
<b>Cost or deemed cost:</b>			
Balance as of January 1, 2024	\$ 1,868,243	269,585	2,137,828
Additions	23	-	23
Balance as of March 31, 2024	<u>\$ 1,868,266</u>	<u>269,585</u>	<u>2,137,851</u>

(Continued)

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

	<b>Land and improvements</b>	<b>Building and structures</b>	<b>Total</b>
Balance as of January 1, 2023	\$ 1,864,939	269,585	2,134,524
Additions	1,063	-	1,063
Balance as of March 31, 2023	<u><u>\$ 1,866,002</u></u>	<u><u>269,585</u></u>	<u><u>2,135,587</u></u>
<b>Accumulated depreciation and impairment losses:</b>			
Balance as of January 1, 2024	\$ -	214,718	214,718
Depreciation for the period	-	1,211	1,211
Balance as of March 31, 2024	<u><u>\$ -</u></u>	<u><u>215,929</u></u>	<u><u>215,929</u></u>
Balance as of January 1, 2023	\$ -	209,562	209,562
Depreciation for the period	-	1,348	1,348
Balance as of March 31, 2023	<u><u>\$ -</u></u>	<u><u>210,910</u></u>	<u><u>210,910</u></u>
<b>Carrying amount:</b>			
Balance as of March 31, 2024	<u><u>\$ 1,868,266</u></u>	<u><u>53,656</u></u>	<u><u>1,921,922</u></u>
Balance as of December 31, 2023	<u><u>\$ 1,868,243</u></u>	<u><u>54,867</u></u>	<u><u>1,923,110</u></u>
Balance as of March 31, 2023	<u><u>\$ 1,866,002</u></u>	<u><u>58,675</u></u>	<u><u>1,924,677</u></u>

- (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 March 31, 2024, December 31 and March 31, 2023, the carrying value is \$972,857 thousand, \$972,857 thousand and \$970,616 thousand, respectively.
- (iii) Please refer to Note 6(h) for relevant information on investment property acquired under the ownership of others.
- (iv) None of the investment property was for pledged as collateral as of March 31, 2024, December 31 and March 31, 2023.
- (v) There was no material abnormal exposure between the fair value of investment property and the information disclosed in Note 6(k) to the Consolidated Financial Statements for the year ended December 31, 2023

(Continued)

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

(k) Short-term loans

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Letters of credits	\$ 87,439	72,950	568,688
Unsecured bank loans	13,422,478	13,811,709	13,190,717
	<u><b>\$ 13,509,917</b></u>	<u><b>13,884,659</b></u>	<u><b>13,759,405</b></u>
Unused short-term credit lines (including notes and bills payable)	<u><b>\$ 29,311,020</b></u>	<u><b>25,675,102</b></u>	<u><b>25,456,346</b></u>
Range of interest rates	<u><b>1.58%~6.48%</b></u>	<u><b>1.50%~6.829%</b></u>	<u><b>0.42%~7.20%</b></u>

(ii) Issuance and repayment of short-term loans

	<b>Total</b>
Balance as of January 1, 2024	\$ 13,884,659
Issuances during the period (Maturity date: April 2024 to March 2025)	22,465,943
Repayments during the period	(23,040,071)
Effects of exchange rates	199,386
Balance as of March 31, 2024	<u><b>\$ 13,509,917</b></u>
Interest rates range of the issuance during the period	<u><b>1.58%~6.48%</b></u>
	<b>Total</b>
Balance as of January 1, 2023	\$ 13,994,974
Issuances during the period (Maturity date: April 2023 to March 2024)	22,091,522
Repayments during the period	(22,335,769)
Effects of exchange rates	8,678
Balance as of March 31, 2023	<u><b>\$ 13,759,405</b></u>
Interest rates range of the issuance during the period	<u><b>0.58%~7.20%</b></u>

(l) Short-term notes and bills payable

(i) The details of the Consolidated Company's short-term notes and bills payable were as follows:

	<b>March 31, 2023</b>
Commercial papers payable	\$ 970,000
Less: discount on short-term notes and bills payable	(831)
	<u><b>\$ 969,169</b></u>

Please refer to Note 6(k) for unused short-term credit lines.

(Continued)

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

(ii) Issuance and repayment of short-term notes and bills payable (excluding discounts)

	<b>Total</b>
Balance as of January 1, 2024	\$ -
Issuances during the period (Maturity date: March 2024)	1,020,000
Repayments during the period	<u>(1,020,000)</u>
Balance as of March 31, 2024	<u>\$ -</u>
Interest rates range of the issuance during the period	<u><u>1.618%</u></u>
	<b>Total</b>
Balance as of January 1, 2023	\$ 600,000
Issuances during the period (Maturity date: April 2023)	1,800,000
Repayments during the period	<u>(1,430,000)</u>
Balance as of March 31, 2023	<u>\$ 970,000</u>
Interest rates range of the issuance during the period	<u><u>1.648%~1.79%</u></u>

(m) Long-term loans

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured bank loans	\$ 1,542,014	1,611,926	1,167,184
Less: current portion	<u>(501,633)</u>	<u>(190,515)</u>	<u>(190,624)</u>
Total	<u>\$ 1,040,381</u>	<u>1,421,411</u>	<u>976,560</u>
Unused long-term credit lines	<u>\$ 4,159,619</u>	<u>4,420,919</u>	<u>3,463,500</u>
Range of interest rates	<u>1.65%~6.55%</u>	<u>1.67%~6.05%</u>	<u>1.60%~6.05%</u>
Maturity date	<u>2024.07~2026.11</u>	<u>2024.01~2026.06</u>	<u>2023.07~2025.01</u>

(i) Issuance and repayment of long-term loans (including current portion)

	<b>Total</b>
Balance as of January 1, 2024	\$ 1,611,926
Issuances during the period	-
Repayments during the period	(96,173)
Effects of exchange rates	<u>26,261</u>
Balance as of March 31, 2024	<u>\$ 1,542,014</u>
Interest rates range of the issuance during the period	<u>-</u>

(Continued)

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

	<b>Total</b>
Balance as of January 1, 2023	\$ 2,718,043
Issuances during the period (Maturity date: July 2023 to January 2025)	500,000
Repayments during the period	(2,044,743)
Effects of exchange rates	(6,116)
Balance as of March 31, 2023	<b>\$ 1,167,184</b>
Interest rates range of the issuance during the period	<b>1.50%~1.73%</b>

(n) Lease liabilities

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	<b>\$ 48,942</b>	<b>43,047</b>	<b>43,864</b>
Non-current	<b>\$ 146,470</b>	<b>140,808</b>	<b>155,522</b>

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Interest on lease liabilities	<b>\$ 803</b>	<b>723</b>
Income from sub-leasing right-of-use assets	<b>\$ 108</b>	<b>121</b>
Expenses relating to short-term leases	<b>\$ 6,976</b>	<b>6,713</b>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b>\$ 920</b>	<b>247</b>

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<b>\$ 20,127</b>	<b>18,462</b>

(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.

(Continued)



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

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 \$147 thousand for the three months ended March 31, 2023.

(o) Operating lease

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

(p) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

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

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating costs	\$ 2,286	2,963
Selling expenses	99	131
Administrative expenses	467	635
	<b>\$ 2,852</b>	<b>3,729</b>

(Continued)

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

(ii) Defined contribution plan

The Consolidated Company expenses for the pension plan contributions to the Bureau of Labor Insurance and Bureau of Society Insurance were as follows:

	For the three months ended March 31			
	2024		2023 (Restated)	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Operating costs	\$ 16,476	-	14,859	197
Selling expenses	979	-	851	162
Administrative expenses	3,745	-	3,586	185
	<u>\$ 21,200</u>	<u>-</u>	<u>19,296</u>	<u>544</u>

(q) Income tax

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

	For the three months ended March 31,	
	2024	2023 (Restated)
Income tax expense for the period		
Current tax expense incurred during the period	\$ 285,592	279,027
Adjustment for prior periods	-	-
	<u>285,592</u>	<u>279,027</u>
Deferred tax expenses		
The origination and reversal of temporary differences	13,461	(2,012)
Income tax expenses (Not including sell discontinued operation profits income tax)	<u>\$ 299,053</u>	<u>277,015</u>

(ii) The Company's income tax return had been examined by the ROC tax authorities through 2022, but the tax return of 2021 has not yet been examined.

(r) Capital and other equity

(i) Capital

As of March 31, 2024, December 31 and March 31, 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.

(Continued)

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

On September 22, 1994, the Consolidated 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)	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Total issued shares	<u><b>66,187,923</b></u>	<u><b>66,187,923</b></u>	<u><b>66,187,923</b></u>
Outstanding shares	<u><b>4,919,192</b></u>	<u><b>4,919,192</b></u>	<u><b>4,919,192</b></u>

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Additional paid-in capital	\$ 2,289,734	2,289,734	2,289,734
Conversion of bonds	5,014,194	5,014,194	5,014,194
Treasury stock transactions	59,036	59,036	59,036
Difference between the acquiring value and the carrying value of subsidiaries	21,511	21,511	21,511
Changes in equity of associates accounted for using the equity method	190,496	190,496	190,445
Others	<u>164,779</u>	<u>164,779</u>	<u>109,759</u>
	<u><b>\$ 7,739,750</b></u>	<u><b>7,739,750</b></u>	<u><b>7,684,679</b></u>

(iii) Retained earnings

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

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

(Continued)

## TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### 1) Legal reserve

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

#### 2) Special reserve

By choosing to apply exemptions granted under IFRSs 1 First-time Adoption of IFRSs during the Company's first-time adoption of the IFRSs as approved by the FSC, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) shall be reclassified as investment property at the adoption date. According to regulations, retained earnings would be increased by \$333,057 thousand, by recognizing the fair value on the adoption date as deemed cost. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs amounted to \$149,309 thousand. In accordance with Ruling by the FSC, an increase in retained earnings due to the first-time adoption of the IFRSs shall be reclassified as a special earnings reserve during earnings distribution, and when the relevant asset were used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to \$149,309 thousand on March 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 \$174,957 thousand.

(Continued)

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

3) Earnings distribution

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

	<b>2023</b>		<b>2022</b>	
	<b>Amount per share (in dollars)</b>	<b>Total amount</b>	<b>Amount per share (in dollars)</b>	<b>Total amount</b>
Cash dividends distributed to ordinary shareholders	\$ 4.20	<u><b>3,066,898</b></u>	3.50	<u><b>2,555,748</b></u>

The record date of 2023 and 2022 cash dividends is April 26, 2024 and May 4, 2023 respectively and the cash dividend is currently under the account "Other payables" as of March 31, 2024 and 2023.

(iv) Other equity interest, (net of tax)

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2024	\$ (625,168)	319,891	(305,277)
Exchange differences on translation:			
The Consolidated Company	111,613	-	111,613
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	(11,561)	(11,561)
Balance as of March 31, 2024	<u><b>\$ (513,555)</b></u>	<u><b>308,330</b></u>	<u><b>(205,225)</b></u>
Balance as of January 1, 2023	\$ (520,184)	208,297	(311,887)
Exchange differences on translation:			
The Consolidated Company	(8,379)	-	(8,379)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	93,732	93,732
Balance as of March 31, 2023	<u><b>\$ (528,563)</b></u>	<u><b>302,029</b></u>	<u><b>(226,534)</b></u>

(Continued)

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

(s) Earnings per share

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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023 (Restated)</b>
<b>Basic earnings per share (in dollars)</b>		
Continuing operations	\$ 1.50	1.51
Discontinued operation	-	0.04
Total	<u><u>\$ 1.50</u></u>	<u><u>1.55</u></u>
<b>Net income attributable to ordinary shareholders of the Company</b>		
Continuing operations	\$ 1,098,050	1,101,447
Discontinued operation	-	33,455
Total	<u><u>\$ 1,098,050</u></u>	<u><u>1,134,902</u></u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u><u>730,214</u></u>	<u><u>730,214</u></u>
<b>Diluted earnings per share (in dollars)</b>		
Continuing operations	\$ 1.50	1.51
Discontinued operation	-	0.04
Total	<u><u>\$ 1.50</u></u>	<u><u>1.55</u></u>
<b>Net income attributable to ordinary shareholders of the Company</b>		
Continuing operations	\$ 1,098,050	1,101,447
Discontinued operation	-	33,455
Total	<u><u>\$ 1,098,050</u></u>	<u><u>1,134,902</u></u>
Weighted-average number of outstanding ordinary shares (in thousands)	730,214	730,214
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	<u>1,744</u>	<u>2,007</u>
Weighted-average number of outstanding ordinary shares (in thousands) (after adjustments of the effect of dilutive potential ordinary shares)	<u><u>731,958</u></u>	<u><u>732,221</u></u>

(Continued)

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

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 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	\$ 10,496,952	-	2,971,838	-	142,834	-	13,611,624	-
The United States	47,319	-	-	-	-	-	47,319	-
Asia	771,945	-	-	-	103	-	772,048	-
Others	414,618	-	-	-	702	-	415,320	-
	<u>\$ 11,730,834</u>	<u>-</u>	<u>2,971,838</u>	<u>-</u>	<u>143,639</u>	<u>-</u>	<u>14,846,311</u>	<u>-</u>
Main products/service lines:								
Deformed bars	\$ 8,094,280	-	-	-	-	-	8,094,280	-
Sections	3,572,362	-	-	-	-	-	3,572,362	-
Billets	3,165	-	-	-	-	-	3,165	-
Rendering of services	-	-	-	-	143,639	-	143,639	-
Metal structure	-	-	2,742,283	-	-	-	2,742,283	-
Civil engineering	-	-	229,555	-	-	-	229,555	-
Others	61,027	-	-	-	-	-	61,027	-
	<u>\$ 11,730,834</u>	<u>-</u>	<u>2,971,838</u>	<u>-</u>	<u>143,639</u>	<u>-</u>	<u>14,846,311</u>	<u>-</u>
For the three months ended March 31, 2023 (Restated)								
	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	\$ 10,418,397	-	1,548,562	294	96,554	-	12,063,513	294
The United States	4,226	-	-	-	-	-	4,226	-
Asia	912,743	-	-	210,574	223	-	912,966	210,574
Others	429,664	-	-	-	721	-	430,385	-
	<u>\$ 11,765,030</u>	<u>-</u>	<u>1,548,562</u>	<u>210,868</u>	<u>97,498</u>	<u>-</u>	<u>13,411,090</u>	<u>210,868</u>
Main products/service lines:								
Deformed bars	\$ 7,817,157	-	-	-	-	-	7,817,157	-
Sections	3,798,649	-	-	-	-	-	3,798,649	-
Billets	104,158	-	-	-	-	-	104,158	-
Rendering of services	-	-	-	-	97,498	-	97,498	-
Metal structure	-	-	1,447,994	210,868	-	-	1,447,994	210,868
Civil engineering	-	-	100,568	-	-	-	100,568	-
Others	45,066	-	-	-	-	-	45,066	-
	<u>\$ 11,765,030</u>	<u>-</u>	<u>1,548,562</u>	<u>210,868</u>	<u>97,498</u>	<u>-</u>	<u>13,411,090</u>	<u>210,868</u>

(Continued)

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

(ii) Contract balances

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes receivable	\$ 194,248	213,880	186,568
Accounts receivable	3,687,741	4,206,894	3,688,007
Overdue receivables	48,443	49,439	63,628
Less: allowance for impairment	(66,716)	(67,273)	(98,215)
Total	<u><u>\$ 3,863,716</u></u>	<u><u>4,402,940</u></u>	<u><u>3,839,988</u></u>
Contract assets — construction contract	<u><u>\$ 4,503,672</u></u>	<u><u>4,426,703</u></u>	<u><u>3,948,865</u></u>
Contract liabilities — advance receipts	\$ 1,909,350	1,737,086	1,251,125
Contract liabilities — construction contract	1,097,607	1,254,582	1,689,181
Total	<u><u>\$ 3,006,957</u></u>	<u><u>2,991,668</u></u>	<u><u>2,940,306</u></u>

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

The amounts of revenue recognized for the three months ended March 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.

(u) 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.

For the three months ended March 31, 2024 and 2023, the employee compensation and directors' remuneration 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 cost or expense for the period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as a change in accounting estimates and will be reflected in profit or loss in the following year. Details of the abovementioned expenses were as follows:

(Continued)



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

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Remuneration to employees	\$ 34,241	36,240
Remuneration to directors	27,393	28,992
	<b>\$ 61,634</b>	<b>65,232</b>

For the years ended December 31, 2023 and 2022, the estimated remunerations to employees and directors were the same. Related information can be found through the Market Observation Post System website.

	<b>2023</b>	<b>2022</b>
Remuneration to employees	\$ 149,342	132,352
Remuneration to directors	119,474	105,881
	<b>\$ 268,816</b>	<b>238,233</b>

(v) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended March 31</b>			
	<b>2024</b>		<b>2023 (Restated)</b>	
	<b>Continuing operations</b>	<b>Discontinued operation</b>	<b>Continuing operations</b>	<b>Discontinued operation</b>
Interest income from bank deposits	\$ 2,459	-	5,045	1,306
Other interest income	2,102	-	1,953	-
	<b>\$ 4,561</b>	<b>-</b>	<b>6,998</b>	<b>1,306</b>

(ii) Other income

	<b>For the three months ended March 31</b>			
	<b>2024</b>		<b>2023 (Restated)</b>	
	<b>Continuing operations</b>	<b>Discontinued operation</b>	<b>Continuing operations</b>	<b>Discontinued operation</b>
Rental income	\$ 17,333	-	14,176	113
Scrap income	-	-	34	1,690
	<b>\$ 17,333</b>	<b>-</b>	<b>14,210</b>	<b>1,803</b>

(Continued)

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

(iii) Other gains and losses

For the three months ended March 31				
	2024		2023 (Restated)	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Losses on disposal of property, plant and equipment	\$ (169)	-	(606)	(8)
Foreign exchange (losses) gains	(49,459)	-	1,763	(330)
Net gain on financial assets or liabilities at fair value through profit or loss	104,857	-	28,355	-
Compensation income	1,891	-	983	-
Others	14,527	-	3,988	(2,100)
	<u>\$ 71,647</u>	<u>-</u>	<u>34,483</u>	<u>(2,438)</u>

(iv) Finance costs

For the three months ended March 31				
	2024		2023 (Restated)	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Interest Expense				
Bank loans	\$ 92,384	-	104,027	251
Interest on domestic commercial papers	1,674	-	3,136	-
Lease liabilities	803	-	723	-
Less: interest capitalization	(762)	-	(583)	-
	<u>\$ 94,099</u>	<u>-</u>	<u>107,303</u>	<u>251</u>

(w) Financial instruments

Except as mentioned below, there was no significant change in the fair value of the Consolidated Company's financial instruments and degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. For related information, please refer to Note 6(y) of the consolidated financial statements for the year ended December 31, 2023.

(i) 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.

(Continued)

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

(ii) 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:

		March 31, 2024			December 31, 2023			March 31, 2023		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	8,818	32.00	282,176	6,267	30.71	192,460	10,246	30.45	311,991
EUR		1	34.46	34	2	33.98	68	2	33.15	66
JPY		6,450	0.2115	1,364	6,450	0.2172	1,401	736	0.2288	168
CNY		7,312	4.408	32,231	49,601	4.327	214,624	24	4.431	106
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD	\$	84,072	32.00	2,690,304	41,727	30.71	1,281,436	113,383	30.45	3,452,512
EUR		4	34.46	138	47	33.98	1,597	285	33.15	9,448
JPY	-	-	-	-	-	-	-	100,936	0.2288	23,094
CNY		245	4.4080	1,080	-	-	-	-	-	-

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 three months ended March 31, 2024 and 2023, the foreign exchange (losses) gains (including realized and unrealized portions) amounted to \$(49,459) thousand and \$1,433 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, loans, and accounts receivable, which were denominated in different foreign currencies. The overall effects to net income for the three months ended March 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 March 31, 2024 and 2023 were as follows:

	Effect of appreciation on profit after tax	Effect of depreciation on profit after tax
March 31, 2024		
USD	\$ (19,265)	19,265
EUR	(1)	1
JPY	11	(11)
CNY	249	(249)
	<u>\$ (19,006)</u>	<u>19,006</u>

(Continued)

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

	<b>Effect of appreciation on net income after tax</b>	<b>Effect of depreciation on net income after tax</b>
March 31, 2023		
USD	\$ (25,124)	25,124
EUR	(75)	75
JPY	(183)	183
CNY	<u>1</u>	<u>(1)</u>
	<b>\$ <u>(25,381)</u></b>	<b><u>25,381</u></b>

(iii) 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 \$120,415 thousand and \$127,166 thousand for the three months ended March 31, 2024 and 2023 respectively, assuming all other variable factors remain constant.

(iv) Other market price risk

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

	<b>For the three months ended March 31,</b>			
	<b>2024</b>		<b>2023</b>	
<b>Prices of securities at the reporting date</b>	<b>Other comprehensive income after tax</b>	<b>Net income after tax</b>	<b>Other comprehensive income after tax</b>	<b>Net income after tax</b>
<b>Increasing 1%</b>	<b>\$ <u>4,194</u></b>	<b><u>1,352</u></b>	<b><u>4,541</u></b>	<b><u>1,854</u></b>
<b>Decreasing 1%</b>	<b>\$ <u>(4,194)</u></b>	<b><u>(1,352)</u></b>	<b><u>(4,541)</u></b>	<b><u>(1,854)</u></b>

(Continued)

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

(v) 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 :

	<b>March 31, 2024</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets— foreign exchange forward contracts	\$ 19,901	-	19,901	-	19,901
Non-derivative financial asset— Stocks listed on domestic stocks	135,214	135,214	-	-	135,214
Subtotal	155,115	135,214	19,901	-	155,115
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic stocks	419,380	419,380	-	-	419,380
Unquoted equity instruments measured at fair value	205,417	-	-	205,417	205,417
Subtotal	624,797	419,380	-	205,417	624,797
Financial assets measured at amortized cost					
Cash and cash equivalents	2,212,762	-	-	-	-
Notes and accounts receivable	3,863,716	-	-	-	-
Other receivables	167,161	-	-	-	-
Refundable deposits and pledged deposits	330,853	-	-	-	-
Subtotal	6,574,492	-	-	-	-
Total	<u>\$ 7,354,404</u>	<u>554,594</u>	<u>19,901</u>	<u>205,417</u>	<u>779,912</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities— foreign exchange forward contracts	\$ 2,644	-	2,644	-	2,644
Financial liabilities measured at amortized cost					
Short-term loans	13,509,917	-	-	-	-
Long-term loans (including current portion)	1,542,014	-	-	-	-
Notes and accounts payable	2,570,337	-	-	-	-
Other payables	5,007,388	-	-	-	-
Lease liabilities (including current portion)	195,412	-	-	-	-
Guarantee deposits received	6,186	-	-	-	-
Subtotal	22,831,254	-	-	-	-
Total	<u>\$ 22,833,898</u>	<u>-</u>	<u>2,644</u>	<u>-</u>	<u>2,644</u>

(Continued)

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

<b>December 31, 2023</b>					
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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					
Stocks listed on domestic 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	<u>\$ 7,463,353</u>	<u>581,555</u>	<u>-</u>	<u>199,411</u>	<u>780,966</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities—forward foreign exchange 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	<u>\$ 21,000,372</u>	<u>-</u>	<u>60,861</u>	<u>-</u>	<u>60,861</u>

<b>March 31, 2023</b>					
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assets—foreign exchange forward contracts	\$ 4,079	-	4,079	-	4,079
Non-derivative financial asset—domestic listed stocks	185,396	185,396	-	-	185,396
Subtotal	189,475	185,396	4,079	-	189,475
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	454,123	454,123	-	-	454,123
Unquoted equity instruments measured at fair value	164,433	-	-	164,433	164,433
Subtotal	618,556	454,123	-	164,433	618,556

(Continued)

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

		March 31, 2023			
		Book value	Fair value		
			Level 1	Level 2	Level 3
					Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$	2,438,548	-	-	-
Notes and accounts receivable		3,839,988	-	-	-
Other receivables		189,633	-	-	-
Refundable deposits and pledged deposits		284,487	-	-	-
Subtotal		6,752,656	-	-	-
Total	\$	<u>7,560,687</u>	<u>639,519</u>	<u>4,079</u>	<u>164,433</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$	13,759,405	-	-	-
Long-term loans (including current portion)		1,167,184	-	-	-
Short-term notes and bills payable		969,169	-	-	-
Notes and accounts payable		2,802,150	-	-	-
Other payables		4,370,619	-	-	-
Lease liabilities (including current portion)		199,386	-	-	-
Guarantee deposits received		10,084	-	-	-
Subtotal		23,277,997	-	-	-
Total	\$	<u>23,277,997</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

(Continued)

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

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 and over-the-counter steel scrap exchange contract is using the Argus evaluation method.

3) Transfers between Level 1 and Level 2

There were no transfers in either direction in the three months ended March 31, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	<u>Unquoted equity instruments</u>
January 1, 2024	\$ 199,411
Total gains recognized in other comprehensive income	<u>6,006</u>
March 31, 2024	<u><b>\$ 205,417</b></u>
January 1, 2023	\$ 158,472
Total losses recognized in other comprehensive income	<u>5,961</u>
March 31, 2023	<u><b>\$ 164,433</b></u>

(Continued)



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

For the three months ended March 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:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Total gains (losses) recognized in other comprehensive income (Note)	\$ <u><u>6,006</u></u>	<u><u>5,961</u></u>

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 (1.18~4.96, 1.19~4.83 and 0.81~3.53 as of March 31, 2024, December 31 and March 31, 2023)	· The higher the multiplier, the higher the fair value
		· Discount rate for lack of marketability (21.15%~35.83%, 18.94%~35.70% and 14.07%~35.25%, as of March 31, 2024, December 31 and March 31, 2023)	· 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 (8.04%~29.96%, 8.33%~29.96% and 8.56%~33.00%, as of March 31, 2024, December 31 and March 31, 2023)	· The higher the discount rate lack of marketability, the lower the fair value

(Continued)

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

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:

		Changes in assumptions	Changes in fair value reflected in other comprehensive income	
Input			Favorable	Unfavorable
March 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 8.04%~35.83%	5%	\$ 12,619	(12,619)
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)
March 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 8.56%~35.25%	5%	10,916	(10,916)

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.

(x) Financial risk management

Except for the following disclosures, there were no significant changes in the Consolidated Company's financial risk management and policies as disclosed in Note 6(z) to the consolidated financial statements for the year ended December 31, 2023.

(y) Capital management

Management believes that the objectives, policies and processes of capital management of the Consolidated Company has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2023. Also, management believes that there were no significant changes in the Consolidated Company's capital management information as disclosed for the year ended December 31, 2023. Please refer to Note 6(aa) of the consolidated financial statements for the year ended December 31, 2023 for further details.

(Continued)

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

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

The cash flow of non-cash investing and financing transactions for the three months ended March 31, 2024 and 2023, were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Reclassification of prepayment of land and equipment to property, plant and equipment	<u>\$ 11,732</u>	<u>26,959</u>
Changes in unrealized (losses) gains on financial instruments	<u>\$ (11,561)</u>	<u>93,732</u>
Foreign exchange differences arising from foreign operations	<u>\$ 111,613</u>	<u>(8,379)</u>
Increase in property, plant and equipment	\$ 284,541	73,321
Add: Payable for equipment as of January 1	24,185	11,460
Add: payable for equipment, March 31	(13,580)	(9,572)
Cash paid	<u>\$ 295,146</u>	<u>75,209</u>

Reconciliation of liabilities arising from financing activities were as follows:

	<b>January 1, 2024</b>	<b>Cash flows</b>		<b>Non-cash changes</b>		<b>March 31, 2024</b>
		<b>Acquisition</b>	<b>Repayment</b>	<b>Effect of exchange rates</b>	<b>Other</b>	
Short-term loans	\$ 13,884,659	22,465,943	(23,040,071)	199,386	-	13,509,917
Long-term loans (including current portion)	1,611,926	-	(96,173)	26,261	-	1,542,014
Short-term notes and bills payable	-	1,020,000	(1,020,000)	-	-	-
Deposits received	7,016	-	(830)	-	-	6,186
Lease liabilities	<u>183,855</u>	<u>-</u>	<u>(11,536)</u>	<u>1,223</u>	<u>21,870</u>	<u>195,412</u>
Total liabilities from financing activities	<u>\$ 15,687,456</u>	<u>23,485,943</u>	<u>(24,168,610)</u>	<u>226,870</u>	<u>21,870</u>	<u>15,253,529</u>

  

	<b>January 1, 2023</b>	<b>Cash flows</b>		<b>Non-cash changes</b>		<b>March 31, 2023</b>
		<b>Acquisition</b>	<b>Repayment</b>	<b>Effect of exchange rates</b>	<b>Other</b>	
Short-term loans	\$ 13,994,974	22,091,522	(22,335,769)	8,678	-	13,759,405
Long-term loans (including current portion)	2,718,043	500,000	(2,044,743)	(6,116)	-	1,167,184
Short-term notes and bills payable	600,000	1,800,000	(1,430,000)	-	-	970,000
Deposits received	9,155	929	-	-	-	10,084
Lease liabilities	<u>205,271</u>	<u>-</u>	<u>(10,900)</u>	<u>(379)</u>	<u>5,394</u>	<u>199,386</u>
Total liabilities from financing activities	<u>\$ 17,527,443</u>	<u>24,392,451</u>	<u>(25,821,412)</u>	<u>2,183</u>	<u>5,394</u>	<u>16,106,059</u>

(Continued)

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

**(7) Related-party transactions**

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
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
Eternity Corp.	The entity's chairman is the same as the Company
Hop Tsuen Investment Co., Ltd.	The entity's chairman is the same as the Company
Anyao Investment 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	

(b) Significant related-party transactions

(i) Sales from related parties

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

	<u>Sales</u>		<u>Accounts receivable</u>		
	<u>For the three months ended</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2024</u>	<u>2023</u>			
Associates \$	<u>658</u>	<u>2,866</u>	<u>542</u>	<u>777</u>	<u>1,943</u>

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:

	<u>Purchases</u>		<u>Accounts payable</u>		
	<u>For the three months ended</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2024</u>	<u>2023</u>			
\$	<u>-</u>	<u>420</u>	<u>-</u>	<u>381</u>	<u>-</u>

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.

(Continued)

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

(iii) Guarantees and endorsement

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

Expressed in thousands of USD

		March 31, 2024			
		Highest balance for the period	Ending amount (Note)		Actual amount usage
Associates	USD\$	5,250	USD	5,250	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
		March 31, 2023			
		Highest balance for the period	Ending amount (Note)		Actual amount usage
Associates	USD\$	5,250	USD	5,250	USD 5,250

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

(iv) Others

		<b>Rental income</b>	
		<b>For the three months ended March 31,</b>	
		<b>2024</b>	<b>2023</b>
Associates	\$	817	832
Other related parties		1,164	1,153
	\$	<b>1,981</b>	<b>1,985</b>
		<b>Miscellaneous revenue</b>	
		<b>For the three months ended March 31,</b>	
		<b>2024</b>	<b>2023</b>
Other related parties	\$	-	163

(Continued)

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

	<b>Operating expenses</b>	
	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Associates	<u>\$ 590</u>	<u>1,176</u>

	<b>Manufacturing expenses</b>	
	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Associates	<u>\$ 13,649</u>	<u>3,344</u>

<b>Relationship</b>	<b>Other receivables</b>			<b>Other payables</b>		
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2023</b>
Associates	\$ -	-	-	9,064	7,261	3,023
Other related parties	2	26	165	-	-	-
	<u>\$ 2</u>	<u>26</u>	<u>165</u>	<u>9,064</u>	<u>7,261</u>	<u>3,023</u>

<b>Relationship</b>	<b>Deposits received</b>		
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2024</b>	<b>2023</b>	<b>2023</b>
Associates	<u>\$ 304</u>	<u>304</u>	<u>304</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 16,399	11,868
Post-employment benefits	400	386
	<u>\$ 16,799</u>	<u>12,254</u>

As of three months ended March 31, 2024 and 2023, the Consolidated Company provided two cars that cost \$5,840 thousand for the key management personnel.

(Continued)

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

**(8) Pledged assets**

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

<b>Pledged assets</b>	<b>Pledged to secure</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Other current and non-current assets	Customs guarantee and performance guarantee	\$ 4,649	4,544	10,283
Refundable deposits - term deposits	Performance guarantee	176,875	248,116	211,847
		<u><u>\$ 181,524</u></u>	<u><u>252,660</u></u>	<u><u>222,130</u></u>

**(9) Commitments and contingencies**

(a) Unrecognized contractual commitments

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Guarantees securities amounts	<u><u>\$ 168,000</u></u>	<u><u>322,455</u></u>	<u><u>159,863</u></u>

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Bank credit limit	\$ 20,560,407	19,056,148	17,327,732
Leases	400	200	200
Guaranteed payment for purchases of raw materials	81,800	81,800	72,000
	<u><u>\$ 20,642,607</u></u>	<u><u>19,138,148</u></u>	<u><u>17,399,932</u></u>

- (iii) Other:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unused outstanding letters of credit	<u><u>\$ 1,489,692</u></u>	<u><u>1,873,562</u></u>	<u><u>2,708,959</u></u>
Provide customer with a guarantee letter from the bank for the performance guarantee	<u><u>\$ 1,227,362</u></u>	<u><u>1,417,631</u></u>	<u><u>1,013,802</u></u>

**(10) Losses Due to Major Disasters: None**

**(11) Subsequent Events: None**

(Continued)

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

**(12) Other**

(a) A summary of employee benefits, depreciation, and amortization, by function, was as follows:

	For the three months ended March 31, 2024						For the three months ended March 31, 2023(Restated)					
	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	519,262	-	227,680	-	746,942	-	472,507	3,217	201,513	4,071	674,020	7,288
Labor and health insurance	50,004	-	16,165	-	66,169	-	45,199	141	15,195	264	60,394	405
Pension expenses	18,762	-	5,290	-	24,052	-	17,822	197	5,203	347	23,025	544
Remuneration of directors	-	-	27,393	-	27,393	-	-	-	28,992	-	28,992	-
Other personnel expenses	17,039	-	3,869	-	20,908	-	15,838	242	3,713	281	19,551	523
Depreciation expenses	356,348	-	28,490	-	384,838	-	359,404	2,023	27,188	476	386,592	2,499
Amortization expenses	12,731	-	2,689	-	15,420	-	3,239	-	2,271	-	5,510	-

(b) Discontinued operation

As Note 6(g) to the consolidated financial statements for the year ended December 31, 2023, 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. However, since the business of Fujian Tung Kang Steel Co., Ltd. had been operating as March 31, 2023, the consolidated income statement of the previous period has been restated to separately reflect both the discontinued and continuing operations of its business.

The operating results of the discontinued operations was as follows:

	<b>For the three months ended March 31, 2023 (Restated)</b>
The operating results of the discontinued operations:	
Operating revenue	\$ 210,868
Operating costs	<u>(169,088)</u>
Gross operating profit	41,780
Operating expenses	<u>(7,743)</u>
Non-operating income	34,037
Non-operating income and expenses	<u>420</u>
Profit before tax	34,457
Income taxes	<u>(1,001)</u>
Net loss for the period	<u>33,456</u>
Basic earnings per share (in dollars)	<u><u>\$ 0.04</u></u>
Diluted earnings per share (in dollars)	<u><u>\$ 0.04</u></u>

(Continued)



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 three months ended March 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 4)	Actual usage amount during the period (Note 3 and 5)	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		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	THSVC	Other receivables	Yes	1,120,000 (USD 35,000)	- (USD 0)	- (USD 0)		2	-	Operating capital	-		-	2,917,948	5,835,897

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 March 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		Limitation amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	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
		Name	Relationship with the Company (Note 1)										
0	The Company (Note 2, 3, 9)	Fujian Tung Kang Steel Co., Ltd.	2	14,589,742	220,400 (CNY 50,000)	18,976 (CNY 4,305)	18,976 (CNY 4,305)	-	0.70 %	14,589,742	Y	N	Y
0	The Company (Note 2, 3)	THSVC	2	14,589,742	14,160,000 (USD442,500)	13,520,000 (USD 422,500)	5,082,707 (USD 158,835)	-	46.33 %	14,589,742	Y	N	N
1	Tung Yuan International Corp. (Note 4, 5)	Fujian Sino-Japan Metal Corp.	6	371,520 (USD 11,610)	168,000 (USD 5,250)	168,000 (USD 5,250)	168,000 (USD 5,250)	-	22.61 %	743,040 (USD 23,220)	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 USD23,220 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: \$14,589,742 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: \$14,589,742 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 equity transfer of Fujian Tung Kang Steel Co., Ltd. had been completed all relevant registration procedures on November 9, 2023. However, the endorsement will be issued upon maturity of the letter of guarantee, which is still with Mizuho Bank.

(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				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock—Zenitron Corporation	-	(a)	3,825,000	135,214	1.64 %	135,214	None
The Company	Stock—Shiao Kang Warehousing Corp.	One of its directors	(b)	1,788,045	14,962	19.87 %	14,962	None
The Company	Stock—Hexawave Photonic System, Inc.	-	(b)	2,564,023	19,645	6.36 %	19,645	None
The Company	Stock—Overseas Investment & Development Corp.	-	(b)	1,000,000	12,293	1.11 %	12,293	None
The Company	Stock—Power World Fund, Inc.	One of its directors	(b)	677,245	10,494	5.68 %	10,494	None
The Company	Stock—Universal Venture Fund, Inc.	One of its directors	(b)	558,255	9,993	4.76 %	9,993	None
The Company	Stock—Tung Jiang Investment Corp.	One of its directors	(b)	-	46,549	9.11 %	46,549	None
The Company	Stock—Taiwan Aerospace Corp.	-	(b)	1,621,441	49,475	1.20 %	49,475	None
The Company	Stock—Universal Venture Capital Investment Corp.	-	(b)	2,800,000	30,438	2.33 %	30,438	None
The Company	Stock—IBT	-	(b)	1,312,993	8,847	4.17 %	8,847	None
The Company	Stock—Chien Shing Harbour Service Co., Ltd	One of its directors	(b)	8,203,800	361,787	9.35 %	361,787	None
The Company	Stock—Taiwan High Speed Rail Corporation	-	(b)	1,913,376	57,593	0.03 %	57,593	None
Tung Kang Engineering & Construction Corp.	Toko Sanitaryware Trading Development Corp.	-	(b)	150,000	2,721	3.75 %	2,721	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				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Tung Kang Steel Structure Corp.	Subsidiary	Sale	(674,681)	(5.83)%	Payable within 60 days	-	-	61,468	1.64%	
The Company	THSVC	Subsidiary	Purchase	939,317	11.71%	Payment within 30 days from signing the contract	-	-	-	-%	
The Company	Duc Hoa International J.S.C.	Subsidiary	Purchase	59,341	0.74%	10 days after B/L	-	-	(8,524)	(0.49)%	
Tung Kang Steel Structure Corp.	The Company	Subsidiary	Purchase	674,681	54.64%	Payable within 60 days	-	-	(61,468)	(9.74)%	
THSVC	The Company	Subsidiary	Sale	(939,317)	(53.79)%	Payment within 30 days from signing the contract	-	-	-	-%	
Duc Hoa International J.S.C.	The Company	Subsidiary	Sale	(59,341)	(88.61)%	10 days after B/L	-	-	8,524	44.17%	

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: None
- (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 three months ended March 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	696,676	General conditions	4.69%
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Accounts receivable	84,564	OA60	0.15%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Sales	10,762	General conditions	0.07%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Accounts receivable	722	OA60	-%
2	THSVC	The Company	2	Sales	939,317	Receive within 30 days	6.33%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Sales	59,341	General conditions	0.40%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Accounts receivable	8,524	General conditions	0.02%

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.

(b) Information on investments:

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

(In thousands of NTD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Tung Yuan International Corp.	British Virgin Islands	Investment activities	869,856 (USD27,183)	869,856 (USD27,183)	82	100.00 %	706,793	(24,386)	(24,386)	Subsidiary (Note1)
The Company	Tung Kang Steel Structure Corp.	Taiwan	Metal structure and building component construction.	1,775,138	1,775,138	201,121,339	97.48 %	4,326,335	330,998	323,279	Subsidiary (Note1)
The Company	Katec R&D Corp.	Taiwan	Waste recycling	35,352	35,352	5,646,398	46.19 %	95,394	11,975	5,531	Associate
The Company	Goldham Development Ltd.	British Virgin Islands	Investment activities	40,768 (USD1,274)	320,000 (USD10,000)	1,274,000	100.00 %	32,688	3,334	3,334	Subsidiary (Note1)
The Company	Taiwan Steel Union Co., Ltd.	Taiwan	Waste disposal	113,291	113,291	24,829,009	22.31 %	839,721	130,173	29,061	Associate
The Company	Katec Creative Resources Corporation	Taiwan	Waste recycling	914,478	914,478	61,391,933	99.02 %	657,132	15,908	15,953	Subsidiary (Note1)
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 %	643,590	15,919	15,930	Subsidiary (Note1)
The Company	Tung Ho Steel Vietnam Corp., Ltd.	Vietnam	Steel industry	6,407,467	6,407,467	-	100.00 %	3,063,167	(120,716)	(120,619)	Subsidiary (Note1)
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 %	47,974	(3,120)	(1,123)	Associate
Tung Yuan International Corp.	3 Oceans International Inc.	Samoa	Investment activities	48,320 (USD1,510)	48,320 (USD1,510)	572,000	66.51 %	10,153	457	304	Subsidiary (Note1)

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	120,608 (USD3,769)	120,608 (USD3,769)	8,154,419	96.00 %	139,870	7,483	7,183	Subsidiary (Note1)
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Taiwan	Civil engineering	359,340	359,340	25,000,000	100.00 %	278,332	7,088	7,088	Subsidiary (Note1)
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	3,823	3,823	230,335	2.71 %	4,421	7,483	203	Subsidiary (Note1)
Tung Ho Steel Vietnam Corp., Ltd.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	1,404 (VND 1,094,467)	1,404 (VND1,094,467)	109,446	1.29 %	1,689	7,483	97	Subsidiary (Note1)

1 USD = 32.00NTD

1 VND= 0.001283NTD

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 4)		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 3)	Book value (Note 2)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Fujian Sino-Japan Metal Corp.	Tin-coated plate	1,664,000 (USD 52,000)	( 2 )	587,744 (USD 18,367)	-	-	587,744 (USD 18,367)	(94,563)	35.00%	(33,097)	423,494	-
Fujian Tung Kang Steel Co., Ltd.	Processing of section steels and steel structures	224,000 (USD 7,000)	( 2 )	266,560 (USD 8,330)	-	183,232 (USD 5,726)	83,328 (USD 2,604)	-	-%	-	-	-

Note 1: List of the method of investment

(1) Direct investment

(2) Indirect investment

(3) Others

Note 2: On March 31, 2024, 1 USD = 32 NTD, 1 CNY = 4.408 NTD.

Note 3: For the three months ended March 31, 2024, 1 USD = 31.45 NTD, 1 CNY = 4.366 NTD.

Note 4:The disposal, amounting to USD 5,726 thousand, of Fujian Tung Kang Steel Co., Ltd. in November 2023 had been remitted to the Company via third region on March 20, 2024.

(ii) Limitation on investment in Mainland China:

(In thousands of NTD/USD)

Accumulated Investment in Mainland China as of March 31, 2024	Investment amounts authorized by Investment Commission, MOEA (Note 2)	Upper limit on investment (Note)
671,072 (USD20,971)	854,304 (USD26,697)	17,507,690

Note1: 60% of net equity.

Note2: On March 25, 2024, the notification letter sent by the Company to the Department of Investment Review, regarding the remittance of the disposal amount of USD 5,726 thousand of Fujian Tung Kang Steel Co., Ltd. on March 20, 2024, had been approved on April 15, 2024.

(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”.

(Continued)

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

(d) Major shareholders:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
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 %

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 discretion over use. For details of the insider's equity announcement please refer to the TWSE website.

**(14) Segment information**

(a) The reportable segments in the Consolidated Company are as follow:

- (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) The operating segments of the Consolidated Company for the three months ended March 31, 2024 and 2023, were as follows:

	<b>For the three months ended March 31, 2024</b>				
	<b>Steel Segment</b>	<b>Steel Structure</b>	<b>Others</b>	<b>Adjustments and eliminations</b>	<b>Total</b>
Revenue:					
Revenue from external customers	\$ 11,687,080	3,008,845	150,386	-	14,846,311
Intersegment revenue	1,636,024	40,352	108,315	(1,784,691)	-
<b>Total revenue</b>	<b>\$ 13,323,104</b>	<b>3,049,197</b>	<b>258,701</b>	<b>(1,784,691)</b>	<b>14,846,311</b>
<b>Reportable segment profit or loss</b>	<b>\$ 1,186,616</b>	<b>418,864</b>	<b>13,132</b>	<b>(212,857)</b>	<b>1,405,755</b>

(Continued)

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

For the three months ended March 31, 2023					
	<u>Steel Segment</u>	<u>Steel Structure</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Revenue:					
Revenue from external customers	\$ 11,719,473	1,772,435	130,050	-	13,621,958
Intersegment revenue	990,484	35,948	105,681	(1,132,113)	-
<b>Total revenue</b>	<b>\$ 12,709,957</b>	<b>1,808,383</b>	<b>235,731</b>	<b>(1,132,113)</b>	<b>13,621,958</b>
<b>Reportable segment profit or loss</b>	<b>\$ 1,431,907</b>	<b>169,762</b>	<b>32,436</b>	<b>(218,072)</b>	<b>1,416,033</b>
	<u>Steel Segment</u>	<u>Steel Structure</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reportable segment assets					
March 31, 2024	\$ 55,451,074	8,019,545	3,045,751	(9,838,607)	56,677,763
December 31, 2023	\$ 55,603,547	7,543,382	2,932,556	(9,691,605)	56,387,880
March 31, 2023	\$ 55,143,887	7,084,536	3,096,224	(10,121,876)	55,202,771
	<u>Steel Segment</u>	<u>Steel Structure</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reportable segment liabilities					
March 31, 2024	\$ 23,873,945	3,404,303	356,512	(257,755)	27,377,005
December 31, 2023	\$ 22,121,901	2,987,191	268,753	(160,143)	25,217,702
March 31, 2023	\$ 24,866,934	2,925,318	167,638	(333,996)	27,625,894