

(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 Nine Months Ended September 30, 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.

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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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the changes in equity and cash flows for the nine 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 \$3,104,522 thousand and \$3,603,006 thousand, constituting 6% and 6% of the consolidated total assets; and the total liabilities amounting to \$702,515 thousand and \$957,356 thousand, constituting 3% and 4% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively; as well as the total comprehensive income (loss) amounting to \$3,352 thousand, \$44,550 thousand, \$31,370 thousand and \$15,629 thousand, all constituting 0%, 4%, 1% and 0% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(h), the other investments accounted for using the equity method of the Consolidated Company in its investee companies amounting to \$137,309 thousand and \$135,198 thousand as of September 30, 2024 and 2023, respectively, and its equity in net earnings on these investee companies of \$5,071 thousand, \$1,372 thousand, \$12,464 thousand and \$6,979 thousand for the three months and nine months ended September 30, 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months then ended, as well as its consolidated cash flows for the nine months then 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)
October 29, 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
September 30, 2024, December 31, 2023, and September 30, 2023
(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2024		December 31, 2023		September 30, 2023				September 30, 2024		December 31, 2023		September 30, 2023	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 2,309,412	4	1,732,667	3	2,224,135	4	2100	Short-term loans (Note 6(l))	\$ 11,371,237	21	13,884,659	25	15,221,100	27
1110	Current financial assets at fair value through profit or loss (Note 6(b))	119,531	-	144,619	-	222,431	-	2110	Short-term notes and bills payable (Note 6(m))	-	-	-	-	299,859	1
1140	Current contract assets (Note 6(u))	4,963,812	9	4,426,703	8	4,083,995	7	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	14,018	-	60,861	-	-	-
1150	Notes receivable, net (Notes 6(d) and (u))	189,890	1	213,233	-	223,431	-	2130	Current contract liabilities (Note 6(u))	3,744,750	7	2,991,668	5	3,231,613	6
1170	Accounts receivable, net (including from related parties) (Notes 6(d), (u) and 7)	2,841,729	5	4,189,707	7	3,921,783	7	2150	Notes payable	197,488	-	17,807	-	195,679	-
1200	Other receivables (Notes 6(e) and 7)	78,044	-	229,780	1	28,543	-	2170	Accounts payable (including to related parties) (Note 7)	2,645,525	5	2,985,512	5	2,703,283	5
1310	Inventories (Note 6(f))	19,231,812	35	19,894,017	35	19,640,862	35	2200	Other payables (including to related parties) (Notes 6(s) and 7)	1,883,896	3	2,248,736	4	1,883,239	3
1410	Prepayments	520,506	1	315,208	1	477,641	1	2230	Current tax liabilities	328,000	1	710,236	1	879,699	1
1460	Non-current assets held for sale disposal groups, net (Note 6(g))	-	-	-	-	594,021	1	2250	Current provisions	924	-	702	-	1,949	-
1470	Other current assets (Note 8)	1,083,639	2	1,121,723	2	1,130,922	2	2260	Liabilities directly related to non-current assets held for sale (Note 6(g))	-	-	-	-	269,353	-
Total current assets		<u>31,338,375</u>	<u>57</u>	<u>32,267,657</u>	<u>57</u>	<u>32,547,764</u>	<u>57</u>	2280	Current lease liabilities (Note 6(o))	43,011	-	43,047	-	41,426	-
Non-current assets:								2322	Long-term loans, current portion (Note 6(n))	200,000	-	190,515	1	203,475	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	680,110	1	636,347	1	575,822	1	2399	Other current liabilities, others	14,684	-	12,992	-	12,646	-
1550	Investments accounted for using the equity method (Note 6(h))	1,444,379	3	1,503,674	3	1,444,589	3	Total current liabilities		<u>20,443,533</u>	<u>37</u>	<u>23,146,735</u>	<u>41</u>	<u>24,943,321</u>	<u>43</u>
1600	Property, plant and equipment (Note 6(i))	18,826,149	34	19,052,245	34	19,380,847	34	2540	Long-term loans (Note 6(n))	2,640,381	5	1,421,411	3	1,406,949	3
1755	Right-of-use assets (Note 6(j))	305,034	1	313,529	1	324,716	1	2570	Deferred tax liabilities	163,371	-	169,431	-	181,531	-
1760	Investment property, net (Notes 6(i) and (k))	1,975,242	4	1,923,110	3	1,923,223	3	2580	Non-current lease liabilities (Note 6(o))	132,432	-	140,808	-	144,713	-
1780	Intangible assets	168,627	-	167,964	-	180,127	-	2640	Net defined benefit liability, non-current	177,528	1	211,060	1	226,691	1
1840	Deferred tax assets	84,931	-	84,931	-	85,542	-	2645	Guarantee deposits received (Note 7)	8,711	-	7,016	-	6,856	-
1900	Other non-current assets (Note 8)	47,823	-	54,732	-	61,315	-	2550	Non-current provisions	132,764	-	121,241	-	117,210	-
1911	Natural resources	8,289	-	8,730	-	11,264	-	Total non-current liabilities		<u>3,255,187</u>	<u>6</u>	<u>2,070,967</u>	<u>4</u>	<u>2,083,950</u>	<u>4</u>
1915	Prepayments for equipment	148,803	-	53,505	-	56,009	-	Total liabilities		<u>23,698,720</u>	<u>43</u>	<u>25,217,702</u>	<u>45</u>	<u>27,027,271</u>	<u>47</u>
1920	Refundable deposits (Note 8)	263,072	-	312,456	1	331,615	1	Equity (Note 6(s)):							
Total non-current assets		<u>23,952,459</u>	<u>43</u>	<u>24,111,223</u>	<u>43</u>	<u>24,375,069</u>	<u>43</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	7,684,730	14
								Retained earnings:							
								3310	Legal reserve	5,600,943	10	5,127,305	9	5,127,305	9
								3320	Special reserve	614,156	1	486,844	1	486,844	1
								3350	Unappropriated retained earnings	10,365,965	19	10,697,520	19	9,346,066	16
								Total retained earnings		<u>16,581,064</u>	<u>30</u>	<u>16,311,669</u>	<u>29</u>	<u>14,960,215</u>	<u>26</u>
								3400	Other equity interest	(140,970)	-	(305,277)	(1)	(159,776)	-
								Total equity attributable to owners of the parent		31,481,982	57	31,048,280	55	29,787,307	53
								36XX	Non-controlling interests	110,132	-	112,898	-	108,255	-
								Total equity		<u>31,592,114</u>	<u>57</u>	<u>31,161,178</u>	<u>55</u>	<u>29,895,562</u>	<u>53</u>
Total assets		<u>\$ 55,290,834</u>	<u>100</u>	<u>56,378,880</u>	<u>100</u>	<u>56,922,833</u>	<u>100</u>	Total liabilities and equity		<u>\$ 55,290,834</u>	<u>100</u>	<u>56,378,880</u>	<u>100</u>	<u>56,922,833</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 and nine months ended September 30, 2024 and 2023

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

		For the three months ended September 30,				For the nine months ended September 30,			
		2024		2023		2024		2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (Notes 6(u) and 7)	\$ 14,869,594	100	15,378,730	100	45,150,606	100	44,451,768	100
5000	Operating costs (Notes 6(f), (i), (j), (q), 7 and 12(a))	<u>(12,853,666)</u>	<u>(86)</u>	<u>(13,257,360)</u>	<u>(86)</u>	<u>(38,893,570)</u>	<u>(86)</u>	<u>(38,277,707)</u>	<u>(86)</u>
5900	Gross profit from operations	<u>2,015,928</u>	<u>14</u>	<u>2,121,370</u>	<u>14</u>	<u>6,257,036</u>	<u>14</u>	<u>6,174,061</u>	<u>14</u>
6000	Operating expenses:								
6100	Selling expenses (Notes 6(i), (j), (q), (v), 7 and 12(a))	(278,193)	(2)	(280,304)	(2)	(837,713)	(2)	(809,626)	(2)
6200	Administrative expenses (Notes 6(i), (j), (q), (v), 7 and 12(a))	(378,674)	(3)	(359,482)	(2)	(1,115,254)	(2)	(1,055,558)	(2)
6450	Expected credit reversal of impairment loss (Note 6(d))	<u>963</u>	<u>-</u>	<u>12,562</u>	<u>-</u>	<u>2,159</u>	<u>-</u>	<u>11,767</u>	<u>-</u>
6500	Total operating expenses	<u>(655,904)</u>	<u>(5)</u>	<u>(627,224)</u>	<u>(4)</u>	<u>(1,950,808)</u>	<u>(4)</u>	<u>(1,853,417)</u>	<u>(4)</u>
6900	Net operating income	<u>1,360,024</u>	<u>9</u>	<u>1,494,146</u>	<u>10</u>	<u>4,306,228</u>	<u>10</u>	<u>4,320,644</u>	<u>10</u>
7000	Non-operating income and expenses:								
7100	Interest income (Note 6(w))	8,195	-	9,426	-	22,493	-	28,561	-
7010	Other income (Notes 6(w) and 7)	46,720	-	57,896	-	91,812	-	87,582	-
7020	Other gains and losses (Notes 6(g), 6(w) and 7)	(26,259)	1	15,231	-	89,831	-	174,035	1
7050	Finance costs (Notes 6(o) and (w))	(81,684)	(1)	(107,093)	-	(272,031)	-	(338,251)	(1)
7060	Share of profit of associates accounted for using the equity method (Note 6(h))	<u>11,849</u>	<u>-</u>	<u>17,452</u>	<u>-</u>	<u>41,987</u>	<u>-</u>	<u>58,373</u>	<u>-</u>
	Total non-operating income and expenses	<u>(41,179)</u>	<u>-</u>	<u>(7,088)</u>	<u>-</u>	<u>(25,908)</u>	<u>-</u>	<u>10,300</u>	<u>-</u>
7900	Profit before tax	1,318,845	9	1,487,058	10	4,280,320	10	4,330,944	10
7950	Less: income tax expenses (Note 6(r))	<u>225,142</u>	<u>2</u>	<u>335,828</u>	<u>2</u>	<u>910,867</u>	<u>2</u>	<u>985,190</u>	<u>2</u>
	Net profit for continuing operations	<u>1,093,703</u>	<u>7</u>	<u>1,151,230</u>	<u>8</u>	<u>3,369,453</u>	<u>8</u>	<u>3,345,754</u>	<u>8</u>
	Profit (loss) from discontinued operations (Note 12(b)):								
8100	Profit (loss) from discontinued operations, net of tax	<u>-</u>	<u>-</u>	<u>21,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,713</u>	<u>-</u>
8200	Profit	<u>1,093,703</u>	<u>7</u>	<u>1,172,880</u>	<u>8</u>	<u>3,369,453</u>	<u>8</u>	<u>3,402,467</u>	<u>8</u>
8300	Other comprehensive income (loss):								
8310	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	22,998	-	(81,871)	(1)	47,623	-	47,046	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>22,998</u>	<u>-</u>	<u>(81,871)</u>	<u>(1)</u>	<u>47,623</u>	<u>-</u>	<u>47,046</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translation of foreign financial statements	73,228	1	35,805	-	117,273	-	87,232	-
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>73,228</u>	<u>1</u>	<u>35,805</u>	<u>-</u>	<u>117,273</u>	<u>-</u>	<u>87,232</u>	<u>-</u>
8300	Other comprehensive income	<u>96,226</u>	<u>1</u>	<u>(46,066)</u>	<u>(1)</u>	<u>164,896</u>	<u>-</u>	<u>134,278</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 1,189,929</u>	<u>8</u>	<u>1,126,814</u>	<u>7</u>	<u>3,534,349</u>	<u>8</u>	<u>3,536,745</u>	<u>8</u>
8600	Profit attributable to:								
8610	Owners of the parent	\$ 1,080,289	7	1,163,198	8	3,335,858	8	3,384,928	8
8620	Non-controlling interests	<u>13,414</u>	<u>-</u>	<u>9,682</u>	<u>-</u>	<u>33,595</u>	<u>-</u>	<u>17,539</u>	<u>-</u>
		<u>\$ 1,093,703</u>	<u>7</u>	<u>1,172,880</u>	<u>8</u>	<u>3,369,453</u>	<u>8</u>	<u>3,402,467</u>	<u>8</u>
8700	Comprehensive income attributable to:								
8710	Owners of the parent	\$ 1,176,648	8	1,116,911	7	3,500,600	8	3,537,039	8
8720	Non-controlling interests	<u>13,281</u>	<u>-</u>	<u>9,903</u>	<u>-</u>	<u>33,749</u>	<u>-</u>	<u>(294)</u>	<u>-</u>
		<u>\$ 1,189,929</u>	<u>8</u>	<u>1,126,814</u>	<u>7</u>	<u>3,534,349</u>	<u>8</u>	<u>3,536,745</u>	<u>8</u>
	Basic earnings per share (in dollars) (Note 6(t))								
9710	Continuing operations	\$	1.48		1.56		4.57		4.56
	Discontinued operation	<u>-</u>		<u>0.03</u>		<u>-</u>		<u>0.08</u>	
		<u>\$ 1.48</u>		<u>1.59</u>		<u>4.57</u>		<u>4.64</u>	
	Diluted earnings per share (in dollars) (Note 6(t))								
9810	Continuing operations	\$	1.48		1.56		4.56		4.54
	Discontinued operation	<u>-</u>		<u>0.03</u>		<u>-</u>		<u>0.08</u>	
		<u>\$ 1.48</u>		<u>1.59</u>		<u>4.56</u>		<u>4.62</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 nine months ended September 30, 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	-	-	-	-	3,384,928	3,384,928	-	-	-	3,384,928	17,539	3,402,467
Other comprehensive income for the period	-	-	-	-	-	-	105,065	47,046	152,111	152,111	(17,833)	134,278
Total comprehensive income for the period	-	-	-	-	3,384,928	3,384,928	105,065	47,046	152,111	3,537,039	(294)	3,536,745
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	409,087	-	(409,087)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	328,955	(328,955)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,555,748)	(2,555,748)	-	-	-	(2,555,748)	-	(2,555,748)
Changes in equity of associates accounted for using equity method	-	51	-	-	-	-	-	-	-	51	-	51
Balance as of September 30, 2023	\$ 7,302,138	7,684,730	5,127,305	486,844	9,346,066	14,960,215	(415,119)	255,343	(159,776)	29,787,307	108,255	29,895,562
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	-	-	-	-	3,335,858	3,335,858	-	-	-	3,335,858	33,595	3,369,453
Other comprehensive income for the period	-	-	-	-	-	-	117,121	47,621	164,742	164,742	154	164,896
Total comprehensive income for the period	-	-	-	-	3,335,858	3,335,858	117,121	47,621	164,742	3,500,600	33,749	3,534,349
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	473,638	-	(473,638)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	127,312	(127,312)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,066,898)	(3,066,898)	-	-	-	(3,066,898)	-	(3,066,898)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	435	435	-	(435)	(435)	-	-	-
Cach dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(36,515)	(36,515)
Balance as of September 30, 2024	\$ 7,302,138	7,739,750	5,600,943	614,156	10,365,965	16,581,064	(508,047)	367,077	(140,970)	31,481,982	110,132	31,592,114

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 nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2024	2023
Cash flows from operating activities:		
Profit before tax of continuing operations	\$ 4,280,320	4,330,944
Profit before tax of discontinued operations	-	79,174
Profit before tax	4,280,320	4,410,118
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,160,626	1,176,717
Amortization expense	42,212	22,811
Expected credit reversal of impairment loss	(2,159)	(1,720)
Net gain on financial assets or liabilities at fair value through profit or loss	(103,218)	(225,547)
Interest expense	272,031	338,499
Interest income	(22,493)	(32,144)
Dividend income	(39,803)	(37,308)
Share of profit of associates accounted for using the equity method	(41,987)	(58,373)
(Gain) loss on disposal of property, plant and equipment	(2,195)	4,390
Impairment loss on financial assets	16,069	-
Impairment loss on non-financial assets	-	24,432
Unrealized foreign exchange gains	(2,646)	(1,556)
Property, plant and equipment transferred to expense	3,750	772
Total adjustments to reconcile profit or loss	1,280,187	1,210,973
Changes in operating assets and liabilities:		
Decrease in financial assets mandatorily measured at fair value through profit or loss	81,461	150,865
Increase in contract assets	(537,109)	(483,893)
Decrease (increase) in notes receivable	23,280	(64,171)
Decrease (increase) in accounts receivable	1,347,816	(628,117)
Increase in other receivables	(32,116)	(2,685)
Decrease (increase) in inventories	661,683	(832,206)
Increase in prepayments	(205,298)	(237,525)
Decrease (increase) in other current assets	37,689	(290,561)
Increase in other operating assets	(4,489)	(1,774)
Total changes in operating assets	1,372,917	(2,390,067)
Increase in contract liabilities	753,082	598,055
Increase in notes payable	179,681	117,931
(Decrease) increase in accounts payable	(339,987)	614,304
Decrease in other payables	(335,048)	(227,292)
Increase in provisions	11,745	18,033
Increase in other current liabilities	1,692	2,056
Decrease in net defined benefit liability	(33,532)	(34,266)
Total changes in operating liabilities	237,633	1,088,821
Total net changes in operating assets and liabilities	1,610,550	(1,301,246)
Total adjustments	2,890,737	(90,273)

See accompanying notes to consolidated financial statements.

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

TUNG HO STEEL ENTERPRISE CORPORATION ITS SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the three months and nine months ended September 30, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2024	2023
Cash inflow generated from operations	\$ 7,171,057	4,319,845
Interest received	24,503	33,190
Dividends received	160,684	209,989
Interest paid	(285,627)	(348,614)
Income taxes paid	(1,299,162)	(706,641)
Net cash flows from operating activities	5,771,455	3,507,769
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,858)	(3,941)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,318	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,400	-
Proceeds from disposal of subsidiary	180,841	-
Acquisition of property, plant and equipment	(810,107)	(401,933)
Proceeds from disposal of property, plant and equipment	2,177	716
Decrease (increase) in refundable deposits	49,384	(46,151)
Acquisition of investment property	(55,765)	(2,241)
Decrease in other financial assets	195	4,741
Increase in prepayments for equipment and land	(120,313)	(48,506)
Net cash flows used in investing activities	(749,728)	(497,315)
Cash flows from (used in) financing activities:		
Increase in short-term loans	66,035,963	83,656,392
Decrease in short-term loans	(68,703,701)	(82,609,321)
Increase in short-term notes and bills payable	1,120,000	2,410,000
Decrease in short-term notes and bills payable	(1,120,000)	(2,710,000)
Proceeds from long-term loans	3,500,000	3,570,000
Repayments of long-term loans	(2,308,857)	(4,713,361)
Increase (decrease) in guarantee deposits received	1,695	(2,255)
Payment of lease liabilities	(37,134)	(35,631)
Cash dividends paid	(3,066,898)	(2,555,748)
Change in non-controlling interests	(36,362)	(17,833)
Net cash flows used in financing activities	(4,615,294)	(3,007,757)
Effect of exchange rate changes on cash and cash equivalents	170,312	198,193
Net increase in cash and cash equivalents	576,745	200,890
Cash and cash equivalents at beginning of period	1,732,667	2,126,513
Cash and cash equivalents at end of period	\$ 2,309,412	2,327,403
Components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheets	\$ 2,309,412	2,224,135
Reclassification to disposal groups held for sale	-	103,268
Cash and cash equivalents at end of period	\$ 2,309,412	2,327,403

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

September 30, 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 nine months ended September 30, 2024 and 2023 were approved and authorized for issuance by the Board of Directors on October 29, 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 the FSC but not yet effective

The Consolidated Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>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.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. 	January 1, 2027

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(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.

(Continued)

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

(b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Percentage of ownership			Note
			September 30, 2024	December 31, 2023	September 30, 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 %	66.51 %	
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.

(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.

(Continued)

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 3,727	2,659	2,451
Checking and demand deposits	881,912	1,045,605	1,141,780
Term deposits	1,086,475	294,761	729,923
Repurchase agreement	<u>337,298</u>	<u>389,642</u>	<u>349,981</u>
Cash and cash equivalents in the statement of cash flows	<u><u>\$ 2,309,412</u></u>	<u><u>1,732,667</u></u>	<u><u>2,224,135</u></u>

- (i) Please refer to Note 6(x) for interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company.
- (ii) As of September 30, 2024, December 31 and September 30, 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.

(Continued)

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

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Financial assets at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	\$ -	-	42,690
Non-derivative financial assets			
Listed common shares	<u>119,531</u>	<u>144,619</u>	<u>179,741</u>
Total	<u>\$ 119,531</u>	<u>144,619</u>	<u>222,431</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Financial liabilities at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	<u>\$ 14,018</u>	<u>60,861</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:

	<u>September 30, 2024</u>		
	<u>Nominal amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	<u>USD 64,416</u>	Sell USD/buy NTD	2024.10.02~2025.11.27
	<u>December 31, 2023</u>		
	<u>Nominal amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	<u>USD 76,767</u>	Sell USD/buy NTD	2024.01.02~2024.03.29
	<u>September 30, 2023</u>		
	<u>Nominal amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	<u>USD 70,090</u>	Sell USD/buy NTD	2023.10.02~2023.12.29

(Continued)

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

None of the financial assets at fair value through profit or loss was pledged as collateral as of September 30, 2024, December 31 and September 30, 2023, respectively.

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

	September 30, 2024	December 31, 2023	September 30, 2023
Equity investments at fair value through other comprehensive income:			
Listed common shares	\$ 492,258	436,936	382,997
Unlisted common shares	<u>187,852</u>	<u>199,411</u>	<u>192,825</u>
Total	<u>\$ 680,110</u>	<u>636,347</u>	<u>575,822</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(x).

(iii) None of the financial assets were pledged.

(d) Notes and accounts receivable

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable from operating activities	\$ 190,600	213,880	224,187
Accounts receivable-measured as amortised cost	2,856,114	4,206,117	3,935,399
Accounts receivable-related parties	580	777	1,218
Overdue receivables	47,993	49,439	63,628
Less: allowance for impairment	<u>(63,668)</u>	<u>(67,273)</u>	<u>(79,218)</u>
	<u>\$ 3,031,619</u>	<u>4,402,940</u>	<u>4,145,214</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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:

	September 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
With low risk	\$ 751,331	0%~0.30%	7,768
With moderate risk	2,232,121	0.35%~0.80%	7,875
With financial difficulties	48,000	100%	48,000
	\$ 3,031,452		63,643

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

	September 30, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
With low risk	\$ 698,126	0%~0.31%	5,591
With moderate risk	3,179,624	0.32%~0.82%	9,967
With financial difficulties	63,635	100%	63,635
	\$ 3,941,385		79,193

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

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 2,970,370	4,253,868	3,850,838
1 to 60 days past due	13,082	19,649	26,912
60 to 364 days past due	-	-	-
More than 365 days past due	48,000	49,446	63,635
	\$ 3,031,452	4,322,963	3,941,385

(Continued)

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

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

September 30, 2024			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ <u>63,835</u>	0.039%	<u>25</u>
December 31, 2023			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 131,938	0.019%	25
1 to 90 days past due	<u>15,312</u>	0%	<u>-</u>
	<u>\$ 147,250</u>		<u>25</u>
September 30, 2023			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 274,184	0.009%	25
1 to 90 days past due	<u>8,863</u>	0%	<u>-</u>
	<u>\$ 283,047</u>		<u>25</u>

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

For the nine months ended September 30,		
	2024	2023
Balance at January 1	\$ 67,273	97,674
Impairment losses recognized	483	10,271
Amounts written off	(996)	(6,708)
Impairment losses reversed	(2,642)	(11,991)
Foreign exchange gains	-	(34)
Non-current assets held for sale and discontinued operations	-	(9,994)
Recovery from the amount written off	<u>(450)</u>	<u>-</u>
Balance at September 30	<u>\$ 63,668</u>	<u>79,218</u>

(Continued)

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

(e) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Other receivables-related parties	\$ 1	26	76
Receivables from disposal of stocks	-	5,086	-
Receivables from disposal of subsidiary	33,011	203,454	-
Receivables from governments subsidy	22,905	-	-
Others	38,607	21,214	28,467
Less: allowance for impairment	(16,480)	-	-
	<u>\$ 78,044</u>	<u>229,780</u>	<u>28,543</u>

Receivable from disposal of subsidiary of \$16,480 thousand (CNY3,644 thousand) was provided for as loss allowance due to the inspection of the tax compensation and stamp duty from the State Taxation Administration in China.

(f) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods (including consigned goods)	\$ 3,684,771	2,932,814	3,192,722
Work in process (including consigned goods and goods in transit)	3,958,007	3,271,844	2,959,844
Raw materials (including goods in transit)	9,105,387	10,949,307	10,671,341
Material (including consigned goods and goods in transit)	2,483,647	2,740,052	2,816,955
Inventories, net	<u>\$ 19,231,812</u>	<u>19,894,017</u>	<u>19,640,862</u>

(i) Collateral

None of the inventory was pledged as collateral as of September 30, 2024, December 31 and September 30, 2023, respectively.

(Continued)

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

(ii) Operating costs

For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, cost of sales recognized was as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Cost of goods sold	\$ 10,621,022	11,807,154	32,274,144	34,502,788
Loss on the decline (gain from receovery) of inventory market price	18,180	(56,072)	22,970	(121,169)
Unallocated production overheads — capacity variance	53,040	50,459	134,817	115,316
Revenue from sales of materials and scrap	(51,880)	(38,117)	(181,319)	(139,627)
Total	<u>\$ 10,640,362</u>	<u>11,763,424</u>	<u>32,250,612</u>	<u>34,357,308</u>

For the nine months ended September 30, 2023, the inventory experienced a reversal of the previously recognized impairment losses due to an increase in the net realizable value. This increase was primarily attributed to the rising prices of international raw materials such as iron ore, coking coal, and steel scrap, which resulted in higher market selling prices for the inventory.

The Consolidated Company's processing costs recognized for providing services for the three months ended September 30, 2024 and 2023 and nine months ended September 30, 2024 and 2023, consisted of the following:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Processing costs	<u>\$ 108,557</u>	<u>92,521</u>	<u>329,381</u>	<u>251,812</u>

(Continued)

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

(g) Non-current assets held for sale

In September 2023, the Consolidated Company acquired a letter of intent to purchase the entire shares of Fujian Tung Kang Steel Co., Ltd. from a third party, at a disposal of CNY 51,610 thousand, which had been approved during the board meeting of Goldham Development Ltd. held on October 23, 2023, resulting in the following assets and liabilities to be sold at the amount of \$594,021 thousand and \$269,353 thousand, respectively, as of September 30, 2023:

	September 30, 2023
Cash and cash equivalents	\$ 103,268
Notes receivable	61,230
Accounts receivable	86,847
Other receivables	1,330
Inventories	12,643
Current contract assets	228,617
Prepayments	985
Property, plant and equipment	76,175
Right-of-use assets	4,166
Refundable deposits	3,639
Other non-current assets	15,121
Assets of the group to be sold	<u><u>\$ 594,021</u></u>
Notes and accounts payable	\$ 39,743
Other payables (the related-party transactions have already been written by \$96,810 thousand)	4,120
Current contract liabilities	225,446
Guarantee deposits received	44
Liabilities of group to be sold	<u><u>\$ 269,353</u></u>

In addition, impairment loss is measured at the lower of its carrying amount and fair value, less costs to sell, resulting in the amount of \$24,432 thousand to be recognized as other gains and losses in the consolidated comprehensive income statement of profit and loss. Please refer to Note 6(w).

(h) Investments accounted for using the equity method

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

	September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of individually insignificant associates' equity	<u><u>\$ 1,444,379</u></u>	<u><u>1,503,674</u></u>	<u><u>1,444,589</u></u>

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Attributable to the Consolidated Company:				
Profit from continuing operations	\$ <u>11,849</u>	<u>17,452</u>	<u>41,987</u>	<u>58,373</u>
(ii) Collateral				
None of the investments accounted for using the equity method was pledged as collateral as of September 30, 2024, December 31 and September 30, 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.				
(i) Property, plant and equipment				

The cost, depreciation and impairment of the property, plant and equipment of the Consolidated Company for the nine months ended September 30, 2024 and 2023 were as follows:

	Land	Land improvements	Building and structures	Machinery and equipment	Miscellaneous equipment	Other assets	Construction in progress	Total
Cost or deemed cost:								
Balance as of January 1, 2024	\$ 5,549,555	27,241	9,948,920	30,179,089	470,089	380,288	393,765	46,948,947
Additions	-	-	12,359	587,039	19,879	6,336	170,657	796,270
Reclassification in	(3,970)	-	16,460	324,273	-	3,969	(342,161)	(1,429)
Disposals	-	-	(4,825)	(73,955)	(5,206)	-	-	(83,986)
Effects of exchange rates and others	-	-	92,835	130,413	2,210	-	601	226,059
Balance as of September 30, 2024	\$ <u>5,545,585</u>	<u>27,241</u>	<u>10,065,749</u>	<u>31,146,859</u>	<u>486,972</u>	<u>390,593</u>	<u>222,862</u>	<u>47,885,861</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	4,682	2,352	9,495	157,494	19,117	27,167	190,444	410,751
Reclassification in	68,719	-	280	77,001	97	(42,270)	(43,979)	59,848
Reclassification to non-current assets held for sale	-	-	(131,843)	(187,777)	(21,745)	-	-	(341,365)
Disposals	-	-	(20,473)	(39,567)	(5,803)	-	-	(65,843)
Effects of exchange rates and others	-	-	48,381	103,760	2,237	-	572	154,950
Balance as of September 30, 2023	\$ <u>5,551,624</u>	<u>27,241</u>	<u>9,974,967</u>	<u>30,344,895</u>	<u>464,686</u>	<u>374,529</u>	<u>358,191</u>	<u>47,096,133</u>
Accumulated depreciation and impairment losses:								
Balance as of January 1, 2024	\$ -	2,548	4,707,599	22,863,712	322,843	-	-	27,896,702
Depreciation	-	2,043	202,901	881,392	29,596	-	-	1,115,932
Disposals	-	-	(4,591)	(73,685)	(5,206)	-	-	(83,482)
Effects of exchange rates and others	-	-	35,879	93,486	1,195	-	-	130,560
Balance as of September 30, 2024	\$ <u>-</u>	<u>4,591</u>	<u>4,941,788</u>	<u>23,764,905</u>	<u>348,428</u>	<u>-</u>	<u>-</u>	<u>29,059,712</u>

(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	\$ -	-	4,575,293	21,952,131	311,801	-	-	26,839,225
Depreciation	-	1,867	207,644	892,108	30,931	-	-	1,132,550
Reclassification in	-	-	-	(144)	-	-	-	(144)
Reclassification to non-current assets held for sale	-	-	(84,253)	(146,311)	(15,846)	-	-	(246,410)
Disposals	-	-	(20,473)	(34,847)	(5,417)	-	-	(60,737)
Effects of exchange rates and others	-	-	9,538	40,213	1,051	-	-	50,802
Balance as of September 30, 2023	<u>\$ -</u>	<u>1,867</u>	<u>4,687,749</u>	<u>22,703,150</u>	<u>322,520</u>	<u>-</u>	<u>-</u>	<u>27,715,286</u>
Carrying value								
Balance as of September 30, 2024	<u>\$ 5,545,585</u>	<u>22,650</u>	<u>5,123,961</u>	<u>7,381,954</u>	<u>138,544</u>	<u>390,593</u>	<u>222,862</u>	<u>18,826,149</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 September 30, 2023	<u>\$ 5,551,624</u>	<u>25,374</u>	<u>5,287,218</u>	<u>7,641,745</u>	<u>142,166</u>	<u>374,529</u>	<u>358,191</u>	<u>19,380,847</u>

(i) Land borrowed name registration and trust registration

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

<u>Accounts</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Property, plant and equipment	\$ 390,593	380,288	374,529
Investment property	553,564	499,124	499,124
	<u>\$ 944,157</u>	<u>879,412</u>	<u>873,653</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 September 30, 2024, December 31 and September 30, 2023.

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

(j) Right-of-use assets

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

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 315,654	50,075	88,402	31,207	5,607	490,945
Additions	5,422	16,388	-	4,433	1,618	27,861
Disposal	-	(6,208)	-	(2,099)	-	(8,307)
Effect of exchange rates	4,416	259	2,397	-	-	7,072
Balance at September 30, 2024	<u>\$ 325,492</u>	<u>60,514</u>	<u>90,799</u>	<u>33,541</u>	<u>7,225</u>	<u>517,571</u>
Balance at January 1, 2023	\$ 330,800	49,570	91,483	24,639	5,802	502,294
Additions	-	4,371	-	8,853	1,284	14,508
Reclassification to non-current assets held for sale	(6,486)	-	-	-	-	(6,486)
Disposal	-	-	-	(6,108)	(954)	(7,062)
Effect of exchange rates	4,426	159	2,397	-	-	6,982
Balance at September 30, 2023	<u>\$ 328,740</u>	<u>54,100</u>	<u>93,880</u>	<u>27,384</u>	<u>6,132</u>	<u>510,236</u>
Accumulated depreciation:						
Balance at January 1, 2024	\$ 75,495	36,920	51,470	10,558	2,973	177,416
Depreciation for the period	14,419	11,567	7,867	6,342	866	41,061
Disposal	-	(6,207)	-	(1,969)	-	(8,176)
Effect of exchange rates	641	100	1,495	-	-	2,236
Balance at September 30, 2024	<u>\$ 90,555</u>	<u>42,380</u>	<u>60,832</u>	<u>14,931</u>	<u>3,839</u>	<u>212,537</u>
Balance at January 1, 2023	\$ 65,924	28,968	42,528	11,242	3,069	151,731
Depreciation for the period	14,857	11,316	8,087	5,195	732	40,187
Reclassification to non-current assets held for sale	(1,293)	-	-	-	-	(1,293)
Disposal	-	-	-	(6,108)	(954)	(7,062)
Effect of exchange rates	546	145	1,266	-	-	1,957
Balance at September 30, 2023	<u>\$ 80,034</u>	<u>40,429</u>	<u>51,881</u>	<u>10,329</u>	<u>2,847</u>	<u>185,520</u>
Carrying amount:						
Balance at September 30, 2024	<u>\$ 234,937</u>	<u>18,134</u>	<u>29,967</u>	<u>18,610</u>	<u>3,386</u>	<u>305,034</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 September 30, 2023	<u>\$ 248,706</u>	<u>13,671</u>	<u>41,999</u>	<u>17,055</u>	<u>3,285</u>	<u>324,716</u>

(Continued)

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

(k) Investment property

	Land and improvements	Building and structures	Total
Cost or deemed cost:			
Balance as of January 1, 2024	\$ 1,868,243	269,585	2,137,828
Additions	<u>55,765</u>	<u>-</u>	<u>55,765</u>
Balance as of September 30, 2024	<u>\$ 1,924,008</u>	<u>269,585</u>	<u>2,193,593</u>
Balance as of January 1, 2023	\$ 1,864,939	269,585	2,134,524
Additions	<u>2,241</u>	<u>-</u>	<u>2,241</u>
Balance as of September 30, 2023	<u>\$ 1,867,180</u>	<u>269,585</u>	<u>2,136,765</u>
Accumulated depreciation and impairment losses:			
Balance as of January 1, 2024	\$ -	214,718	214,718
Depreciation for the period	<u>-</u>	<u>3,633</u>	<u>3,633</u>
Balance as of September 30, 2024	<u>\$ -</u>	<u>218,351</u>	<u>218,351</u>
Balance as of January 1, 2023	\$ -	209,562	209,562
Depreciation for the period	<u>-</u>	<u>3,980</u>	<u>3,980</u>
Balance as of September 30, 2023	<u>\$ -</u>	<u>213,542</u>	<u>213,542</u>
Carrying amount:			
Balance as of September 30, 2024	<u>\$ 1,924,008</u>	<u>51,234</u>	<u>1,975,242</u>
Balance as of December 31, 2023	<u>\$ 1,868,243</u>	<u>54,867</u>	<u>1,923,110</u>
Balance as of September 30, 2023	<u>\$ 1,867,180</u>	<u>56,043</u>	<u>1,923,223</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 September 30, 2024, December 31 and September 30, 2023, the carrying value is \$974,119 thousand, \$972,857 thousand and \$971,794 thousand, respectively.
- (iii) Please refer to Note 6(i) 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 September 30, 2024, December 31 and September 30, 2023.
- (v) There was no material abnormal exposure between the fair value of investment property and the information disclosed in Note 6(l) to the Consolidated Financial Statements for the year ended December 31, 2023.

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

(l) Short-term loans

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

	September 30, 2024	December 31, 2023	September 30, 2023
Letters of credits	\$ 13,014	72,950	239,012
Unsecured bank loans	11,358,223	13,811,709	14,982,088
	<u>\$ 11,371,237</u>	<u>13,884,659</u>	<u>15,221,100</u>
Unused short-term credit lines (including notes and bills payable)	<u>\$ 31,520,755</u>	<u>25,675,102</u>	<u>23,977,431</u>
Range of interest rates	<u>1.62%~6.36%</u>	<u>1.50%~6.829%</u>	<u>0.50%~6.60%</u>

(ii) Issuance and repayment of short-term loans

	Total
Balance as of January 1, 2024	\$ 13,884,659
Issuances during the period (Maturity date: January 2024 to June 2025)	66,035,963
Repayments during the period	(68,703,701)
Effects of exchange rates	154,316
Balance as of September 30, 2024	<u>\$ 11,371,237</u>
Interest rates range of the issuance during the period	<u>1.58%~6.48%</u>
	Total
Balance as of January 1, 2023	\$ 13,994,974
Issuances during the period (Maturity date: April 2023 to September 2024)	83,656,392
Repayments during the period	(82,609,314)
Effects of exchange rates	179,048
Balance as of September 30, 2023	<u>\$ 15,221,100</u>
Interest rates range of the issuance during the period	<u>0.42%~7.20%</u>

(m) Short-term notes and bills payable

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

	September 30, 2023
Commercial papers payable	\$ 300,000
Less: discount on short-term notes and bills payable	(141)
	<u>\$ 299,859</u>

Please refer to Note 6(l) 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)

	Total
Balance as of January 1, 2024	\$ -
Issuances during the period (Maturity date: February 2024 to September 2024)	1,120,000
Repayments during the period	(1,120,000)
Balance as of September 30, 2024	\$ -
Interest rates range of the issuance during the period	<u><u>1.618%~1.888%</u></u>
	Total
Balance as of January 1, 2023	\$ 600,000
Issuances during the period (Maturity date: September 2023 to October 2023)	2,410,000
Repayments during the period	(2,710,000)
Balance as of September 30, 2023	\$ <u><u>300,000</u></u>
Interest rates range of the issuance during the period	<u><u>1.72%</u></u>

(n) Long-term loans

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

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 2,840,381	1,611,926	1,610,424
Less: current portion	(200,000)	(190,515)	(203,475)
Total	<u><u>\$ 2,640,381</u></u>	<u><u>1,421,411</u></u>	<u><u>1,406,949</u></u>
Unused long-term credit lines	<u><u>\$ 2,664,269</u></u>	<u><u>4,420,919</u></u>	<u><u>4,308,100</u></u>
Range of interest rates	<u><u>1.73%~2.00%</u></u>	<u><u>1.67%~6.05%</u></u>	<u><u>1.67% ~ 6.60%</u></u>
Maturity date	<u><u>2025.04~2026.11</u></u>	<u><u>2024.01~2026.06</u></u>	<u><u>2024.01~2026.06</u></u>

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

	Total
Balance as of January 1, 2024	\$ 1,611,926
Issuances during the period (Maturity date: April 2025 to May 2026)	3,500,000
Repayments during the period	(2,308,857)
Effects of exchange rates	37,312
Balance as of September 30, 2024	\$ <u><u>2,840,381</u></u>
Interest rates range of the issuance during the period	<u><u>1.73%~1.8479%</u></u>

(Continued)

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

	Total
Balance as of January 1, 2023	\$ 2,718,043
Issuances during the period (Maturity date: July 2023 to June 2026)	3,570,000
Repayments during the period	(4,713,361)
Effects of exchange rates	35,742
Balance as of September 30, 2023	<u>\$ 1,610,424</u>
Interest rates range of the issuance during the period	<u>1.50%~6.515%</u>

(o) Lease liabilities

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

	September 30, 2024	December 31, 2023	September 30, 2023
Current	<u>\$ 43,011</u>	<u>43,047</u>	<u>41,426</u>
Non-current	<u>\$ 132,432</u>	<u>140,808</u>	<u>144,713</u>

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Interest on lease liabilities	<u>\$ 760</u>	<u>694</u>	<u>2,359</u>	<u>2,118</u>
Income from sub-leasing right-of-use assets	<u>\$ 108</u>	<u>106</u>	<u>325</u>	<u>350</u>
Expenses relating to short- term leases	<u>\$ 7,070</u>	<u>7,090</u>	<u>20,274</u>	<u>21,996</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low- value assets	<u>\$ 800</u>	<u>920</u>	<u>3,037</u>	<u>2,046</u>

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

	For the nine months ended September 30,	
	2024	2023
Total cash outflow for leases	<u>\$ 62,479</u>	<u>61,441</u>

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

(i) Real estate leases

The Consolidated Company leases land and buildings for its office space and storage locations. The leases for office space and storage locations typically run for a period of 2 to 3 years ; and for land in Vietnam and China is 50 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

(ii) Other leases

The Consolidated Company leases machinery equipment and transportation equipment, with lease terms of 2 to 5 years. In some cases, the Consolidated Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Consolidated Company also leases transportation, IT equipment and machinery with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Consolidated Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(iii) Short-term rental fees

Short-term rental fees included the discontinued operation fees of \$186 thousand and \$601 thousand for the three months and nine months ended September 30, 2023, respectively.

(p) Operating lease

There were no significant changes in operating lease for the years ended September 30, 2024, December 31 and September 30, 2023. Please refer to Note 6(p) to the consolidated financial statements for the year ended December 31, 2023.

(q) 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.

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

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Operating costs	\$ 2,277	2,271	6,843	7,494
Selling expenses	100	102	297	334
Administrative expenses	467	478	1,400	1,592
	\$ 2,844	2,851	8,540	9,420

(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 September 30,			
	2024		2023	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Operating costs	\$ 15,502	-	15,472	208
Selling expenses	992	-	936	174
Administrative expenses	3,622	-	3,721	185
	\$ 20,116	-	20,129	567

	For the nine months ended September 30,			
	2024		2023	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Operating costs	\$ 48,753	-	43,841	593
Selling expenses	2,969	-	2,663	502
Administrative expenses	11,219	-	10,677	552
	\$ 62,941	-	57,181	1,647

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

(r) Income tax

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.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Income tax expense for the period				
Current tax expense incurred during the period	\$ 280,320	337,797	955,896	990,993
Adjustment for prior periods	(36,440)	-	(38,969)	255
	<u>243,880</u>	<u>337,797</u>	<u>916,927</u>	<u>991,248</u>
Deferred tax expenses				
The origination and reversal of temporary differences	(18,738)	(1,969)	(6,060)	(6,058)
Income tax expenses (Not including discontinued operation)	<u>\$ 225,142</u>	<u>335,828</u>	<u>910,867</u>	<u>985,190</u>

(ii) The Company's income tax return had been examined by the ROC tax authorities through 2021.

(s) Capital and other equity

(i) Capital

As of September 30, 2024, December 31 and September 30, 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)	September 30, 2024	December 31, 2023	September 30, 2023
Total issued shares	<u>66,187,923</u>	<u>66,187,923</u>	<u>66,187,923</u>
Outstanding shares	<u>4,919,192</u>	<u>4,919,192</u>	<u>4,919,192</u>

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
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	190,496
Others	<u>164,779</u>	<u>164,779</u>	<u>109,759</u>
	<u>\$ 7,739,750</u>	<u>7,739,750</u>	<u>7,684,730</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 September 30, 2024.

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

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

(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 :

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

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

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

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2024	\$ (625,168)	319,891	(305,277)
Exchange differences on translation:			
The Consolidated Company	117,121	-	117,121
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	47,621	47,621
Others :			
The Consolidated Company	-	(435)	(435)
Balance as of September 30, 2024	<u>\$ (508,047)</u>	<u>367,077</u>	<u>(140,970)</u>
Balance as of January 1, 2023	\$ (520,184)	208,297	(311,887)
Exchange differences on translation:			
The Consolidated Company	105,065	-	105,065
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	47,046	47,046
Balance as of September 30, 2023	<u>\$ (415,119)</u>	<u>255,343</u>	<u>(159,776)</u>

(Continued)

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

(t) Earnings per share

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Basic earnings per share (in dollars)				
Continuing operations	\$ 1.48	1.56	4.57	4.56
Discontinued operation	-	0.03	-	0.08
Total	<u>\$ 1.48</u>	<u>1.59</u>	<u>4.57</u>	<u>4.64</u>
Net income attributable to ordinary shareholders of the Company				
Continuing operations	\$ 1,080,289	1,141,548	3,335,858	3,328,215
Discontinued operation	-	21,650	-	56,713
Total	<u>\$ 1,080,289</u>	<u>1,163,198</u>	<u>3,335,858</u>	<u>3,384,928</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>730,214</u>	<u>730,214</u>	<u>730,214</u>	<u>730,214</u>
Diluted earnings per share (in dollars)				
Continuing operations	\$ 1.48	1.56	4.56	4.54
Discontinued operation	-	0.03	-	0.08
Total	<u>\$ 1.48</u>	<u>1.59</u>	<u>4.56</u>	<u>4.62</u>
Net income attributable to ordinary shareholders of the Company				
Continuing operations	\$ 1,080,289	1,141,548	3,335,858	3,328,215
Discontinued operation	-	21,650	-	56,713
Total	<u>\$ 1,080,289</u>	<u>1,163,198</u>	<u>3,335,858</u>	<u>3,384,928</u>
Weighted-average number of outstanding ordinary shares (in thousands)	730,214	730,214	730,214	730,214
Effect of dilutive potential ordinary shares				
Effect of employee share bonus	1,296	1,802	1,716	2,242
Weighted-average number of outstanding ordinary shares (in thousands) (after adjustments of the effect of dilutive potential ordinary shares)	<u>731,510</u>	<u>732,016</u>	<u>731,930</u>	<u>732,456</u>

(Continued)

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

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended September 30, 2024								
	Sale of goods		Construction contracts		Rendering of services		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Primary geographical markets:								
Taiwan	\$ 9,858,758	-	3,295,812	-	141,601	-	13,296,171	-
The United States	11,233	-	-	-	-	-	11,233	-
Asia	731,242	-	-	-	384	-	731,626	-
Others	830,036	-	-	-	528	-	830,564	-
	<u>\$ 11,431,269</u>	<u>-</u>	<u>3,295,812</u>	<u>-</u>	<u>142,513</u>	<u>-</u>	<u>14,869,594</u>	<u>-</u>
Main product/service line:								
Deformed bars	\$ 7,731,011	-	-	-	-	-	7,731,011	-
Sections	3,673,488	-	-	-	-	-	3,673,488	-
Billets	-	-	-	-	-	-	-	-
Rendering of services	-	-	-	-	142,513	-	142,513	-
Metal structure	-	-	3,131,092	-	-	-	3,131,092	-
Civil engineering	-	-	164,720	-	-	-	164,720	-
Others	26,770	-	-	-	-	-	26,770	-
	<u>\$ 11,431,269</u>	<u>-</u>	<u>3,295,812</u>	<u>-</u>	<u>142,513</u>	<u>-</u>	<u>14,869,594</u>	<u>-</u>
For the three months ended September 30, 2023								
	Sale of goods		Construction contracts		Rendering of services		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Primary geographical markets:								
Taiwan	\$ 11,296,309	-	2,516,532	-	95,201	-	13,908,042	-
The United States	12,141	-	-	-	-	-	12,141	-
Asia	973,024	-	2	120,445	155	-	973,181	120,445
Others	484,659	-	-	-	707	-	485,366	-
	<u>\$ 12,766,133</u>	<u>-</u>	<u>2,516,534</u>	<u>120,445</u>	<u>96,063</u>	<u>-</u>	<u>15,378,730</u>	<u>120,445</u>
Main product/service line:								
Deformed bars	\$ 8,881,838	-	-	-	-	-	8,881,838	-
Sections	3,690,168	-	-	-	-	-	3,690,168	-
Billets	117,895	-	-	-	-	-	117,895	-
Rendering of services	-	-	-	-	96,063	-	96,063	-
Metal structure	-	-	2,406,544	120,445	-	-	2,406,544	120,445
Civil engineering	-	-	109,990	-	-	-	109,990	-
Others	76,232	-	-	-	-	-	76,232	-
	<u>\$ 12,766,133</u>	<u>-</u>	<u>2,516,534</u>	<u>120,445</u>	<u>96,063</u>	<u>-</u>	<u>15,378,730</u>	<u>120,445</u>

(Continued)

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

For the nine months ended September 30, 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	\$ 30,600,930	-	10,002,620	-	438,000	-	41,041,550	-
The United States	65,589	-	-	-	-	-	65,589	-
Asia	2,252,089	-	-	-	1,048	-	2,253,137	-
Others	1,788,497	-	-	-	1,833	-	1,790,330	-
	<u>\$ 34,707,105</u>	<u>-</u>	<u>10,002,620</u>	<u>-</u>	<u>440,881</u>	<u>-</u>	<u>45,150,606</u>	<u>-</u>
Main products/service lines:								
Deformed bars	\$ 23,987,797	-	-	-	-	-	23,987,797	-
Sections	10,608,328	-	-	-	-	-	10,608,328	-
Billets	3,165	-	-	-	-	-	3,165	-
Rendering of services	-	-	-	-	440,881	-	440,881	-
Metal structure	-	-	9,364,384	-	-	-	9,364,384	-
Civil engineering	-	-	638,236	-	-	-	638,236	-
Others	107,815	-	-	-	-	-	107,815	-
	<u>\$ 34,707,105</u>	<u>-</u>	<u>10,002,620</u>	<u>-</u>	<u>440,881</u>	<u>-</u>	<u>45,150,606</u>	<u>-</u>
For the nine months ended September 30, 2023								
	Sale of goods		Construction contracts		Rendering of services		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operations	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Primary geographical markets:								
Taiwan	\$ 33,476,091	-	6,507,759	657	295,760	-	40,279,610	657
The United States	80,783	-	-	-	-	-	80,783	-
Asia	2,851,233	-	2	482,565	604	-	2,851,839	482,565
Others	1,237,420	-	-	-	2,116	-	1,239,536	-
	<u>\$ 37,645,527</u>	<u>-</u>	<u>6,507,761</u>	<u>483,222</u>	<u>298,480</u>	<u>-</u>	<u>44,451,768</u>	<u>483,222</u>
Main products/service lines:								
Deformed bars	\$ 25,938,517	-	-	-	-	-	25,938,517	-
Sections	11,271,108	-	-	-	-	-	11,271,108	-
Billets	256,670	-	-	-	-	-	256,670	-
Rendering of services	-	-	-	-	298,480	-	298,480	-
Metal structure	-	-	6,210,285	483,222	-	-	6,210,285	483,222
Civil engineering	-	-	297,476	-	-	-	297,476	-
Others	179,232	-	-	-	-	-	179,232	-
	<u>\$ 37,645,527</u>	<u>-</u>	<u>6,507,761</u>	<u>483,222</u>	<u>298,480</u>	<u>-</u>	<u>44,451,768</u>	<u>483,222</u>

(Continued)

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

(ii) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 190,600	213,880	224,187
Accounts receivable	2,856,694	4,206,894	3,936,617
Overdue receivables	47,993	49,439	63,628
Less: allowance for impairment	(63,668)	(67,273)	(79,218)
Total	<u>\$ 3,031,619</u>	<u>4,402,940</u>	<u>4,145,214</u>
Contract assets — construction contract	<u>\$ 4,963,812</u>	<u>4,426,703</u>	<u>4,083,995</u>
Contract liabilities — advance receipts	\$ 2,311,058	1,737,086	1,291,218
Contract liabilities — construction contract	1,433,692	1,254,582	1,940,395
Total	<u>\$ 3,744,750</u>	<u>2,991,668</u>	<u>3,231,613</u>

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

The amounts of revenue recognized for the nine months ended September 30, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$1,737,086 thousand and \$1,385,809 thousand, respectively.

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

(v) Remunerations to employees and directors

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

For the three months ended September 30, 2024 and 2023 and nine months ended September 30, 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:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Remuneration to employees	\$ 30,957	36,837	102,678	109,555
Remuneration to directors	24,766	29,470	82,143	87,644
	<u>\$ 55,723</u>	<u>66,307</u>	<u>184,821</u>	<u>197,199</u>

(Continued)

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

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.

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

(w) Non-operating income and expenses

(i) Interest income

		For the three months ended September 30,			
		2024		2023	
		Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Interest income from bank deposits	\$	7,460	-	7,590	1,051
Other interest income		735	-	1,836	-
	\$	<u>8,195</u>	<u>-</u>	<u>9,426</u>	<u>1,051</u>

		For the nine months ended September 30,			
		2024		2023	
		Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Interest income from bank deposits	\$	17,770	-	23,295	3,583
Other interest income		4,723	-	5,266	-
	\$	<u>22,493</u>	<u>-</u>	<u>28,561</u>	<u>3,583</u>

(ii) Other income

		For the three months ended September 30,			
		2024		2023	
		Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Rental income	\$	15,393	-	14,892	52
Dividend income		29,799	-	36,308	-
Scrap income		1,528	-	6,696	357
	\$	<u>46,720</u>	<u>-</u>	<u>57,896</u>	<u>409</u>

(Continued)

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

	For the nine months ended September 30,			
	2024		2023	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Rental income	\$ 46,127	-	43,544	276
Dividend income	39,803	-	37,308	-
Scrap income	5,882	-	6,730	2,676
	<u>\$ 91,812</u>	<u>-</u>	<u>87,582</u>	<u>2,952</u>

(iii) Other gains and losses

	For the three months ended September 30,			
	2024		2023	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Gains (losses) on disposal of property, plant and equipment	\$ 2,364	-	(2,309)	(376)
Foreign exchange gains (losses)	13,056	-	(60,975)	(4,028)
Net gain on financial assets or liabilities at fair value through profit or loss	(43,173)	-	94,800	-
Compensation income (loss)	239	-	(5,829)	-
Impairment losses	(66)	-	(24,432)	-
Remunerations to directors	228	-	277	-
Others	1,093	-	13,699	(109)
	<u>\$ (26,259)</u>	<u>-</u>	<u>15,231</u>	<u>(4,513)</u>

	For the nine months ended September 30,			
	2024		2023	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Gains (losses) on disposal of property, plant and equipment	\$ 2,195	-	(3,211)	(1,179)
Foreign exchange losses	(58,009)	-	(62,466)	(2,387)
Net gain on financial assets or liabilities at fair value through profit or loss	103,218	-	225,547	-
Compensation income (loss)	3,427	-	(4,618)	-
Impairment losses	(16,069)	-	(24,432)	-
Remunerations to directors	33,871	-	23,984	-
Others	21,198	-	19,231	(2,083)
	<u>\$ 89,831</u>	<u>-</u>	<u>174,035</u>	<u>(5,649)</u>

(Continued)

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

(iv) Finance costs

For the three months ended September 30,				
2024		2023		
Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	
Interest Expense				
Bank loans	\$ 81,765	-	106,804	-
Interest on domestic commercial papers	46	-	184	-
Lease liabilities	760	-	694	-
Less: interest capitalization	(887)	-	(589)	-
	\$ 81,684	-	107,093	-
For the nine months ended September 30,				
2024		2023		
Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	
Interest Expense				
Bank loans	\$ 270,539	-	333,553	248
Interest on domestic commercial papers	1,720	-	4,324	-
Lease liabilities	2,359	-	2,118	-
Less: interest capitalization	(2,587)	-	(1,744)	-
	\$ 272,031	-	338,251	248

(x) 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:

	September 30, 2024				December 31, 2023			September 30, 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	\$	62,417	31.65	1,975,498	6,267	30.71	192,460	17,731	32.27	572,179
EUR		1	35.38	35	2	33.98	68	2	33.91	68
JPY		6,450	0.2223	1,434	6,450	0.2172	1,401	6,450	0.2162	1,394
CNY		3,670	4.523	16,599	49,601	4.327	214,624	24	4.415	106
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD	\$	50,940	31.65	1,612,251	41,727	30.71	1,281,436	62,425	32.27	2,014,455
EUR	-		35.38	-	47	33.98	1,597	-	33.91	-
JPY	-		0.2223	-	-	-	-	5,926	0.2162	1,281
CNY		477	4.523	2,157	-	-	-	-	-	-

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 nine months ended September 30, 2024 and 2023, the foreign exchange losses (including realized and unrealized portions) amounted to \$58,009 thousand and \$64,853 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 nine months ended September 30, 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 September 30, 2024 and 2023 were as follows:

	Effect of appreciation on profit after tax	Effect of depreciation on profit after tax
September 30, 2024		
USD	\$ 2,906	(2,906)
EUR	-	-
JPY	11	(11)
CNY	116	(116)
	<u>\$ 3,033</u>	<u>(3,033)</u>

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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	Effect of appreciation on net income after tax	Effect of depreciation on net income after tax
September 30, 2023		
USD	\$ (11,538)	11,538
EUR	1	(1)
JPY	1	(1)
CNY	1	(1)
	<u>\$ (11,535)</u>	<u>11,535</u>

(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 \$113,693 thousand and \$134,652 thousand for the nine months ended September 30, 2024 and 2023 respectively, assuming all other variable factors remain constant.

(iv) Other market price risk

For the nine months ended September 30, 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:

	For the nine months ended September 30,			
	2024		2023	
Prices of securities at the reporting date	Other comprehensive income after tax	Net income after tax	Other comprehensive income after tax	Net income after tax
Increasing 1%	\$ <u>4,923</u>	<u>1,195</u>	<u>3,830</u>	<u>1,797</u>
Decreasing 1%	\$ <u>(4,923)</u>	<u>(1,195)</u>	<u>(3,830)</u>	<u>(1,797)</u>

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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 :

	September 30, 2024				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial asset— Stocks listed on domestic stocks	\$ 119,531	119,531	-	-	119,531
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	492,258	492,258	-	-	492,258
Unquoted equity instruments measured at fair value	187,852	-	-	187,852	187,852
Subtotal	680,110	492,258	-	187,852	680,110
Financial assets measured at amortized cost					
Cash and cash equivalents	2,309,412	-	-	-	-
Notes and accounts receivable	3,031,619	-	-	-	-
Other receivables	78,044	-	-	-	-
Refundable deposits and pledged deposits	267,421	-	-	-	-
Subtotal	5,686,496	-	-	-	-
Total	<u>\$ 6,486,137</u>	<u>611,789</u>	<u>-</u>	<u>187,852</u>	<u>799,641</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities— foreign exchange forward contracts	\$ 14,018	-	14,018	-	14,018
Financial liabilities measured at amortized cost					
Short-term loans	11,371,237	-	-	-	-
Long-term loans (including current portion)	2,840,381	-	-	-	-
Notes and accounts payable	2,843,013	-	-	-	-
Other payables	1,883,896	-	-	-	-
Lease liabilities (including current portion)	175,443	-	-	-	-
Guarantee deposits received	8,711	-	-	-	-
Subtotal	19,122,681	-	-	-	-
Total	<u>\$ 19,136,699</u>	<u>-</u>	<u>14,018</u>	<u>-</u>	<u>14,018</u>

(Continued)

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

December 31, 2023					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets—stocks listed on domestic stocks	\$ 144,619	144,619	-	-	144,619
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	436,936	436,936	-	-	436,936
Unquoted equity instruments measured at fair value	199,411	-	-	199,411	199,411
Subtotal	636,347	436,936	-	199,411	636,347
Financial assets measured at amortized cost					
Cash and cash equivalents	1,732,667	-	-	-	-
Notes and accounts receivable	4,402,940	-	-	-	-
Other receivables	229,780	-	-	-	-
Refundable deposits and pledged deposits	317,000	-	-	-	-
Subtotal	6,682,387	-	-	-	-
Total	<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>
September 30, 2023					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets—foreign exchange forward contracts	\$ 42,690	-	42,690	-	42,690
Non-derivative financial asset—domestic listed stocks	179,741	179,741	-	-	179,741
Subtotal	222,431	179,741	42,690	-	222,431
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	382,997	382,997	-	-	382,997
Unquoted equity instruments measured at fair value	192,825	-	-	192,825	192,825
Subtotal	575,822	382,997	-	192,825	575,822

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

September 30, 2023					
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 2,224,135	-	-	-	-
Notes and accounts receivable	4,145,214	-	-	-	-
Other receivables	28,543	-	-	-	-
Refundable deposits and pledged deposits	337,193	-	-	-	-
Subtotal	6,735,085	-	-	-	-
Total	<u>\$ 7,533,338</u>	<u>562,738</u>	<u>42,690</u>	<u>192,825</u>	<u>798,253</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 15,221,100	-	-	-	-
Long-term loans (including current portion)	1,610,424	-	-	-	-
Short-term notes and bills payable	299,859	-	-	-	-
Notes and accounts payable	2,898,962	-	-	-	-
Other payables	1,883,239	-	-	-	-
Lease liabilities (including current portion)	186,139	-	-	-	-
Guarantee deposits received	6,856	-	-	-	-
Subtotal	22,106,579	-	-	-	-
Total	<u>\$ 22,106,579</u>	<u>-</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.

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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.

3) Transfers between Level 1 and Level 2

There were no transfers in either direction in the nine months ended September 30, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
January 1, 2024	\$ 199,411
Purchased	3,858
Capital reduction and return of shares	(5,400)
Total losses recognized in other comprehensive income	(7,699)
Disposals	(2,318)
September 30, 2024	<u><u>\$ 187,852</u></u>
January 1, 2023	\$ 158,472
Purchased	3,941
Total gains recognized in other comprehensive income	30,412
September 30, 2023	<u><u>\$ 192,825</u></u>

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

For the nine months ended September 30, 2024 and 2023, total gains or losses that were included in “unrealized gains and losses on financial assets at fair value through other comprehensive income” were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Total (losses) gains recognized in other comprehensive income (Note)	\$ <u>(6,647)</u>	<u>(29,244)</u>	<u>(7,752)</u>	<u>30,412</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 (1.30~2.96, 1.19~4.83 and 0.86~4.41 as of September 30, 2024, December 31 and September 30, 2023)	· The higher the multiplier, the higher the fair value
		· Discount rate for lack of marketability (24.66%~35.99%, 18.94%~35.70% and 13.15%~35.57%, as of September 30, 2024, December 31 and September 30, 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 8.86%~29.56%, 8.33%~29.96% and 8.20%~33.00%, as of September 30, 2024, December 31 and September 30, 2023)	· The higher the discount rate lack of marketability, the lower the fair value

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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
September 30, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 8.86%~35.99%	5%	\$ 11,515	(11,515)
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)
September 30, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 8.29%~35.57%	5%	11,874	(11,874)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(y) Financial risk management

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.

(z) 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.

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

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

The cash flow of non-cash investing and financing transactions for the nine months ended September 30, 2024 and 2023, were as follows:

	For the nine months ended September 30,	
	2024	2023
Reclassification of prepayment of land and equipment to property, plant and equipment	\$ 17,802	60,449
Changes in unrealized (losses) gains on financial instruments	\$ 47,623	47,046
Foreign exchange differences arising from foreign operations	\$ 117,121	105,065
Increase in property, plant and equipment	\$ 796,270	410,751
Add: Payable for equipment as of January 1	24,185	11,460
Less: Payable for equipment as of December 31	(10,348)	(20,278)
Cash paid	\$ 810,107	401,933

Reconciliation of liabilities arising from financing activities were as follows:

	Cash flows			Non-cash changes		September 30, 2024
	January 1, 2024	Acquisition	Repayment	Effect of exchange rates	Other	
Short-term loans	\$ 13,884,659	66,035,963	(68,703,701)	154,316	-	11,371,237
Long-term loans (including current portion)	1,611,926	3,500,000	(2,308,857)	37,312	-	2,840,381
Short-term notes and bills payable	-	1,120,000	(1,120,000)	-	-	-
Deposits received	7,016	1,695	-	-	-	8,711
Lease liabilities	183,855	-	(37,134)	861	27,861	175,443
Total liabilities from financing activities	\$ 15,687,456	70,657,658	(72,169,692)	192,489	27,861	14,395,772

	Cash flows			Non-cash changes		September 30, 2023
	January 1, 2023	Acquisition	Repayment	Effect of exchange rates	Other	
Short-term loans	\$ 13,994,974	83,656,392	(82,609,321)	179,055	-	15,221,100
Long-term loans (including current portion)	2,718,043	3,570,000	(4,713,361)	35,742	-	1,610,424
Short-term notes and bills payable	600,000	2,410,000	(2,710,000)	-	-	300,000
Deposits received	9,155	-	(2,299)	-	-	6,856
Lease liabilities	205,271	-	(35,631)	1,991	14,508	186,139
Total liabilities from financing activities	\$ 17,527,443	89,636,392	(90,070,612)	216,788	14,508	17,324,519

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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

- (i) 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>For the nine months ended</u>		<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>September 30,</u>		<u>September 30,</u>				
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2023</u>
Associates	\$ <u>1,304</u>	<u>1,203</u>	<u>2,692</u>	<u>5,162</u>	<u>580</u>	<u>777</u>	<u>1,218</u>

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

- (ii) Construction contract revenue of the Consolidated Company that was determined based on the stage-of-completion method to related parties were as follows :

		Construction contract revenue				
			For the three months ended September 30,		For the nine months ended September 30,	
Relationship	Activity	Total	2024	2023	2024	2023
Associates	Construction	\$ 357	-	357	-	357

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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ii Purchases from related parties

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

	Purchases				Accounts payable		
	For the three months ended		For the nine months ended		September	December 31, September 30,	September 30,
	September 30,		September 30,		30,	2023	2023
	2024	2023	2024	2023	2024	2023	2023
Other related parties	\$ -	323	-	743	-	381	-

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

(i) Guarantees and endorsement

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

Expressed in thousands of USD

		September 30, 2024			
		Highest balance for the period	Ending amount (Note)	Actual amount usage	
		USD\$	USD	USD	USD
Associates		5,250	5,250	5,250	

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

		September 30, 2023			
		Highest balance for the period	Ending amount (Note)	Actual amount usage	
		USD\$	USD	USD	USD
Associates		5,250	5,250	5,250	

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

(ii) Others

		Rental income			
		For the three months ended		For the nine months ended	
		September 30,		September 30,	
		2024	2023	2024	2023
Associates	\$	817	817	2,451	2,466
Other related parties		1,142	1,151	3,448	3,434
	\$	<u>1,959</u>	<u>1,968</u>	<u>5,899</u>	<u>5,900</u>

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

		Miscellaneous revenue				
		For the three months ended September 30,		For the nine months ended September 30,		
		2024	2023	2024	2023	
Associates	\$	660	-	660	1,500	
Other related parties		-	74	-	280	
	\$	660	74	660	1,780	
		Operating expenses				
		For the three months ended September 30,		For the nine months ended September 30,		
		2024	2023	2024	2023	
Associates	\$	917	309	1,973	3,359	
		Donations				
		For the three months ended September 30,		For the nine months ended September 30,		
		2024	2023	2024	2023	
Other related parties- Tung Ho Steel Foundation	\$	124	3,083	5,624	3,083	
		Manufacturing expenses				
		For the three months ended September 30,		For the nine months ended September 30,		
		2024	2023	2024	2023	
Associates	\$	17,336	18,411	40,172	34,940	
		Other receivables			Other payables	
Relationship		September 30, 2024	December 31, 2023	September 30, 2023	September 30, 2024	December 31, 2023
Associates	\$	-	-	-	12,255	7,261
Other related parties		1	26	76	-	-
	\$	1	26	76	12,255	7,261
		Miscellaneous equipment			Deposits received	
Relationship		September 30, 2024	December 31, 2023	September 30, 2023	September 30, 2024	December 31, 2023
Associates	\$	154	-	-	304	304

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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2024	2023	2024	2023
Short-term employee benefits	\$ 13,784	10,205	44,481	32,011
Post-employment benefits	446	397	1,472	1,173
	<u>\$ 14,230</u>	<u>10,602</u>	<u>45,953</u>	<u>33,184</u>

As of nine months ended September 30, 2024 and 2023, the Consolidated Company provided two vehicles at an aggregate cost of \$7,640 thousand and \$5,840 thousand, respectively, for the key management personnel.

(8) Pledged assets

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

Pledged assets	Pledged to secure	September 30, 2024	December 31, 2023	September 30, 2023
Other current and non-current assets	Customs guarantee and performance guarantee	\$ 4,349	4,544	5,578
Refundable deposits - term deposits	Performance guarantee	148,125	248,116	218,195
		<u>\$ 152,474</u>	<u>252,660</u>	<u>223,773</u>

(9) Commitments and contingencies

(a) Unrecognized contractual commitments

(i) Gurantees securities

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

	September 30, 2024	December 31, 2023	September 30, 2023
Guarantees securities amounts	<u>\$ 166,163</u>	<u>322,455</u>	<u>169,418</u>

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Bank credit limit	\$ 22,568,456	19,056,148	23,216,791
Leases	200	200	200
Guaranteed payment for purchases of raw materials	79,300	81,800	72,000
	<u>\$ 22,647,956</u>	<u>19,138,148</u>	<u>23,288,991</u>

(iii) Other:

	September 30, 2024	December 31, 2023	September 30, 2023
Unused outstanding letters of credit	\$ 1,919,846	1,873,562	1,898,079
Provide customer with a guarantee letter from the bank for the performance guarantee	\$ 1,595,938	1,417,631	1,182,254

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

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

	For the three months ended September 30, 2024						For the three months ended September 30, 2023					
	Classified as operating costs		Classified as operating expenses		Total		Classified as operating costs		Classified as operating expenses		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinue d operation	Continuing operations	Discontinue d operation	Continuing operations	Discontinue d operation	Continuing operations	Discontinue d operation	Continuing operations	Discontinued operation
Employee benefits												
Salaries	530,152	-	223,077	-	753,229	-	492,936	4,390	207,260	3,812	700,196	8,202
Labor and health insurance	46,381	-	13,279	-	59,660	-	42,122	160	13,637	299	55,759	459
Pension expenses	17,779	-	5,181	-	22,960	-	17,743	208	5,237	359	22,980	567
Remuneration of directors	-	-	24,766	-	24,766	-	-	-	29,470	-	29,470	-
Other personnel expenses	17,588	-	4,003	-	21,591	-	16,552	414	3,898	230	20,450	644
Depreciation expenses	363,517	-	29,031	-	392,548	-	365,365	1,947	27,561	500	392,926	2,447
Amortization expenses	8,911	-	2,428	-	11,339	-	9,436	-	2,308	-	11,744	-

(Continued)

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

	For the nine months ended September 30, 2024						For the nine months ended September 30, 2023					
	Classified as operating costs		Classified as operating expenses		Total		Classified as operating costs		Classified as operating expenses		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
Employee benefits												
Salaries	1,568,529	-	672,938	-	2,241,467	-	1,453,158	11,426	607,897	12,341	2,061,055	23,767
Labor and health insurance	143,645	-	43,103	-	186,748	-	132,512	443	42,820	838	175,332	1,281
Pension expenses	55,596	-	15,885	-	71,481	-	51,335	593	15,266	1,054	66,601	1,647
Remuneration of directors	-	-	82,143	-	82,143	-	-	-	87,644	-	87,644	-
Other personnel expenses	51,976	-	11,854	-	63,830	-	48,682	945	11,420	791	60,102	1,736
Depreciation expenses	1,074,258	-	86,368	-	1,160,626	-	1,087,178	5,954	82,080	1,505	1,169,258	7,459
Amortization expenses	34,550	-	7,662	-	42,212	-	15,960	-	6,851	-	22,811	-

(b) Discontinued operation (Disposed 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. The consolidated company completed the transfer of equity in Fujian Tung Kang Steel Co., Ltd. on November 9, 2023.

The operating results of the discontinued operations was as follows:

	For the three months ended September 30, 2023	For the nine months ended September 30, 2023
The operating results of the discontinued operations:		
Operating revenue	\$ 120,445	483,222
Operating costs	<u>(63,209)</u>	<u>(370,302)</u>
Gross operating profit	57,236	112,920
Operating expenses	<u>(15,982)</u>	<u>(34,382)</u>
Non-operating income	41,254	78,538
Non-operating income and expenses	<u>(3,055)</u>	<u>636</u>
Profit before tax	<u>38,199</u>	<u>79,174</u>
Income taxes	<u>(16,549)</u>	<u>(22,461)</u>
Net loss for the period	<u>21,650</u>	<u>56,713</u>
Basic earnings per share (in dollars)	<u><u>\$ 0.03</u></u>	<u><u>0.08</u></u>
Diluted earnings per share (in dollars)	<u><u>\$ 0.03</u></u>	<u><u>0.08</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 nine months ended September 30, 2024:

(i) Lending to other parties:

(In thousands of NTD/USD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 3)	Actual usage amount during the period (Note 4)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	THSVC	Other receivables	Yes	1,582,500 (USD 50,000)	1,582,500 (USD 50,000)	1,522,365 (USD 48,100)	1.785%~1.827%	2	-	Operating capital	-		-	3,148,198	6,296,396

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 September 30, 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 (Note 9)	Balance of guarantees and endorsements as of reporting date (Note 7)	Actual usage amount during the period (Note 8)	Property pledged for guarantees and endorsements (amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company (Note 2, 3)	Fujian Tung Kang Steel Co., Ltd.	2	15,740,991	226,150 (CNY 50,000)	- (CNY 0)	- (CNY 0)	-	- %	15,740,991	Y	N	Y
0	The Company (Note 2, 3)	THSVC	2	15,740,991	15,919,950 (USD503,000)	14,495,700 (USD 458,000)	3,404,970 (USD107,582)	-	46.04 %	15,740,991	Y	N	N
1	Tung Yuan International Corp. (Note 4, 5)	Fujian Sino-Japan Metal Corp.	6	367,457 (USD 11,610)	166,163 (USD 5,250)	166,163 (USD 5,250)	166,163 (USD 5,250)	-	22.61 %	734,913 (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: \$15,740,991 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: \$15,740,991 thousand.)

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

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

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

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

(In thousands of NTD)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock—Zenitron Corporation	-	(a)	3,825,000	119,531	1.63 %	119,531	None
The Company	Stock—Shiao Kang Warehousing Corp.	One of its directors	(b)	1,788,045	16,172	19.87 %	16,172	None
The Company	Stock—Hexawave Photonic System, Inc.	-	(b)	2,564,023	11,599	6.36 %	11,599	None
The Company	Stock—Overseas Investment & Development Corp.	-	(b)	1,000,000	12,732	1.11 %	12,732	None
The Company	Stock—Power World Fund, Inc.	One of its directors	(b)	304,760	7,626	5.68 %	7,626	None
The Company	Stock—Universal Venture Fund, Inc.	One of its directors	(b)	390,778	9,152	4.76 %	9,152	None
The Company	Stock—Tung Jiang Investment Corp.	One of its directors	(b)	-	45,853	9.11 %	45,853	None
The Company	Stock—Taiwan Aerospace Corp.	-	(b)	1,621,441	46,663	1.20 %	46,663	None
The Company	Stock—Universal Venture Capital Investment Corp.	-	(b)	2,800,000	28,663	2.33 %	28,663	None
The Company	Stock—IBT	-	(b)	1,312,993	9,392	4.17 %	9,392	None
The Company	Stock—Chien Shing Harbour Service Co., Ltd	One of its directors	(b)	8,203,800	435,622	9.35 %	435,622	None
The Company	Stock—Taiwan High Speed Rail Corporation	-	(b)	1,913,376	56,636	0.03 %	56,636	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	(1,921,730)	(5.65)%	60 days end of month	-	-	16,089	0.55%	
The Company	Tung Kang Steel Structure Corp.	Subsidiary	Purchase	120,578	0.51%	OA10/30 days end of month	-	-	(15,572)	(0.88)%	
The Company	THSVC	Subsidiary	Purchase	3,695,550	15.53%	Payment within 30 days from signing the contract	-	-	-	-%	
The Company	Duc Hoa International J.S.C.	Subsidiary	Purchase	144,689	0.61%	10 days after B/L	-	-	(11,189)	(0.63)%	
Tung Kang Steel Structure Corp.	The Company	Subsidiary	Purchase	1,921,730	45.50%	60 days end of month	-	-	(16,089)	(2.35)%	
Tung Kang Steel Structure Corp.	The Company	Subsidiary	Sale	(120,578)	(1.27)%	OA10/30 days end of month	-	-	15,572	15.41%	
THSVC	The Company	Subsidiary	Sale	(3,695,550)	(58.62)%	Payment within 30 days from signing the contract	-	-	-	-%	
Duc Hoa International J.S.C.	The Company	Subsidiary	Sale	(144,689)	(74.72)%	10 days after B/L	-	-	11,189	66.57%	
Tung Kang Wind Power Corp.	The Company	Subsidiary	Sale	(108,808)	(100.00)%	60 days end of month	-	-	14,395	94.69%	

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

(Continued)

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

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	THSVC	Subsidiary	1,524,568(Other receivables—related parties)	-	-		65,503	-

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

(ix) Information regarding trading in derivative financial instruments: Please refer to Note 6(b).
(x) Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 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	1,976,640	General conditions	4.38%
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Accounts receivable	26,570	60 days end of month	0.05%
0	The Company	THSVC	1	Other receivables	1,524,568	General conditions	2.76%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	1	Sales	39,006	General conditions	0.09%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Accounts receivable	8,514	30 days end of month	0.02%
2	THSVC	The Company	2	Sales	3,695,550	Receive within 30 days	8.18%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Sales	144,689	General conditions	0.32%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Accounts receivable	11,189	General conditions	0.02%
4	Tung Kang Wind Power Corp.	The Company	2	Sales	108,808	General conditions	0.24%
4	Tung Kang Wind Power Corp.	The Company	2	Accounts receivable	14,395	60 days end of month	0.03%

Note 1: The numbers represent the following:

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

Note 2: Transactions are categorized as follows :

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

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

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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(b) Information on investments:

The following is the information on investments for the nine months ended September 30, 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 September 30, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value			
The Company	Tung Yuan International Corp.	British Virgin Islands	Investment activities	860,342 (USD27,183)	860,342 (USD27,183)	82	100.00 %	659,949	(79,252)	(79,252)	Subsidiary (Note1)
The Company	Tung Kang Steel Structure Corp.	Taiwan	Metal structure and buildingcomponent construction.	1,775,138	1,775,138	201,121,339	97.48 %	3,852,590	1,289,277	1,258,652	Subsidiary (Note1)
The Company	Katec R&D Corp.	Taiwan	Waste recycling	35,352	35,352	5,646,398	46.19 %	90,977	32,972	15,230	Associate
The Company	Goldham Development Ltd.	British Virgin Islands	Investment activities	40,322 (USD1,274)	316,500 (USD10,000)	1,274,000	100.00 %	17,956	(11,152)	(11,152)	Subsidiary (Note1)
The Company	Taiwan Steel Union Co., Ltd.	Taiwan	Waste disposal	113,291	113,291	24,829,009	22.31 %	938,002	570,702	127,343	Associate
The Company	Katec Creative Resources Corporation	Taiwan	Waste recycling	914,478	914,478	61,391,933	99.02 %	701,855	73,274	72,954	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 %	649,477	21,783	21,817	Subsidiary (Note1)
The Company	Tung Ho SteelVietnam Corp., Ltd.	Vietnam	Steel industry	6,407,467	6,407,467	-	100.00 %	2,884,280	(297,430)	(297,238)	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 %	46,332	(7,682)	(2,766)	Associate
Tung Yuan International Corp.	3 Oceans International Inc.	Samoa	Investment activities	47,792 (USD1,510)	47,792 (USD1,510)	572,000	66.51 %	10,491	1,148	763	Subsidiary (Note1)
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	119,287 (USD3,769)	119,287 (USD3,769)	8,154,419	96.00 %	146,288	14,842	14,249	Subsidiary (Note1)
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Taiwan	Civil engineering	359,340	359,340	25,000,000	100.00 %	284,785	13,944	13,944	Subsidiary (Note1)
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	3,823	3,823	230,335	2.71 %	4,620	14,842	402	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 %	1,784	14,842	191	Subsidiary (Note1)

1 USD = 31.65NTD
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 5)		Accumulated outflow of investment from Taiwan as of September 30, 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	1,645,800 (USD 52,000)	(2)	581,316 (USD 18,367)	-	-	581,316 (USD 18,367)	(279,486)	35.00%	(97,820)	369,068	-
Fujian Tung Kang Steel Co., Ltd.	Processing of section steels and steel structures	221,550 (USD 7,000)	(2)	263,645 (USD 8,330)	-	276,178 (USD 8,726)	- (USD 0)	-	-%	-	-	-

Note 1: List of the method of investment
(1) Direct investment
(2) Indirect investment
(3) Others
Note 2: On September 30, 2024, 1 USD = 31.65 NTD, 1 CNY = 4.523 NTD.
Note 3: For the nine months ended September 30, 2024, 1 USD = 32.03 NTD, 1 CNY = 4.443 NTD.
Note 4:The disposal, amounting to USD 8,726 thousand, of Fujian Tung Kang Steel Co., Ltd. in November 2023 had been remitted to the Company via third region on March 20 and April 9, 2024.
Note5: The receivable of investment amount in the current period has exceeded the amount of investment remitted at the beginning of the period due to exclusion of the amount of the batch of equipment which should have been included in the original investment cost.

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

(ii) Limitation on investment in Mainland China:

(In thousands of NTD/USD)		
Accumulated Investment in Mainland China as of September 30, 2024	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 1)
581,316 (USD18,367)	581,316 (USD18,367)	18,889,189

Note1: 60% of net equity.

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholding	Shares	Percentage
Shareholder’s Name		
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 euqity announcement please refer to the TWSE website.

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

(14) Segment information

- (a) 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 September 30, 2024					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 11,412,570	3,319,147	137,877	-	14,869,594
Inter-segment revenue	1,600,878	42,806	91,766	(1,735,450)	-
Total revenues	\$ 13,013,448	3,361,953	229,643	(1,735,450)	14,869,594
Reportable segment profit or loss	\$ 1,095,395	651,983	(2,141)	(426,392)	1,318,845
For the three months ended September 30, 2023					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 12,706,541	2,674,271	118,364	-	15,499,176
Inter-segment revenue	1,899,353	31,222	91,983	(2,022,558)	-
Total revenues	\$ 14,605,894	2,705,493	210,347	(2,022,558)	15,499,176
Reportable segment profit or loss	\$ 1,246,079	506,528	(8,056)	(219,294)	1,525,257
For the nine months ended September 30, 2024					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 34,627,018	10,099,311	424,277	-	45,150,606
Inter-segment revenue	5,672,251	114,744	302,865	(6,089,860)	-
Total revenue	\$ 40,299,269	10,214,055	727,142	(6,089,860)	45,150,606
Reportable segment profit or loss	\$ 3,615,767	1,603,653	24,735	(963,835)	4,280,320

(Continued)

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

For the nine months ended September 30, 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	\$ 37,481,819	7,066,941	386,231	-	44,934,991
Inter-segment revenue	4,802,816	95,933	284,260	(5,183,009)	-
Total revenue	\$ 42,284,635	7,162,874	670,491	(5,183,009)	44,934,991
Reportable segment profit or loss	\$ 3,855,519	926,410	20,574	(392,386)	4,410,117
	<u>Steel Segment</u>	<u>Steel Structure</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reportable segment assets					
September 30, 2024	\$ 54,601,941	7,964,247	3,255,120	(10,530,474)	55,290,834
December 31, 2023	\$ 55,603,547	7,534,382	2,932,556	(9,691,605)	56,378,880
September 30, 2023	\$ 55,737,889	7,909,962	3,210,038	(9,935,056)	56,922,833
	<u>Steel Segment</u>	<u>Steel Structure</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reportable segment liabilities					
September 30, 2024	\$ 20,954,784	3,850,084	507,968	(1,614,116)	23,698,720
December 31, 2023	\$ 22,121,901	2,987,191	268,753	(160,143)	25,217,702
September 30, 2023	\$ 23,419,435	3,683,063	287,017	(362,244)	27,027,271