

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

**TUNG HO STEEL ENTERPRISE CORPORATION AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2025 and 2024**

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material policies	11~12
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	13~45
(7) Related-party transactions	45~48
(8) Pledged assets	48
(9) Commitments and contingencies	48~49
(10) Losses Due to Major Disasters	49
(11) Subsequent Events	49
(12) Other	49
(13) Other disclosures	
(a) Information on significant transactions	50~52
(b) Information on investments	52~53
(c) Information on investment in mainland China	53
(14) Segment information	54



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## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Tung Ho Steel Enterprise Corporation ("the Company") and its subsidiaries ("the Consolidated Company") as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months ended, as well as the changes in equity and cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$3,074,032 thousand and \$3,108,297 thousand, constituting 6% and 5% of the consolidated total assets; and the total liabilities amounting to \$800,650 thousand and \$632,526 thousand, constituting 3% and 2% of the consolidated total liabilities as of March 31, 2025 and 2024, respectively; as well as the total comprehensive income (loss) amounting to \$74,620 thousand and \$23,015 thousand, all constituting 6% and 2% of the consolidated total comprehensive income for the three months ended March 31, 2025 and 2024, respectively.

Furthermore, as stated in Note 6(g), the other investments accounted for using the equity method of the Consolidated Company in its investee companies amounting to \$142,854 thousand and \$143,368 thousand as of March 31, 2025 and 2024, respectively, and its equity in net earnings on these investee companies of \$3,306 thousand and \$4,408 thousand for the three months ended March 31, 2025 and 2024, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Consolidated Company as of March 31, 2025 and 2024, and of its consolidated financial performance for the three months ended, as well as its consolidated cash flows for the three 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 Jhang, Jhao-Wun.

KPMG

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

**Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**March 31, 2025, December 31, 2024, and March 31, 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

Assets		March 31, 2025		December 31, 2024		March 31, 2024						March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
<b>Current assets:</b>																	
1100	Cash and cash equivalents (Note 6(a))	\$ 2,127,224	4	1,519,082	3	2,212,762	4	2100	Short-term loans (Note 6(k))	\$ 8,644,992	16	8,770,644	16	13,509,917	24		
1110	Current financial assets at fair value through profit or loss (Note 6(b))	135,324	-	109,204	-	155,115	-	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	-	-	3,855	-	2,644	-		
1140	Current contract assets (Note 6(t))	5,319,098	10	5,492,215	10	4,503,672	8	2130	Current contract liabilities (Note 6(t))	3,604,840	7	3,581,004	7	3,006,957	5		
1150	Notes receivable, net (Notes 6(d) and (t))	60,363	-	73,381	-	193,311	-	2150	Notes payable	22,744	-	249,352	-	25,496	-		
1170	Accounts receivable, net (including from related parties) (Notes 6(d), (t) and 7)	3,192,010	6	3,361,617	6	3,670,405	7	2170	Accounts payable (including to related parties) (Note 7)	2,586,732	5	2,671,231	5	2,544,841	4		
1200	Other receivables(including from related parties) (Notes 6(e) and 7)	183,350	-	32,152	-	167,161	-	2200	Other payables (including to related parties) (Notes 6(r) and 7)	4,853,311	9	2,461,096	5	5,007,388	9		
1310	Inventories (Note 6(f))	17,574,308	33	19,073,355	35	19,777,519	35	2230	Current tax liabilities	880,049	1	599,889	1	994,480	2		
1410	Prepayments	589,216	1	308,987	1	674,319	1	2250	Current provisions (Note 6(o))	-	-	920	-	1,124	-		
1470	Other current assets (Note 8)	1,185,437	2	1,138,055	2	1,261,674	3	2280	Current lease liabilities (Note 6(m))	41,491	-	39,209	-	48,942	-		
	<b>Total current assets</b>	<u>30,366,330</u>	<u>56</u>	<u>31,108,048</u>	<u>57</u>	<u>32,615,938</u>	<u>58</u>	2322	Long-term loans, current portion (Note 6(l))	400,000	1	304,846	1	501,633	1		
	<b>Non-current assets:</b>							2399	Other current liabilities, others	18,014	-	13,436	-	14,773	-		
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	623,456	1	619,100	1	624,797	1		<b>Total current liabilities</b>	<u>21,052,173</u>	<u>39</u>	<u>18,695,482</u>	<u>35</u>	<u>25,658,195</u>	<u>45</u>		
1550	Investments accounted for using the equity method (Note 6(g))	1,387,947	3	1,494,909	3	1,406,583	2	2540	<b>Non-current liabilities:</b>								
1600	Property, plant and equipment (Note 6(h))	18,680,276	35	18,782,636	34	19,077,197	34	2570	Long-term loans (Note 6(l))	1,400,000	3	2,941,324	5	1,040,381	2		
1755	Right-of-use assets (Note 6(i))	286,882	1	289,112	1	326,888	1	2580	Deferred tax liabilities	177,941	-	174,230	-	182,892	-		
1760	Investment property, net (Notes 6(h) and (j))	1,978,594	4	1,974,279	4	1,921,922	3	2640	Non-current lease liabilities (Note 6(m))	117,686	-	122,965	-	146,470	-		
1780	Intangible assets	166,870	-	164,019	-	171,325	-	2645	Net defined benefit liability, non-current	25,931	-	37,772	-	199,603	1		
1840	Deferred tax assets	72,097	-	72,075	-	84,931	-	2550	Guarantee deposits received (Note 7)	8,551	-	9,541	-	6,186	-		
1900	Other non-current assets (Note 8)	75,626	-	49,102	-	51,628	-		Non-current provisions (Note 6(o))	144,370	-	137,207	-	143,278	-		
1911	Natural resources	8,202	-	8,342	-	8,858	-		<b>Total non-current liabilities</b>	<u>1,874,479</u>	<u>3</u>	<u>3,423,039</u>	<u>5</u>	<u>1,718,810</u>	<u>3</u>		
1915	Prepayments for equipment	111,141	-	125,243	-	61,492	-		<b>Total liabilities</b>	<u>22,926,652</u>	<u>42</u>	<u>22,118,521</u>	<u>40</u>	<u>27,377,005</u>	<u>48</u>		
1920	Refundable deposits (Note 8)	191,529	-	193,752	-	326,204	1	3100	<b>Equity (Note 6(r)):</b>								
	<b>Total non-current assets</b>	<u>23,582,620</u>	<u>44</u>	<u>23,772,569</u>	<u>43</u>	<u>24,061,825</u>	<u>42</u>	3200	Capital stock	7,302,138	14	7,302,138	13	7,302,138	13		
									Capital surplus	7,742,308	14	7,742,308	14	7,739,750	14		
									Retained earnings:								
								3310	Legal reserve	5,600,943	11	5,600,943	10	5,127,305	9		
								3320	Special reserve	614,156	1	614,156	1	486,844	1		
								3350	Unappropriated retained earnings	9,808,681	18	11,636,693	22	8,728,672	15		
									Total retained earnings	16,023,780	30	17,851,792	33	14,342,821	25		
								3400	Other equity interest	(175,583)	-	(256,750)	-	(205,225)	-		
									Total equity attributable to owners of the parent	30,892,643	58	32,639,488	60	29,179,484	52		
								36XX	Non-controlling interests	129,655	-	122,608	-	121,274	-		
									<b>Total equity</b>	<u>31,022,298</u>	<u>58</u>	<u>32,762,096</u>	<u>60</u>	<u>29,300,758</u>	<u>52</u>		
<b>Total assets</b>		<u>\$ 53,948,950</u>	<u>100</u>	<u>54,880,617</u>	<u>100</u>	<u>56,677,763</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 53,948,950</u>	<u>100</u>	<u>54,880,617</u>	<u>100</u>	<u>56,677,763</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>For the three months ended March 31,</b>			
		<b>2025</b>		<b>2024</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6(t) and 7)</b>	\$ 14,500,033	100	14,846,311	100
5000	<b>Operating costs (Notes 6(f), (h), (i), (j), (p), 7 and 12(a))</b>	<u>(12,536,237)</u>	<u>(86)</u>	<u>(12,812,237)</u>	<u>(86)</u>
5900	<b>Gross profit from operations</b>	<u>1,963,796</u>	<u>14</u>	<u>2,034,074</u>	<u>14</u>
6000	<b>Operating expenses:</b>				
6100	Selling expenses (Notes 6(h), (i), (j), (p), (u), 7 and 12(a))	(294,818)	(2)	(263,468)	(2)
6200	Administrative expenses (Notes 6(h), (i), (j), (p), (u), 7 and 12(a))	(342,835)	(3)	(364,226)	(3)
6450	Expected credit reversal of impairment loss (impairment loss) (Note 6(d))	<u>9,927</u>	<u>-</u>	<u>(439)</u>	<u>-</u>
6500	<b>Total operating expenses</b>	<u>(627,726)</u>	<u>(5)</u>	<u>(628,133)</u>	<u>(5)</u>
6900	<b>Net operating income</b>	<u>1,336,070</u>	<u>9</u>	<u>1,405,941</u>	<u>9</u>
7000	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6(v))	4,772	-	4,561	-
7010	Other income (Notes 6(v) and 7)	19,568	-	17,333	-
7020	Other gains and losses (Notes 6(v) and 7)	59,441	-	71,647	1
7050	Finance costs (Notes 6(m) and (v))	(65,296)	-	(94,099)	(1)
7060	Share of profit of associates accounted for using the equity method (Note 6(g))	<u>33,360</u>	<u>-</u>	<u>372</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>51,845</u>	<u>-</u>	<u>(186)</u>	<u>-</u>
7900	<b>Profit before income tax</b>	1,387,915	9	1,405,755	9
7950	Less: income tax expenses (Note 6(q))	<u>287,865</u>	<u>2</u>	<u>299,053</u>	<u>2</u>
8200	<b>Profit</b>	<u>1,100,050</u>	<u>7</u>	<u>1,106,702</u>	<u>7</u>
8300	<b>Other comprehensive income (loss):</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	4,356	-	(11,549)	-
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>
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>4,356</u>	<u>-</u>	<u>(11,549)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	76,651	1	111,325	1
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>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>76,651</u>	<u>1</u>	<u>111,325</u>	<u>1</u>
8300	<b>Other comprehensive income</b>	<u>81,007</u>	<u>1</u>	<u>99,776</u>	<u>1</u>
8500	<b>Total comprehensive income</b>	<u>\$ 1,181,057</u>	<u>8</u>	<u>1,206,478</u>	<u>8</u>
8600	<b>Profit attributable to:</b>				
8610	Owners of the parent	\$ 1,092,843	7	1,098,050	7
8620	Non-controlling interests	<u>7,207</u>	<u>-</u>	<u>8,652</u>	<u>-</u>
		<u>\$ 1,100,050</u>	<u>7</u>	<u>1,106,702</u>	<u>7</u>
8700	<b>Comprehensive income attributable to:</b>				
8710	Owners of the parent	\$ 1,174,010	8	1,198,102	8
8720	Non-controlling interests	<u>7,047</u>	<u>-</u>	<u>8,376</u>	<u>-</u>
		<u>\$ 1,181,057</u>	<u>8</u>	<u>1,206,478</u>	<u>8</u>
9750	<b>Basic earnings per share (in dollars) (Note 6(s))</b>	<u>\$ 1.50</u>		<u>1.50</u>	
9850	<b>Diluted earnings per share (in dollars) (Note 6(s))</b>	<u>\$ 1.49</u>		<u>1.50</u>	

See accompanying notes to consolidated financial statements.

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

## TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings						Other equity interest					
	Capitl stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance as of January 1, 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
Profit for the period	-	-	-	-	1,098,050	1,098,050	-	-	-	1,098,050	8,652	1,106,702
Other comprehensive income for the period	-	-	-	-	-	-	111,613	(11,561)	100,052	100,052	(276)	99,776
Total comprehensive income for the period	-	-	-	-	1,098,050	1,098,050	111,613	(11,561)	100,052	1,198,102	8,376	1,206,478
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	(3,066,898)	(3,066,898)	-	-	-	(3,066,898)	-	(3,066,898)
Balance as of March 31, 2024	\$ 7,302,138	7,739,750	5,127,305	486,844	8,728,672	14,342,821	(513,555)	308,330	(205,225)	29,179,484	121,274	29,300,758
Balance as of January 1, 2025	\$ 7,302,138	7,742,308	5,600,943	614,156	11,636,693	17,851,792	(562,748)	305,998	(256,750)	32,639,488	122,608	32,762,096
Profit for the period	-	-	-	-	1,092,843	1,092,843	-	-	-	1,092,843	7,207	1,100,050
Other comprehensive income for the period	-	-	-	-	-	-	76,811	4,356	81,167	81,167	(160)	81,007
Total comprehensive income for the period	-	-	-	-	1,092,843	1,092,843	76,811	4,356	81,167	1,174,010	7,047	1,181,057
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	(2,920,855)	(2,920,855)	-	-	-	(2,920,855)	-	(2,920,855)
Balance as of March 31, 2025	\$ 7,302,138	7,742,308	5,600,943	614,156	9,808,681	16,023,780	(485,937)	310,354	(175,583)	30,892,643	129,655	31,022,298

See accompanying notes to consolidated financial statements.

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

## TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2025	2024
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 1,387,915	1,405,755
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	390,822	384,838
Amortization expense	15,591	15,420
Expected credit (reversal of impairment loss) impairment loss	(9,927)	439
Net gain on financial assets or liabilities at fair value through profit or loss	(36,770)	(104,857)
Interest expense	65,296	94,099
Interest income	(4,772)	(4,561)
Share of profit of associates accounted for using the equity method	(33,360)	(372)
(Gain) loss on disposal of property, plant and equipment	(227)	169
Unrealized foreign exchange (gain) loss	(3,165)	24,978
<b>Total adjustments to reconcile profit or loss</b>	<b>383,488</b>	<b>410,153</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in financial assets mandatorily measured at fair value through profit or loss	6,795	36,144
Decrease (increase) in contract assets	173,116	(76,969)
Decrease in notes receivable	12,960	19,632
Decrease in accounts receivable (including overdue receivable)	180,705	520,149
Increase in other receivables	(4,943)	(13,468)
Decrease in inventories	1,499,047	116,498
Increase in prepayments	(280,229)	(359,111)
Increase in other current assets	(41,482)	(140,345)
Increase in other operating assets	-	(52)
<b>Total changes in operating assets</b>	<b>1,545,969</b>	<b>102,478</b>
Increase in contract liabilities	23,836	15,289
(Decrease) increase in notes payable	(226,608)	7,689
Decrease in accounts payable	(84,499)	(440,799)
Decrease in other payables	(521,616)	(281,110)
Increase in provisions	6,243	22,459
Increase in other current liabilities	4,578	1,781
Decrease in net defined benefit liability	(11,841)	(11,457)
<b>Total changes in operating liabilities</b>	<b>(809,907)</b>	<b>(686,148)</b>
<b>Total net changes in operating assets and liabilities</b>	<b>736,062</b>	<b>(583,670)</b>
<b>Total adjustments</b>	<b>1,119,550</b>	<b>(173,517)</b>

See accompanying notes to consolidated financial statements.



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

## TUNG HO STEEL ENTERPRISE CORPORATION SUBSIDIARIES

## Consolidated Statements of Cash Flows (Continued)

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2025	2024
Cash inflow generated from operations	\$ 2,507,465	1,232,238
Interest received	3,890	6,572
Interest paid	(66,700)	(109,829)
Income taxes paid	(660)	(1,347)
<b>Net cash flows from operating activities</b>	<b>2,443,995</b>	<b>1,127,634</b>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from disposal of subsidiaries	-	180,841
Acquisition of property, plant and equipment	(161,070)	(295,146)
Proceeds from disposal of property, plant and equipment	465	-
Decrease (increase) in refundable deposits	2,223	(13,748)
Acquisition of investment property	(5,496)	(23)
Increase in other financial assets	(15,899)	(105)
Increase in prepayments for equipment	(27,663)	(27,638)
<b>Net cash flows used in investing activities</b>	<b>(207,440)</b>	<b>(155,819)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	17,931,183	22,465,943
Decrease in short-term loans	(18,112,842)	(23,040,071)
Increase in short-term notes and bills payable	-	1,020,000
Decrease in short-term notes and bills payable	-	(1,020,000)
Proceeds from long-term loans	1,728,000	-
Repayments of long-term loans	(3,174,170)	(96,173)
Decrease in guarantee deposits received	(990)	(830)
Payment of lease liabilities	(12,244)	(11,536)
Change in non-controlling interests	-	(276)
<b>Net cash flows used in financing activities</b>	<b>(1,641,063)</b>	<b>(682,943)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>12,650</b>	<b>191,223</b>
<b>Net Increase in cash and cash equivalents</b>	<b>608,142</b>	<b>480,095</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,519,082</b>	<b>1,732,667</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,127,224</b>	<b>2,212,762</b>

See accompanying notes to consolidated financial statements.

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

**TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES****Notes to the Consolidated Financial Statements****March 31, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)****(1) Company history**

Tung Ho Steel Enterprise Corporation (the “Company”) was incorporated in May, 1962, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 6F., No. 9, Sec. 1, Chang An E. Rd., Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (the “Consolidated Company”) are primarily involved in manufacturing and selling Re-Bar, Section, and Plate.

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

The consolidated financial statements for the three months ended March 31, 2025 and 2024 were approved and authorized for issuance by the Board of Directors on April 25, 2025.

**(3) New standards, amendments and interpretations adopted:**

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

The Consolidated Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

(Continued)

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

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

(Continued)

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7	<p>The amendments set out:</p> <p>The company generally derecognises its trade payable on the settlement date. However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date, potentially, when it uses an electronic payment system that meets all of the following criteria:</p> <ul style="list-style-type: none"> <li>● no practical ability to withdraw, stop or cancel the payment instruction;</li> <li>● no practical ability to access the cash to be used for settlement as a result of the payment instruction; and</li> <li>● the settlement risk associated with the electronic payment system is insignificant.</li> </ul>	January 1, 2026

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”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

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

**(4) Summary of material policies**

**(a) Statement of compliance**

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2024

**(b) Basis of consolidation**

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

Investor	The name of subsidiaries	Business activity	Percentage of ownership			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
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 %	Note1
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 %	Note1
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 %	
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Quicklime manufacturing	2.71 %	2.71 %	2.71 %	
Tung Ho Steel Vietnam Corp., Ltd.	Duc Hoa International J.S.C.	Quicklime manufacturing	1.29 %	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.

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

(Continued)

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

(c) Provisions

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

Carbon fees

Carbon fees levied in accordance with Taiwan's Climate Change Response Act and Regulations Governing the Collection of Carbon Fees are recognized when the annual greenhouse gas emissions are probably to exceed the threshold, and the amount is estimated based on the proportion of greenhouse gas emissions that have occurred as of the reporting date divided by the total annual greenhouse gas emissions.

(d) 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.

(e) Income taxes

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

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

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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, 2024. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2024.

(Continued)

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

**(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, 2024. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2024.

(a) Cash and cash equivalents

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Cash on hand	\$ 2,851	2,646	2,191
Checking and demand deposits	1,030,854	911,082	989,749
Term deposits	609,519	385,771	601,883
Repurchase agreement	<u>484,000</u>	<u>219,583</u>	<u>618,939</u>
Cash and cash equivalents in the statement of cash flows	<u><u>\$ 2,127,224</u></u>	<u><u>1,519,082</u></u>	<u><u>2,212,762</u></u>

- (i) Please refer to Note 6(w) for interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company.
- (ii) As of March 31, 2025, December 31 and March 31, 2024, certain term deposits were pledged as collateral of performance guarantee, and such term deposits were reclassified to refundable deposits and other current or non-current assets. Please refer to Note 8 for details.

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Financial assets at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	\$ 9,673	-	19,901
Non-derivative financial assets			
Listed common shares	<u>125,651</u>	<u>109,204</u>	<u>135,214</u>
Total	<u><u>\$ 135,324</u></u>	<u><u>109,204</u></u>	<u><u>155,115</u></u>

(Continued)

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Financial liabilities at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	\$ -	3,855	-
Over-the-counter steel scrap exchange contract	-	-	2,644
<b>Total</b>	<b>\$ -</b>	<b>3,855</b>	<b>2,644</b>

The Consolidated Company holds derivative financial instruments to hedge certain foreign exchange and price risk exposures arising from its operating, financing, and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial assets:

(i) Foreign exchange forward contracts

<b>March 31, 2025</b>			
	<b>Nominal amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange purchased	USD <u>55,664</u>	Sell USD/buy NTD	2025.04.01~2025.06.04
Forward exchange sold	USD <u>12,000</u>	Sell USD/buy NTD	2025.04.15~2025.04.22
<b>December 31, 2024</b>			
	<b>Nominal amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange purchased	USD <u>21,292</u>	Sell USD/buy NTD	2025.01.02~2025.02.27
Forward exchange sold	USD <u>12,000</u>	Sell USD/buy NTD	2025.01.17~2025.04.15
<b>March 31, 2024</b>			
	<b>Nominal amount (in thousands)</b>	<b>Currency</b>	<b>Maturity dates</b>
Forward exchange purchased	USD <u>46,334</u>	Sell USD/buy NTD	2024.04.03~2024.06.12

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

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

<b>March 31, 2024</b>		
	<b>Nominal quantity (in tons)</b>	<b>Price exchange (in thousands of USD)</b>
Scrap steel	<u>2,500</u>	0.38
		2024.08.07

None of the financial assets at fair value through profit or loss was pledged as collateral as of March 31, 2025, December 31 and March 31, 2024, respectively.

(Continued)



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

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Equity investments at fair value through other comprehensive income:			
Listed common shares	\$ 451,843	432,618	419,380
Unlisted common shares	<u>171,613</u>	<u>186,482</u>	<u>205,417</u>
Total	<u><u>\$ 623,456</u></u>	<u><u>619,100</u></u>	<u><u>624,797</u></u>

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

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

(iii) None of the financial assets were pledged.

(d) Notes and accounts receivable

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Notes receivable	\$ 60,608	73,568	194,248
Accounts receivable	3,207,607	3,376,597	3,687,199
Accounts receivable-related parties	784	1,706	542
Overdue receivables	47,993	57,673	48,443
Less: allowance for impairment	<u>(64,619)</u>	<u>(74,546)</u>	<u>(66,716)</u>
	<u><u>\$ 3,252,373</u></u>	<u><u>3,434,998</u></u>	<u><u>3,863,716</u></u>

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

	<b>March 31, 2025</b>	
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>
With low risk	\$ 448,352	0%~0.30%
With moderate risk	2,724,615	0.31%~0.80%
With financial difficulties	<u>47,993</u>	100%
	<u><u>\$ 3,220,960</u></u>	<u><u>64,594</u></u>

(Continued)

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

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

  

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
With low risk	\$ 750,160	0%~0.78%	7,313
With moderate risk	3,037,225	0.31%~0.80%	10,928
With financial difficulties	48,450	100%	48,450
	<b>\$ 3,835,835</b>		<b>66,691</b>

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Current	\$ 3,145,576	3,304,539	3,782,258
1 to 60 days past due	19,771	824	5,127
61 to 364 days past due	7,583	24,963	-
More than 365 days past due	48,030	48,005	48,450
	<b>\$ 3,220,960</b>	<b>3,378,331</b>	<b>3,835,835</b>

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

	<b>March 31, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 96,032	0%~0.019%	25

  

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 131,213	0.019%	25

(Continued)

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

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

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

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 74,546	67,273
Impairment losses recognized	-	1,436
Amounts written off	-	(996)
Impairment losses reversed	(9,927)	(997)
Balance at December 31	<b>\$ 64,619</b>	<b>66,716</b>

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

(e) Other receivables

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Dividends receivable	\$ 148,974	-	106,765
Receivables from disposal of subsidiary	21,060	20,794	32,171
Tax refund receivable	3,646	3,630	-
Other receivables-related parties	-	1	2
Others	30,730	28,521	28,223
Less: allowance for impairment	(21,060)	(20,794)	-
	<b>\$ 183,350</b>	<b>32,152</b>	<b>167,161</b>

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

(Continued)

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

(f) Inventories

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Finished goods (including consigned goods)	\$ 3,475,426	3,618,814	3,151,010
Work in process (including consigned goods and goods in transit)	3,799,796	3,772,977	3,939,756
Raw materials (including goods in transit)	7,928,529	9,146,739	10,130,403
Material (including consigned goods and goods in transit)	<u>2,370,557</u>	<u>2,534,825</u>	<u>2,556,350</u>
Inventories, net	<u><u>\$ 17,574,308</u></u>	<u><u>19,073,355</u></u>	<u><u>19,777,519</u></u>

(i) Collateral

None of the inventory was pledged as collateral as of March 31, 2025, December 31 and March 31, 2024, respectively.

(ii) Operating costs

For the three months ended March 31, 2025 and 2024, cost of sales recognized was as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Cost of goods sold	\$ 10,539,389	10,855,924
(Gain from recovery) loss on the decline of inventory market price	(11,870)	8,350
Unallocated production overheads — capacity variance	38,132	55,339
Revenue from sales of materials and scrap	<u>(38,257)</u>	<u>(66,718)</u>
Total	<u><u>\$ 10,527,394</u></u>	<u><u>10,852,895</u></u>

For the three months ended March 31, 2025, 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 March 31, 2025 and 2024, consisted of the following:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Processing costs	<u><u>\$ 88,420</u></u>	<u><u>113,894</u></u>

(Continued)

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

(g) Investments accounted for using the equity method

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

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Carrying amount of individually insignificant associates' equity	\$ <u>1,387,947</u>	<u>1,494,909</u>	<u>1,406,583</u>
	<b>For the three months ended</b> <b>March 31,</b>		
	<u>2025</u>	<u>2024</u>	
Attributable to the Consolidated Company:			
Net income from continuing operations		\$ 33,360	372
Other comprehensive income		<u>11,757</u>	<u>6,922</u>
Total		<u>\$ 45,117</u>	<u>7,294</u>

(ii) Collateral

None of the investments accounted for using the equity method was pledged as collateral as of March 31, 2025, December 31 and March 31, 2024.

(iii) The unreviewed financial statements of investments accounted for using the equity method

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

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Consolidated Company for the three months ended March 31, 2025 and 2024 were as follows:

	<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>
<b>Cost or deemed cost:</b>								
Balance as of January 1, 2025	\$ 5,545,585	29,828	10,044,757	31,352,949	482,111	391,402	278,097	48,124,729
Additions	-	1,484	2,729	94,080	2,102	-	55,744	156,139
Reclassification in (out)	-	-	6,235	43,599	-	-	(9,970)	39,864
Disposals	-	-	(17)	(19,972)	(673)	-	-	(20,662)
Effects of exchange rates and others	-	-	41,517	89,689	1,897	-	525	133,628
Balance as of March 31, 2025	<u>\$ 5,545,585</u>	<u>31,312</u>	<u>10,095,221</u>	<u>31,560,345</u>	<u>485,437</u>	<u>391,402</u>	<u>324,396</u>	<u>48,433,698</u>
Balance as of January 1, 2024	\$ 5,549,555	27,241	9,948,920	30,179,089	470,089	380,288	393,765	46,948,947
Additions	-	-	1,455	66,641	2,492	2,061	211,892	284,541
Reclassification in (out)	-	-	13,700	28,038	-	-	(30,006)	11,732
Disposals	-	-	(339)	(45,724)	(300)	-	-	(46,363)
Effects of exchange rates and others	-	-	92,584	130,891	1,247	-	642	225,364
Balance as of March 31, 2024	<u>\$ 5,549,555</u>	<u>27,241</u>	<u>10,056,320</u>	<u>30,358,935</u>	<u>473,528</u>	<u>382,349</u>	<u>576,293</u>	<u>47,424,221</u>

(Continued)

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

	Land	Land improvements	Building and structures	Machinery and equipment	Miscellaneous equipment	Other assets	Construction in progress	Total
<b>Accumulated depreciation and impairment losses:</b>								
Balance as of January 1, 2025	\$ -	5,272	4,999,121	23,987,610	350,090	-	-	29,342,093
Depreciation for the period	-	773	66,023	298,984	9,677	-	-	375,457
Disposals	-	-	(17)	(19,735)	(672)	-	-	(20,424)
Effects of exchange rates and others	-	-	10,734	44,470	1,092	-	-	56,296
Balance as of March 31, 2025	<u>\$ -</u>	<u>6,045</u>	<u>5,075,861</u>	<u>24,311,329</u>	<u>360,187</u>	<u>-</u>	<u>-</u>	<u>29,753,422</u>
Balance as of January 1, 2024	\$ -	2,548	4,707,599	22,863,712	322,843	-	-	27,896,702
Depreciation for the period	-	681	67,642	291,532	10,275	-	-	370,130
Disposals	-	-	(339)	(45,555)	(300)	-	-	(46,194)
Effects of exchange rates and others	-	-	35,140	91,051	195	-	-	126,386
Balance as of March 31, 2024	<u>\$ -</u>	<u>3,229</u>	<u>4,810,042</u>	<u>23,200,740</u>	<u>333,013</u>	<u>-</u>	<u>-</u>	<u>28,347,024</u>
<b>Carrying value</b>								
Balance as of March 31, 2025	<u>\$ 5,545,585</u>	<u>25,267</u>	<u>5,019,360</u>	<u>7,249,016</u>	<u>125,250</u>	<u>391,402</u>	<u>324,396</u>	<u>18,680,276</u>
Balance as of December 31, 2024	<u>\$ 5,545,585</u>	<u>24,556</u>	<u>5,045,636</u>	<u>7,365,339</u>	<u>132,021</u>	<u>391,402</u>	<u>278,097</u>	<u>18,782,636</u>
Balance as of March 31, 2024	<u>\$ 5,549,555</u>	<u>24,012</u>	<u>5,246,278</u>	<u>7,158,195</u>	<u>140,515</u>	<u>382,349</u>	<u>576,293</u>	<u>19,077,197</u>

(i) Land borrowed name registration and trust registration

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

Accounts	March 31, 2025	December 31, 2024	March 31, 2024
Property, plant and equipment	\$ 391,402	391,402	382,349
Investment property	71,952	553,564	499,124
	<u>\$ 463,354</u>	<u>944,966</u>	<u>881,473</u>

(ii) Work in Progress – Plant and equipment

For the three months ended March 31, 2025 and 2024, the capitalized interest incurred by the consolidated company during the construction of plant and equipment amounted to \$1,265 thousand and \$762 thousand, respectively. The capitalization rates ranged applied were 1.81% to 1.82% and 1.61% to 1.63%, respectively.

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

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

(Continued)

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

(iv) Collateral

None of the property, plant and equipment was pledged as collateral as of March 31, 2025, December 31 and March 31, 2024.

(i) Right-of-use assets

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

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
<b>Cost:</b>						
Balance at January 1, 2025	\$ 322,681	55,904	89,086	33,589	7,179	508,439
Additions	-	4,815	-	3,117	-	7,932
Disposal	(1,935)	(41,075)	-	(3,096)	-	(46,106)
Effect of exchange rates	3,785	286	2,054	-	-	6,125
Balance at March 31, 2025	<u>\$ 324,531</u>	<u>19,930</u>	<u>91,140</u>	<u>33,610</u>	<u>7,179</u>	<u>476,390</u>
Balance at January 1, 2024	\$ 315,654	50,075	88,402	31,207	5,607	490,945
Additions	4,320	16,350	-	-	1,200	21,870
Disposal	-	(6,188)	-	(541)	-	(6,729)
Effect of exchange rates	4,415	278	2,396	-	-	7,089
Balance at March 31, 2024	<u>\$ 324,389</u>	<u>60,515</u>	<u>90,798</u>	<u>30,666</u>	<u>6,807</u>	<u>513,175</u>
<b>Accumulated depreciation:</b>						
Balance at January 1, 2025	\$ 94,907	41,864	62,308	16,591	3,657	219,327
Depreciation for the period	4,861	4,174	2,657	2,199	293	14,184
Disposal	(1,935)	(41,075)	-	(3,096)	-	(46,106)
Effect of exchange rates	615	54	1,434	-	-	2,103
Balance at March 31, 2025	<u>\$ 98,448</u>	<u>5,017</u>	<u>66,399</u>	<u>15,694</u>	<u>3,950</u>	<u>189,508</u>
Balance at January 1, 2024	\$ 75,495	36,920	51,470	10,558	2,973	177,416
Depreciation for the period	4,761	3,783	2,615	2,061	277	13,497
Disposal	-	(6,188)	-	(541)	-	(6,729)
Effect of exchange rates	612	64	1,427	-	-	2,103
Balance at March 31, 2024	<u>\$ 80,868</u>	<u>34,579</u>	<u>55,512</u>	<u>12,078</u>	<u>3,250</u>	<u>186,287</u>
<b>Carrying amount:</b>						
Balance at March 31, 2025	<u>\$ 226,083</u>	<u>14,913</u>	<u>24,741</u>	<u>17,916</u>	<u>3,229</u>	<u>286,882</u>
Balance at December 31, 2024	<u>\$ 227,774</u>	<u>14,040</u>	<u>26,778</u>	<u>16,998</u>	<u>3,522</u>	<u>289,112</u>
Balance at March 31, 2024	<u>\$ 243,521</u>	<u>25,936</u>	<u>35,286</u>	<u>18,588</u>	<u>3,557</u>	<u>326,888</u>

(Continued)

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

(j) Investment property

	<b>Land and improvements</b>	<b>Building and structures</b>	<b>Total</b>
<b>Cost or deemed cost:</b>			
Balance as of January 1, 2025	\$ 1,924,255	269,585	2,193,840
Additions	<u>5,496</u>	<u>-</u>	<u>5,496</u>
Balance as of March 31, 2025	<u><u>\$ 1,929,751</u></u>	<u><u>269,585</u></u>	<u><u>2,199,336</u></u>
Balance as of January 1, 2024	\$ 1,868,243	269,585	2,137,828
Additions	<u>23</u>	<u>-</u>	<u>23</u>
Balance as of March 31, 2024	<u><u>\$ 1,868,266</u></u>	<u><u>269,585</u></u>	<u><u>2,137,851</u></u>
<b>Accumulated depreciation and impairment losses:</b>			
Balance as of January 1, 2025	\$ -	219,561	219,561
Depreciation for the period	<u>-</u>	<u>1,181</u>	<u>1,181</u>
Balance as of March 31, 2025	<u><u>\$ -</u></u>	<u><u>220,742</u></u>	<u><u>220,742</u></u>
Balance as of January 1, 2024	\$ -	214,718	214,718
Depreciation for the period	<u>-</u>	<u>1,211</u>	<u>1,211</u>
Balance as of March 31, 2024	<u><u>\$ -</u></u>	<u><u>215,929</u></u>	<u><u>215,929</u></u>
<b>Carrying amount:</b>			
Balance as of March 31, 2025	<u><u>\$ 1,929,751</u></u>	<u><u>48,843</u></u>	<u><u>1,978,594</u></u>
Balance as of December 31, 2024	<u><u>\$ 1,924,255</u></u>	<u><u>50,024</u></u>	<u><u>1,974,279</u></u>
Balance as of March 31, 2024	<u><u>\$ 1,868,266</u></u>	<u><u>53,656</u></u>	<u><u>1,921,922</u></u>

- (i) Investment property includes the investment in Kuo Kong Section, Houlong town, Miaoli County, and several construction sites and factories leased to others; leased objects mentioned above are the factory in Cianjhen District of Kaohsiung, the factory in Bade City of Taoyuan, the building in Taichung, and the office in Taipei.
- (ii) The investment in Kuo Kong Section, Houlong Town, Miaoli County is within the general industrial zone. The Consolidated Company has established five wind turbines sets to improve the efficiency of the use of the land. Currently, the purpose of usage and owning the land is to obtain the capital appreciation in the future. As of March 31, 2025, December 31 and March 31, 2024, the carrying value is \$974,120 thousand, \$974,120 thousand and \$972,857 thousand, respectively.
- (iii) There were no significant changes in the fair value of the Investment Property for the year ended December 31, 2024. Please refer to Note 6(k) of the consolidated financial statement of 2024.

(Continued)



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

- (iv) Please refer to Note 6(h) for relevant information on investment property acquired under the ownership of others.
- (v) None of the investment property was for pledged as collateral as of March 31, 2025, December 31 and March 31, 2024.

(k) Short-term loans

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Letters of credits	\$ 17,883	17,439	87,439
Unsecured bank loans	8,627,109	8,753,205	13,422,478
	<u><b>\$ 8,644,992</b></u>	<u><b>8,770,644</b></u>	<u><b>13,509,917</b></u>
Unused short-term credit lines (including notes and bills payable)	<u><b>\$ 32,159,991</b></u>	<u><b>33,425,615</b></u>	<u><b>29,311,320</b></u>
Range of interest rates	<u><b>1.73%~5.36%</b></u>	<u><b>1.71%~5.56%</b></u>	<u><b>1.58%~6.48%</b></u>

- (ii) Issuance and repayment of short-term loans

	<b>Total</b>
Balance as of January 1, 2025	\$ 8,770,644
Issuances during the period (Maturity date: April 2025 to December 2025)	17,931,183
Repayments during the period	(18,112,842)
Effects of exchange rates	56,007
Balance as of March 31, 2025	<u><b>\$ 8,644,992</b></u>
Interest rates range of the issuance during the period	<u><b>1.58%~6.48%</b></u>

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

(Continued)

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

(l) Long-term loans

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unsecured bank loans	\$ 1,800,000	3,246,170	1,542,014
Less: current portion	(400,000)	(304,846)	(501,633)
Total	<u><u>\$ 1,400,000</u></u>	<u><u>2,941,324</u></u>	<u><u>1,040,381</u></u>
Unused long-term credit lines	<u><u>\$ 3,195,000</u></u>	<u><u>2,681,209</u></u>	<u><u>4,159,619</u></u>
Range of interest rates	<u><u>1.80% ~ 1.88%</u></u>	<u><u>1.79%~2.11%</u></u>	<u><u>1.65%~6.55%</u></u>
Maturity date	<u><u>2025.6~2028.3</u></u>	<u><u>2025.6~2026.11</u></u>	<u><u>2024.7~2026.11</u></u>

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

	<b>Total</b>
Balance as of January 1, 2025	\$ 3,246,170
Issuances during the period (Maturity date: April 2026 to March 2028)	1,728,000
Repayments during the period	(3,174,170)
Balance as of March 31, 2025	<u><u>\$ 1,800,000</u></u>
Interest rates range of the issuance during the period	<u><u>1.80%~1.88%</u></u>
	<b>Total</b>
Balance as of January 1, 2024	\$ 1,611,926
Issuances during the period	-
Repayments during the period	(96,173)
Effects of exchange rates	26,261
Balance as of March 31, 2024	<u><u>\$ 1,542,014</u></u>
Interest rates range of the issuance during the period	<u><u>-</u></u>

(Continued)

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

(m) Lease liabilities

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current	\$ <u>41,491</u>	<u>39,209</u>	<u>48,942</u>
Non-current	\$ <u>117,686</u>	<u>122,965</u>	<u>146,470</u>

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2025	2024
Interest on lease liabilities	\$ <u>691</u>	<u>803</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>163</u>	<u>-</u>
Income from sub-leasing right-of-use assets	\$ <u>114</u>	<u>108</u>
Expenses relating to short-term leases	\$ <u>6,735</u>	<u>6,976</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>822</u>	<u>920</u>

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

	For the three months ended March 31,	
	2025	2024
Total cash outflow for leases	\$ <u>20,541</u>	<u>20,127</u>

(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 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.

(Continued)

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

(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.

(n) Operating lease

There were no significant changes in operating lease for the years ended March 31, 2025, December 31 and March 31, 2024. Please refer to Note 6(o) to the consolidated financial statements for the year ended December 31, 2024.

(o) Provision

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Warranty provisions-current	\$ -	920	1,124
Warranty provisions- non-current	142,586	137,207	143,278
Carbon fees	1,784	-	-
	<b><u>\$ 144,370</u></b>	<b><u>138,127</u></b>	<b><u>144,402</u></b>

In accordance with the Climate Change Response Act, the Ministry of Environment of the Republic of China (Taiwan) promulgated the Regulations Governing the Collection of Carbon Fees and relevant supporting measures in 2024. Starting from January 2025, carbon fees will be levied on greenhouse gas (GHG) emissions from specific entities. Under these regulations, entities that submit a self-initiated GHG reduction plan, obtain approval, and achieve the specified annual reduction targets may be eligible for a preferential carbon fee rate. If the entity qualifies as a high carbon leakage entity, its emissions can still be calculated based on the adjustment factor. Otherwise, the carbon fee will be levied on the actual emissions of the year according to the standard rate.

The Consolidated Company is subject to the domestic carbon fee regulations and, as of the reporting date, the management has resolved to submit a self-initiated reduction plan to the competent authority. The plan was submitted in March 2025. Based on internal and external information, including the ongoing GHG emissions inventory and the reduction tracking, the Consolidated Company assessed that it is highly probable that the plan will be approved and the annual reduction target will be met, thereby qualifying for the preferential rate.

(Continued)

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

Accordingly, for the period from January 1 to March 31, 2025, the Consolidated Company recognized a provision for carbon fee liabilities in the amount of \$1,784, which was calculated using the preferential rate of NTD50 per metric ton of CO<sub>2</sub> equivalent and applying the applicable emission adjustment factor. If the plan is subsequently not approved or it is assessed that the reduction target is unlikely to be achieved, the related amount will be remeasured using the standard rate of NTD300 per metric ton of CO<sub>2</sub> equivalent, which may result in an adjustment to the provision. The liability is expected to be settled in cash in May 2026 by the delivery of cash to the Government.

(p) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

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

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Operating costs	\$ 1,451	2,286
Selling expenses	64	99
Administrative expenses	277	467
	<b>\$ 1,792</b>	<b>2,852</b>

(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:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Operating costs	\$ 16,406	16,476
Selling expenses	978	979
Administrative expenses	3,957	3,745
	<b>\$ 21,341</b>	<b>21,200</b>

(Continued)

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

(q) 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:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Income tax expense for the period		
Current tax expense incurred during the period	\$ 284,154	285,592
Deferred tax expenses		
The origination and reversal of temporary differences	<u>3,711</u>	<u>13,461</u>
Income tax expenses	<u><b>\$ 287,865</b></u>	<u><b>299,053</b></u>

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

(r) Capital and other equity

(i) Capital Stock

As of March 31, 2025, December 31 and March 31, 2024, the Company's government-registered total authorized capital amounted to \$15,000,000 thousand, with par value per share of \$10 (in dollars), and total issued ordinary shares amounted to 730,214 thousand shares. All issued shares were paid up upon issuance.

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

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
(in shares)			
Total issued shares	<u><b>66,187,923</b></u>	<u><b>66,187,923</b></u>	<u><b>66,187,923</b></u>
Outstanding shares	<u><b>4,919,192</b></u>	<u><b>4,919,192</b></u>	<u><b>4,919,192</b></u>

(Continued)

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

(ii) Capital surplus

The balances of capital surplus were as follows:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Additional paid-in capital	\$ 2,289,734	2,289,734	2,289,734
Conversion of bonds	5,014,194	5,014,194	5,014,194
Treasury stock transactions	59,036	59,036	59,036
Difference between the acquiring value and the carrying value of subsidiaries	21,511	21,511	21,511
Changes in equity of associates accounted for using the equity method	190,496	190,496	190,496
Others	<u>167,337</u>	<u>167,337</u>	<u>164,779</u>
	<b><u>\$ 7,742,308</u></b>	<b><u>7,742,308</u></b>	<b><u>7,739,750</u></b>

(iii) Retained earnings

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

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

1) Legal reserve

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

(Continued)

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

2) Special reserve

By choosing to apply exemptions granted under IFRSs 1 First-time Adoption of IFRSs during the Company's first-time adoption of the IFRSs as approved by the FSC, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) shall be reclassified as investment property at the adoption date. According to regulations, retained earnings would be increased by \$333,057 thousand, by recognizing the fair value on the adoption date as deemed cost. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs amounted to \$149,309 thousand. In accordance with Ruling by the FSC, an increase in retained earnings due to the first-time adoption of the IFRSs shall be reclassified as a special earnings reserve during earnings distribution, and when the relevant asset were used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to \$149,309 thousand on March 31, 2025.

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 on May 24, 2024, respectively. As of March 31, 2025, the balance of the special surplus reserve was \$308,879 thousand.

(Continued)



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

3) Earnings distribution

The amounts of cash dividends on the 2024 and 2023 earnings distribution had been approved during the Company's Board of Directors on February 25, 2025 and February 26, 2024, respectively. The relevant dividend distributions to shareholders were as follows :

	<b>2024</b>		<b>2023</b>	
	<b>Amount per share (in dollars)</b>	<b>Total amount</b>	<b>Amount per share (in dollars)</b>	<b>Total amount</b>
Cash dividends distributed to ordinary shareholders	\$ 4.00	<u><b>2,920,855</b></u>	4.20	<u><b>3,066,898</b></u>

The record date of 2024 and 2023 cash dividends is April 23, 2025 and April 26, 2024, respectively and the cash dividend is currently under the account "Other payables" as of March 31, 2025 and 2024. Related information can be found through the Market Observation Post System website.

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

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2025	\$ (562,748)	305,998	(256,750)
Exchange differences on translation:			
The Consolidated Company	76,811	-	76,811
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	4,356	4,356
Balance as of March 31, 2025	<u><b>\$ (485,937)</b></u>	<u><b>310,354</b></u>	<u><b>(175,583)</b></u>
Balance as of January 1, 2024	\$ (625,168)	319,891	(305,277)
Exchange differences on translation:			
The Consolidated Company	111,613	-	111,613
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	(11,561)	(11,561)
Balance as of March 31, 2024	<u><b>\$ (513,555)</b></u>	<u><b>308,330</b></u>	<u><b>(205,225)</b></u>

(Continued)

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

(s) Earnings per share

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

	For the three months ended March 31,	
	2025	2024
<b>Basic earnings per share (in dollars)</b>	<b>\$ 1.50</b>	<b>1.50</b>
Profit attributable to ordinary shareholders of the Company	<b>\$ 1,092,843</b>	<b>1,098,050</b>
Weighted-average number of outstanding ordinary shares (in thousands)	<b>730,214</b>	<b>730,214</b>
<b>Diluted earnings per share (in dollars)</b>	<b>\$ 1.49</b>	<b>1.50</b>
Profit attributable to ordinary shareholders of the Company	<b>\$ 1,092,843</b>	<b>1,098,050</b>
Weighted-average number of outstanding ordinary shares (in thousands)	730,214	730,214
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	1,636	1,744
Weighted-average number of outstanding ordinary shares (in thousands) (after adjustments of the effect of dilutive potential ordinary shares)	<b>731,850</b>	<b>731,958</b>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2025				
	Sale of goods	Construction contracts	Rendering of services	Total
Primary geographical markets:				
Taiwan	\$ 9,845,381	3,484,756	118,015	13,448,152
The United States	26,682	-	-	26,682
Asia	613,887	-	155	614,042
Others	410,650	-	507	411,157
	<b>\$ 10,896,601</b>	<b>3,484,756</b>	<b>118,677</b>	<b>14,500,033</b>
Main products/service lines:				
Re-Bar	\$ 7,563,710	-	-	7,563,710
Section	3,314,006	-	-	3,314,006
Rendering of services	-	-	118,676	118,676
Metal structure	-	3,279,080	-	3,279,080
Civil engineering	-	205,676	-	205,676
Others	18,885	-	-	18,885
	<b>\$ 10,896,601</b>	<b>3,484,756</b>	<b>118,676</b>	<b>14,500,033</b>

(Continued)

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

<b>For the three months ended March 31, 2024</b>				
	<b>Sale of goods</b>	<b>Construction contracts</b>	<b>Rendering of services</b>	<b>Total</b>
Primary geographical markets:				
Taiwan	\$ 10,496,952	2,971,838	142,834	13,611,624
The United States	47,319	-	-	47,319
Asia	771,945	-	103	772,048
Others	414,618	-	702	415,320
	<b>\$ 11,730,834</b>	<b>2,971,838</b>	<b>143,639</b>	<b>14,846,311</b>
Main products/service lines:				
Re-Bar	\$ 8,094,280	-	-	8,094,280
Section	3,572,362	-	-	3,572,362
Billet	3,165	-	-	3,165
Rendering of services	-	-	143,639	143,639
Metal structure	-	2,742,283	-	2,742,283
Civil engineering	-	229,555	-	229,555
Others	61,027	-	-	61,027
	<b>\$ 11,730,834</b>	<b>2,971,838</b>	<b>143,639</b>	<b>14,846,311</b>

(ii) Contract balances

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Notes receivable	\$ 60,608	73,568	194,248
Accounts receivable	3,208,391	3,378,303	3,687,741
Overdue receivables	47,993	57,673	48,443
Less: allowance for impairment	(64,619)	(74,546)	(66,716)
Total	<b>\$ 3,252,373</b>	<b>3,434,998</b>	<b>3,863,716</b>
Contract assets — construction contract	<b>\$ 5,319,098</b>	<b>5,492,215</b>	<b>4,503,672</b>
Contract liabilities — advance receipts	\$ 1,420,528	2,186,719	1,909,350
Contract liabilities — construction contract	2,184,312	1,394,285	1,097,607
Total	<b>\$ 3,604,840</b>	<b>3,581,004</b>	<b>3,006,957</b>

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

The amounts of revenue recognized for the three months ended March 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$2,186,719 thousand and \$1,737,086 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.

(Continued)

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

(u) Remunerations to employees and directors

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

For the three months ended March 31, 2025 and 2024, 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 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:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Remuneration to employees	\$ 34,033	34,241
Remuneration to directors	27,227	27,393
	<b>\$ 61,260</b>	<b>61,634</b>

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

	<b>2024</b>	<b>2023</b>
Remuneration to employees	\$ 136,813	149,342
Remuneration to directors	109,450	119,474
	<b>\$ 246,263</b>	<b>268,816</b>

(v) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest income from bank deposits	\$ 3,974	2,459
Other interest income	798	2,102
	<b>\$ 4,772</b>	<b>4,561</b>

(Continued)

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

(ii) Other income

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Rent income	\$ 14,253	17,333
Scrap income	5,315	-
	<b><u>\$ 19,568</u></b>	<b><u>17,333</u></b>

(iii) Other gains and losses

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Gains (losses) on disposal of property, plant and equipment	\$ 227	(169)
Foreign exchange gains (losses)	14,038	(49,459)
Gain on financial assets (liabilities) at fair value through profit or loss	36,770	104,857
Compensation income	1,081	1,891
Remuneration income of directors and supervisors	2,245	2,179
Others	5,080	12,348
	<b><u>\$ 59,441</u></b>	<b><u>71,647</u></b>

(iv) Finance costs

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest Expense		
Bank loans	\$ 65,870	92,384
Interest on domestic commercial papers	-	1,674
Lease liabilities	691	803
Less: interest capitalization	(1,265)	(762)
	<b><u>\$ 65,296</u></b>	<b><u>94,099</u></b>

(w) Financial instruments

Except as mentioned below, there was no significant change in the fair value of the Consolidated Company's financial instruments and degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. For related information, please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2024.

(Continued)

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

(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.

(ii) Exchange rate risk

1) Exposure to exchange rate risk

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

	March 31, 2025			December 31, 2024			March 31, 2024			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	66,525	33.21	2,209,295	61,291	32.79	2,009,732	8,818	32.00	282,176
CNY		2,709	4.573	12,388	2,709	4.478	12,131	7,312	4.408	32,231
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD	\$	56,398	33.21	1,872,978	54,024	32.79	1,771,447	84,072	32.00	2,690,304
CNY		-	-	-	27	4.4780	121	245	4.4080	1,080

Since the Consolidated Company has many kinds of functional currency, the information on foreign exchange (losses) gains on monetary items is disclosed by total amount. For the three months ended March 31, 2025 and 2024, the foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$14,038 thousand and (49,459) thousand, respectively.

2) Sensitivity analysis

The Consolidated Company's exposure to exchange rate risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivable and loans, which were denominated in different foreign currencies. The overall effects to net income for the three months ended March 31, 2025 and 2024 assuming the NTD appreciate or depreciate by 1% against the USD and CNY, while other factors remain constant, as of March 31, 2025 and 2024 were as follows:

	Effect of appreciation on profit after tax	Effect of depreciation on profit after tax
March 31, 2025		
USD	\$ 2,691	(2,691)
CNY	99	(99)
	<u>\$ 2,790</u>	<u>(2,790)</u>

(Continued)

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

	<b>Effect of appreciation on profit after tax</b>	<b>Effect of depreciation on profit after tax</b>
March 31, 2024		
USD	\$ (19,265)	19,265
CNY	<u>249</u>	<u>(249)</u>
	<u><b>\$ (19,016)</b></u>	<u><b>19,016</b></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 \$83,560 thousand and \$120,415 thousand for the three months ended March 31, 2025 and 2024 respectively, assuming all other variable factors remain constant.

(iv) Other market price risk

For the three months ended March 31, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

	<b>For the three months ended March 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Other comprehensive income after tax</b>	<b>Net income after tax</b>	<b>Other comprehensive income after tax</b>	<b>Net income after tax</b>
<b>Prices of securities at the reporting date</b>				
<b>Increasing 1%</b>	<u><b>\$ 4,518</b></u>	<u><b>1,257</b></u>	<u><b>4,194</b></u>	<u><b>1,352</b></u>
<b>Decreasing 1%</b>	<u><b>\$ (4,518)</b></u>	<u><b>(1,257)</b></u>	<u><b>(4,194)</b></u>	<u><b>(1,352)</b></u>

(Continued)

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

(v) Fair value of financial instruments

1) Types and fair value of financial instruments

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

	<b>March 31, 2025</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss					
Derivative financial assetss — foreign exchange forward contracts	\$ 9,673	-	9,673	-	9,673
Non-derivative financial asset — Stocks listed on domestic stocks	125,651	125,651	-	-	125,651
Subtotal	135,324	125,651	9,673	-	135,324
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	451,843	451,843	-	-	451,843
Unquoted equity instruments measured at fair value	171,613	-	-	171,613	171,613
Subtotal	623,456	451,843	-	171,613	623,456
Financial assets measured at amortized cost					
Cash and cash equivalents	2,127,224	-	-	-	-
Notes and accounts receivable	3,253,373	-	-	-	-
Other receivables	183,350	-	-	-	-
Refundable deposits and pledged deposits	370,983	-	-	-	-
Subtotal	5,934,930	-	-	-	-
Total	<b>\$ 6,693,710</b>	<b>577,494</b>	<b>9,673</b>	<b>171,613</b>	<b>758,780</b>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 8,644,992	-	-	-	-
Long-term loans (including current portion)	1,800,000	-	-	-	-
Notes and accounts payable	2,609,476	-	-	-	-
Other payables	4,853,311	-	-	-	-
Lease liabilities (including current portion)	159,177	-	-	-	-
Guarantee deposits received	8,551	-	-	-	-
Subtotal	18,075,507	-	-	-	-
Total	<b>\$ 18,075,507</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Continued)



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

December 31, 2024					
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets — stocks listed on domestic stocks	\$ 109,204	109,204	-	-	109,204
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	432,618	432,618	-	-	432,618
Unquoted equity instruments measured at fair value	186,482	-	-	186,482	186,482
Subtotal	619,100	432,618	-	186,482	619,100
Financial assets measured at amortized cost					
Cash and cash equivalents	1,519,082	-	-	-	-
Notes and accounts receivable	3,434,998	-	-	-	-
Other receivables	32,152	-	-	-	-
Refundable deposits and pledged deposits	357,556	-	-	-	-
Subtotal	5,343,788	-	-	-	-
Total	<u>\$ 6,072,092</u>	<u>541,822</u>	<u>-</u>	<u>186,482</u>	<u>728,304</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities — foreign exchange forward contracts	\$ 3,855	-	3,855	-	3,855
Financial liabilities measured at amortized cost					
Short-term loans	8,770,644	-	-	-	-
Long-term loans (including current portion)	3,246,170	-	-	-	-
Notes and accounts payable	2,920,583	-	-	-	-
Other payables	2,461,096	-	-	-	-
Lease liabilities (including current portion)	162,174	-	-	-	-
Guarantee deposits received	9,541	-	-	-	-
Subtotal	17,570,208	-	-	-	-
Total	<u>\$ 17,574,063</u>	<u>-</u>	<u>3,855</u>	<u>-</u>	<u>3,855</u>

(Continued)

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

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

(Continued)

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

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

a) Non-derivative financial instrument

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

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

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

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

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

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

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

b) Derivative financial instruments

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

(Continued)

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

3) Transfers between Level 1 and Level 2

There were no transfers in either direction in the three months ended March 31, 2025 and 2024.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	<u>Unquoted equity instruments</u>
January 1, 2025	\$ 186,482
Total losses recognized in other comprehensive income	<u>(14,869)</u>
March 31, 2025	<u><u>\$ 171,613</u></u>
January 1, 2024	\$ 199,411
Total gains recognized in other comprehensive income	<u>6,006</u>
March 31, 2024	<u><u>\$ 205,417</u></u>

For the three months ended March 31, 2025 and 2024, 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 March 31,
	<u>2025</u> <u>2024</u>
Total (losses) gains recognized in other comprehensive income (Note)	<u><u>\$ (14,869)</u></u> <u><u>6,006</u></u>

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

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Consolidated Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income – equity investments”.

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

(Continued)

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

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 (1.14~2.37, 0.95~2.69 and 1.18~4.96 as of March 31, 2025, December 31 and March 31, 2024)	· The higher the multiplier, the higher the fair value
		· Discount rate for lack of marketability (22.3%~35.75%, 21.16%~35.84% and 21.15%~35.83%, as of March 31, 2025, December 31 and March 31, 2024)	· 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 (9.16%~29.09%, 8.74%~29.20% and 8.04%~29.96%, as of March 31, 2025, December 31 and March 31, 2024)	· The higher the discount rate lack of marketability, the lower the fair value

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

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

			Changes in fair value reflected in other comprehensive income	
	Input	Changes in assumptions	Favorable	Unfavorable
March 31, 2025				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 9.16%~35.75%	5%	\$ 10,410	(10,410)
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 8.74%~35.84%	5%	11,370	(11,370)
March 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 8.04%~35.83%	5%	12,619	(12,619)

(Continued)

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

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

(x) Financial risk management

Except for the following disclosures, there were no significant changes in the Consolidated Company's financial risk management and policies as disclosed in Note 6(y) to the consolidated financial statements for the year ended December 31, 2024.

(y) Capital management

Management believes that the objectives, policies and processes of capital management of the Consolidated Company has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. 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, 2024. Please refer to Note 6(z) of the consolidated financial statements for the year ended December 31, 2024 for further details.

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

The cash flow of non-cash investing and financing transactions for the three months ended March 31, 2025 and 2024, were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Reclassification of prepayment of land and equipment to property, plant and equipment	<u>\$ 39,864</u>	<u>11,732</u>
Changes in unrealized (losses) gains on financial instruments	<u>\$ 4,356</u>	<u>(11,549)</u>
Foreign exchange differences arising from foreign operations	<u>\$ 76,651</u>	<u>111,325</u>
Increase in property, plant and equipment	\$ 156,139	284,541
Add: Payable for equipment as of January 1	252,299	24,185
Less: Payable for equipment as of March 31	<u>(247,368)</u>	<u>(13,580)</u>
Cash paid	<u>\$ 161,070</u>	<u>295,146</u>

(Continued)

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

Reconciliation of liabilities arising from financing activities were as follows:

	<b>January 1, 2025</b>	<b>Cash flows</b>		<b>Non-cash changes</b>		<b>March 31, 2025</b>
		<b>Acquisition</b>	<b>Repayment</b>	<b>Effect of exchange rates</b>	<b>Other</b>	
Short-term loans	\$ 8,770,644	17,931,183	(18,112,842)	56,007	-	8,644,992
Long-term loans (including current portion)	3,246,170	1,728,000	(3,174,170)	-	-	1,800,000
Deposits received	9,541	-	(990)	-	-	8,551
Lease liabilities	162,174	-	(12,244)	1,315	7,932	159,177
Total liabilities from financing activities	<u>\$ 12,188,529</u>	<u>19,659,183</u>	<u>(21,300,246)</u>	<u>57,322</u>	<u>7,932</u>	<u>10,612,720</u>

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

**(7) Related-party transactions**

(a) Names and relationship with related parties

<b>Name of related party</b>	<b>Relationship with the Consolidated Company</b>
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
Hop Tsuen Co., Ltd.	The entity's chairman is the same as the Company
Anyao Co., Ltd.	The entity's chairman is the same as the Company
Directors, general manager and vice general manager of the Consolidated Company	

(Continued)

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

(b) Significant related-party transactions

(i) Sales from related parties

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

	Sales		Accounts receivable		
	For the three months ended		March 31,	December 31,	March 31,
	March 31,				
	2025	2024	2025	2024	2024
Associates	\$ 907	658	784	1,706	542

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

(ii) Purchases from related parties

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

	<b>Purchases</b>		<b>Accounts payable</b>		
	<b>For the three months ended</b>				
	<b>March 31,</b>		<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2024</b>
Associates	\$ 33	-	23	10	-
Other related parties	-	-	-	294	-
	<b>\$ 33</b>	<b>-</b>	<b>23</b>	<b>304</b>	<b>-</b>

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

(iii) Guarantees and endorsement

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

Expressed in thousands of USD

	<b>March 31, 2025</b>					
	<b>Highest balance for</b>		<b>Ending amount</b>		<b>Actual amount usage</b>	
	<b>the period</b>		<b>(Note)</b>			
Associates	USD\$	5,250	USD	5,250	USD	5,250
	<b>December 31, 2024</b>					
	<b>Highest balance for</b>		<b>Ending amount</b>		<b>Actual amount usage</b>	
	<b>the period</b>		<b>(Note)</b>			
Associates	USD\$	10,500	USD	10,500	USD	5,250

(Continued)



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

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

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

(iv) Others

	<b>Rental income</b>	
	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Associates	\$ 817	817
Other related parties	1,221	1,164
	<b>\$ 2,038</b>	<b>1,981</b>

	<b>Operating expenses</b>	
	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Associates	\$ 658	590

	<b>Manufacturing expenses</b>	
	<b>For the three months ended</b>	
	<b>March 31,</b>	
	<b>2025</b>	<b>2024</b>
Associates	\$ 9,831	13,649

	<b>Other receivables</b>			<b>Other payables</b>		
	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Associates	\$ -	-	-	4,121	1,201	9,064
Other related parties	-	1	2	-	-	-
	<b>\$ -</b>	<b>1</b>	<b>2</b>	<b>4,121</b>	<b>1,201</b>	<b>9,064</b>

<b>Relationship</b>	<b>Deposits received</b>		
	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Associates	\$ 304	304	304

(Continued)

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

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Short-term employee benefits	\$ 16,731	16,399
Post-employment benefits	461	400
	<b>\$ 17,192</b>	<b>16,799</b>

As of three months ended March 31, 2025 and 2024, 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:

<b>Pledged assets</b>	<b>Pledged to secure</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Other current assets	Customs guarantee and performance guarantee	\$ 168,720	163,055	53,849
Other non-current assets	Performance guarantee	10,500	500	800
Refundable deposits	Performance guarantee	126,986	123,849	126,875
		<b>\$ 306,206</b>	<b>287,404</b>	<b>181,524</b>

**(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:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Guarantees securities amounts	<b>\$ 174,353</b>	<b>344,295</b>	<b>168,000</b>

(Continued)

**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:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Bank credit limit	\$ 20,718,683	19,240,147	20,560,407
Leases	-	200	400
Guaranteed payment for purchases of raw materials	90,600	90,600	81,800
	<u><u>\$ 20,809,283</u></u>	<u><u>19,330,947</u></u>	<u><u>20,642,607</u></u>

(iii) Other:

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unused outstanding letters of credit	<u><u>\$ 1,808,665</u></u>	<u><u>1,324,932</u></u>	<u><u>1,489,692</u></u>
Provide customer with a guarantee letter from the bank for the performance guarantee	<u><u>\$ 1,386,918</u></u>	<u><u>1,394,054</u></u>	<u><u>1,227,362</u></u>

**(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:

	<b>For the three months ended March 31, 2025</b>			<b>For the three months ended March 31, 2024</b>		
	<b>Classified as operating costs</b>	<b>Classified as operating expenses</b>	<b>Total</b>	<b>Classified as operating costs</b>	<b>Classified as operating expenses</b>	<b>Total</b>
Employee benefits						
Salaries	509,409	200,740	710,149	519,262	227,680	746,942
Labor and health insurance	55,936	16,192	72,128	50,004	16,165	66,169
Pension expenses	17,857	5,276	23,133	18,762	5,290	24,052
Remuneration of directors	-	27,227	27,227	-	27,393	27,393
Other personnel expenses	20,157	4,633	24,790	17,039	3,869	20,908
Depreciation expense	361,238	29,584	390,822	356,348	28,490	384,838
Amortization expense	13,120	2,471	15,591	12,731	2,689	15,420

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Consolidated Company for the three months ended March 31, 2025:

(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 during the period (Note 3)	Actual usage amount during the period (Note 4 ~ 5)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	THSVC	Other receivables	Yes	3,154,950 (USD 95,000)	3,154,950 (USD 95,000)	1,826,550 (USD 55,000)	1.9005%~1.911%	2	-	Operating capital	-		-	3,089,264	6,178,529

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

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

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

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

Note 3: The valid quota of financing to other parties as of March 31, 2025.

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

Note 5: The transactions have already been written off in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD/USD/CNY)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 7)	Actual usage amount during the period (Note 8)	Property pledged for guarantees and endorsements (amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company (Note 2, 3)	THSVC	2	15,446,322	13,582,890 (USD409,000)	12,885,480 (USD 388,000)	2,531,399 (USD76,224)	-	41.71 %	15,446,322	Y	N	N
1	Tung Yuan International Corp. (Note 4, 5)	Fujian Sino-Japan Metal Corp.	6	329,415 (USD 9,919)	174,353 (USD 5,250)	174,353 (USD 5,250)	174,353 (USD 5,250)	-	26.46 %	658,831 (USD 19,838)	N	N	Y

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

1. The Company has business with the receiving parties.

2. The Company holds directly more than 50% of the ordinary stock of the subsidiaries.

3. The Company and its subsidiaries hold more than 50% of the investee.

4. The Company holds, directly or indirectly, through its subsidiaries, more than 50% of the investee.

5. The Company is required to make guarantees or endorsements for the construction project based on the contract.

6. The stockholders of the Company may provide guarantees or endorsements for the investee in proportion to their stockholding percentage.

7. The companies in the same industry provide, among themselves, joint and several securities for a performance guarantee on sales contracts for pre- construction homes pursuant to the Consumer Protection Act for each other.

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

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

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

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

Note 6: Guarantees and endorsements for an individual company should not exceed 50% of the Company’s net worth on its latest financial statements. Moreover, according to the Company’s policy, the total amount of guarantees and endorsements made by the Company and subsidiaries should not exceed 50% of the Company’s latest financial statement (limit for the current period: \$15,446,322 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: \$15,446,322 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.

## 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	125,651	1.61 %	125,651	None
The Company	Stock—Shiao Kang Warehousing Corp.	One of its directors	(b)	1,788,045	15,888	19.87 %	15,888	None
The Company	Stock—Hexawave Photonic System, Inc.	One of its directors	(b)	2,564,023	5,546	6.35 %	5,546	None
The Company	Stock—Overseas Investment & Development Corp.	-	(b)	1,000,000	11,888	1.11 %	11,888	None
The Company	Stock—Power World Fund, Inc.	One of its directors	(b)	304,760	7,649	5.68 %	7,649	None
The Company	Stock—Universal Venture Fund, Inc.	One of its directors	(b)	390,778	9,211	4.76 %	9,211	None
The Company	Stock—Tung Jiang Investment Corp.	One of its directors	(b)	-	39,054	9.11 %	39,054	None
The Company	Stock—Taiwan Aerospace Corp.	-	(b)	1,621,441	48,931	1.20 %	48,931	None
The Company	Stock—Universal Venture Capital Investment Corp.	-	(b)	2,800,000	27,084	2.33 %	27,084	None
The Company	Stock—IBT	-	(b)	1,312,993	6,362	4.17 %	6,362	None
The Company	Stock—Chien Shing Harbour Service Co., Ltd	One of its directors	(b)	8,203,800	400,756	8.90 %	400,756	None
The Company	Stock—Taiwan High Speed Rail Corporation	-	(b)	1,913,376	51,087	0.03 %	51,087	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) 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	(1,194,285)	(10.44)%	60 days end of month	-	-	426,828	11.96%	
The Company	THSVC	Subsidiary	Purchase	1,402,502	21.43%	Payment within 30 days from signing the contract	-	-	-	-%	
Tung Kang Steel Structure Corp.	The Company	Subsidiary	Purchase	1,194,285	60.12%	60 days end of month	-	-	(426,828)	(38.12)%	
THSVC	The Company	Subsidiary	Sale	(1,402,502)	(68.61)%	Payment within 30 days from signing the contract	-	-	-	-%	

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

(v) 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	1,829,507(Other receivables—related parties)	-	-		335,057	-
The Company	Tung Kang Steel Structure Corp.	Subsidiary	426,828(Accounts receivable—related parties)	22.38	-		-	-

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

(vi) Significant transactions and business relationship between the parent company and its subsidiaries for the three months ended March 31, 2025:

(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	1,198,019	General conditions	8.26%
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Accounts receivable	430,749	60 days end of month	0.80%
0	The Company	THSVC	1	Other receivables	1,829,507	Contract conditions	3.39%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Sales	14,007	General conditions	0.10%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Accounts receivable	8,140	60 days end of month	0.02%
2	THSVC	The Company	2	Sales	1,402,502	Payment within 30 days from signing the contract	9.67%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Sales	58,732	General conditions	0.41%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Accounts receivable	8,327	General conditions	0.02%
4	Tung Kang Wind Power Corp.	The Company	2	Sales	96,599	General conditions	0.67%
4	Tung Kang Wind Power Corp.	The Company	2	Accounts receivable	20,830	Payment shall be received within three (3) days after invoicing, in accordance with the agreement."	0.04%

Note 1: The numbers represent the following:

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

Note 2: Transactions are categorized as follows :

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

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

(b) Information on investments:

The following is the information on investments for the three months ended March 31, 2025 (excluding information on investees in Mainland China) :

(In thousands of NTD/VND/USD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Tung Yuan International Corp.	British Virgin Islands	Investment activities	902,747 (USD27,183)	902,747 (USD27,183)	82	100.00 %	661,320	(935)	(935)	Subsidiary
The Company	Tung Kang Steel Structure Corp.	Taiwan	Metal structure and building component construction.	1,775,138	1,775,138	201,121,339	97.48 %	4,602,623	275,290	268,916	Subsidiary
The Company	Katec R&D Corp.	Taiwan	Waste recycling	35,352	35,352	5,646,398	46.19 %	98,825	9,910	4,578	Associate
The Company	Goldham Development Ltd.	British Virgin Islands	Investment activities	42,310 (USD1,274)	42,310 (USD1,274)	1,274,000	100.00 %	13,719	-	-	Subsidiary
The Company	Taiwan Steel Union Co., Ltd.	Taiwan	Waste disposal	113,291	113,291	24,829,009	22.31 %	879,259	142,770	31,852	Associate
The Company	Katec Creative Resources Corporation	Taiwan	Waste recycling	914,478	914,478	61,391,933	99.02 %	730,145	18,641	18,458	Subsidiary
The Company	Tung Kang Wind Power Corp.	Taiwan	Development, production, transmission and distribution of wind power generation	655,000	655,000	65,500,000	100.00 %	706,059	45,303	45,312	Subsidiary
The Company	Tung Ho Steel Vietnam Corp., Ltd.	Vietnam	Steel industry	6,407,467	6,407,467	-	100.00 %	2,719,566	(82,355)	(82,355)	Subsidiary
The Company	Tung Sugar Energy Service Co., Ltd.	Taiwan	Fertilizer producing and self-used equipment of renewable electric power	54,000	54,000	5,400,000	36.00 %	44,029	(3,532)	(1,272)	Associate
Tung Yuan International Corp.	3 Oceans International Inc.	Samoa	Investment activities	50,147 (USD1,510)	50,147 (USD1,510)	572,000	66.51 %	11,247	260	173	Subsidiary

(Continued)

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	125,168 (USD3,769)	125,168 (USD3,769)	8,154,419	96.00 %	141,129	(600)	(576)	Subsidiary
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Taiwan	Civil engineering	359,340	359,340	25,000,000	100.00 %	280,258	145	145	Subsidiary
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	3,823	3,823	230,335	2.71 %	4,441	(600)	(16)	Subsidiary
Tung Ho Steel Vietnam Corp., Ltd.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	1,410 (VND 1,094,467)	1,410 (VND1,094,467)	109,446	1.29 %	1,704	(600)	(8)	Subsidiary

1 USD=33.21NTD  
1 VND= 0.001288NTD  
Note: 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	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2025	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	1,726,920 (USD 52,000)	( 2 )	609,968 (USD 18,367)	-	-	609,968 (USD 18,367)	(5,137)	35.00%	(1,798)	365,834	-

Note 1: List of the method of investment  
(1) Direct investment  
(2) Indirect investment  
(3) Others  
Note 2: On March 31, 2025, 1 USD=33.21 NTD.  
Note 3: For the three months ended March 31, 2025, 1 USD=32.11 NTD.

- (ii) Limitation on investment in Mainland China:

(In thousands of NTD/USD)

Accumulated Investment in Mainland China as of March 31, 2025	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 1)
609,968 (USD18,367)	609,968 (USD18,367)	18,535,586

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”.

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

**(14) Segment information**

(a) General information

The Consolidated Company has two reportable segments:

- (i) Steel Segment: Including the Taipei Headquarters, Taoyuan Processing Center, Taoyuan Plant, Taichung Port Logistics Center, Miaoli Plant, Kaohsiung Plant, Daye Plant and THSVC, mainly engaged in the manufacture and sale of steel products.
- (ii) Steel Structure Segment: Including Tung Kang Steel Structure Corp., Tung Kang Engineering & Construction Corp., mainly engaged in steel structure processing, steel structure engineering and civil construction engineering.

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

For the three months ended March 31, 2025					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 10,884,642	3,493,352	122,039	-	14,500,033
Inter-segment revenue	2,600,550	25,966	169,354	(2,795,870)	-
<b>Total revenue</b>	<b>\$ 13,485,192</b>	<b>3,519,318</b>	<b>291,393</b>	<b>(2,795,870)</b>	<b>14,500,033</b>
<b>Reportable segment profit or loss</b>	<b>\$ 1,217,720</b>	<b>344,597</b>	<b>74,398</b>	<b>(248,800)</b>	<b>1,387,915</b>
For the three months ended March 31, 2024					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 11,687,080	3,008,845	150,386	-	14,846,311
Inter-segment revenue	1,636,024	40,352	108,315	(1,784,691)	-
<b>Total revenue</b>	<b>\$ 13,323,104</b>	<b>3,049,197</b>	<b>258,701</b>	<b>(1,784,691)</b>	<b>14,846,311</b>
<b>Reportable segment profit or loss</b>	<b>\$ 1,186,616</b>	<b>418,864</b>	<b>13,132</b>	<b>(212,857)</b>	<b>1,405,755</b>
Reportable segment assets					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
March 31, 2025	\$ 53,747,072	8,906,482	3,246,690	(11,951,294)	53,948,950
December 31, 2024	\$ 54,347,473	8,370,764	3,251,239	(11,088,859)	54,880,617
March 31, 2024	\$ 55,451,074	8,019,545	3,045,751	(9,838,607)	56,677,763
Reportable segment liabilities					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
March 31, 2025	\$ 20,858,373	4,038,841	407,286	(2,377,848)	22,926,652
December 31, 2024	\$ 19,689,158	3,778,588	452,883	(1,802,108)	22,118,521
March 31, 2024	\$ 23,873,945	3,404,303	356,512	(257,755)	27,377,005