Stock Code:2035

TANG ENG IRON WORKS CO., LTD.

Financial Statements

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

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Independent Auditors' Report

To the Board of Directors of TANG ENG IRON WORKS CO., LTD.:

Opinion

We have audited the financial statements of TANG ENG IRON WORKS CO., LTD. ("the Company"), which comprise the balance sheet as of December 31, 2024 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of another auditor (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of another auditor, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

We did not audit the financial statements of Taiwan Rolling Stock Co., Ltd., which represented investment in another entity accounted for using the equity method of the Company. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Taiwan Rolling Stock Co., Ltd., is based solely on the report of another auditor. The investment in Taiwan Rolling Stock Co., Ltd. accounted for using the equity method constituting both 2% of total assets at December 31, 2024 and 2023, and the related share of profit of associates accounted for using the equity method constituting (0.58)% and 4.08% of total loss before tax for the years then ended, respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue Recognition

   Please refer to Note 4(o) "Revenue from contracts with customers" for accounting policy related to revenue recognition, and Note 6(q) "Revenue from contracts with customers" for the details of the revenue recognition during the years.

   Description of key audit matter:

   The Company is mainly engaged in the manufacture and trading of stainless steel products. Revenue recognition on the sales of the Company’s products is the timing of the transfer of control of the product depending on the individual terms with the customers, as well as the terms of acceptance and return of goods based on the sale contracts between the Company and its customers. There is a risk of misstatement when the timing of revenue recognition is earlier than the transfers of control. It may result in inappropriate revenue recognition. Therefore, the test of revenue recognition is one of our key audit matters in the audit of financial reports of the Company.

   How the matter was addressed in our audit:

   Our principal audit procedures included testing the effectiveness of the design and implementing the internal control system of sales revenue; reviewing the major customers’ sales contracts and understanding the terms of the contracts; testing documents and confirming whether the control of goods has already been transferred to buyer, as well as assessing the appropriateness of the timing and amount of revenue recognition; and testing samples of sales transactions during the period before and after the end of the year to assess the accuracy of the revenue recognition period. We have also assessed that the material judgment relating to the recognition of the revenue of the Company has been duly disclosed.

2. Inventory valuation

   Please refer to Note 4(g) "Inventories" for accounting policy related to valuation of inventories, and Note 6(d) "Inventories" for information related to details of inventories and valuation of the financial statements.

   Description of key audit matter:

   Inventories are measured at the lower of cost and net realizable value. Since the valuation of net realizable value of inventories involves management's judgment, and the price of stainless steel raw materials and products is subject to fluctuations in international nickel prices and frequent changes in prices, failure to properly identify and evaluate them will lead to a material misstatement of the financial statements. Therefore, the test of inventory valuation is one of the significant evaluations in audit procedures.

   How the matter was addressed in our audit:

   Our principal audit procedures performed in respect of the above include understanding the valuation method and assessing its adequacy; examining the data used in the various types of inventory valuation to confirm the accuracy; examining the accounts to see if the amounts are recognized correctly and the reasonableness of the net realizable value.

3. Impairment assessment of property, plant and equipment, and investment property

   Please refer to Note 4(m) "Impairment of non-financial assets" to the financial statements for the accounting policies related to the evaluation of impairment of property, plant and equipment and investment property; and Note 6(f) and 6(g) to the financial statements for the description of the evaluation of impairment of property, plant and equipment and investment property.

   Description of key audit matter:

   The carrying amount of property, plant and equipment and investment property of Tang Eng Iron Works Co., Ltd. accounted for a significant portion of total assets. In addition, the volatile environment of the stainless steel industry will expose Tang Eng Iron Works Co., Ltd. to the risk of asset impairment. The impairment testing of property, plant and equipment and investment property involves the subjective judgment of the management. Therefore, the impairment test is one of the important matters that we consider in performing our audits of the financial statements.

   How the matter was addressed in our audit:

   We conducted our audits in accordance with our auditing procedures, which included evaluating the management of Tang Eng Iron Works Co., Ltd. to identify cash-generating units that may be impaired and indications of such internal or external impairment; considering whether all assets subject to annual impairment testing are included in its management's evaluation process; evaluating the reasonableness of the valuation techniques used by management to measure recoverable amounts; and assessing the appropriateness of the disclosure of long-term non-financial asset impairment policies and other relevant information.

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

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Ting Huang and Yi-Lien Han.

KPMG

Taipei, Taiwan (Republic of China)
February 24, 2025

Notes to Readers

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

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

(English Translation of Financial Statements Originally Issued in Chinese)

TANG ENG IRON WORKS CO., LTD.

Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Notes 6(a) and (t))	$ 114,169	1	288,673	2
1170	Accounts receivable, net (Notes 6(c), (q) and (t))	29,070	-	9,970	-
1200	Other receivables, net (Notes 6(t) and 7)	16,000	-	3,798	-
1310	Inventories, manufacturing business, net (Note 6(d))	3,104,135	18	1,866,176	11
1410	Prepayments (Note 9(b))	361,807	2	459,514	3
1479	Other current assets, others	34	-	62	-
		3,625,215	21	2,628,193	16
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b) and (t))	132,895	1	152,610	1
1551	Investments accounted for using equity method (Note 6(e))	388,314	2	398,706	2
1600	Property, plant and equipment (Notes 6(f) and 8)	3,488,183	20	3,435,439	21
1760	Investment property, net (Notes 6(g) and 8)	10,026,624	56	10,036,311	60
1780	Intangible assets	9,101	-	12,826	-
1920	Guarantee deposits paid (Notes 6(t), 7 and 8)	53,131	-	2,383	-
		14,098,248	79	14,038,275	84
	Total assets	**$ 17,723,463**	**100**	**16,666,468**	**100**

	Liabilities and Equity	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(h), (t) and 7)	$ 2,474,406	14	1,790,134	11
2130	Current contract liabilities (Note 6(q))	8,676	-	11,014	-
2170	Accounts payable (Note 6(t))	111,159	1	83,720	1
2180	Total accounts payable to related parties (Notes 6(t) and 7)	4,407	-	12,163	-
2200	Other payables (Note 6(t))	318,552	2	243,040	1
2255	Short-term onerous contracts provision (Note 6(k))	9,006	-	-	-
2399	Other current liabilities, others	12,746	-	10,779	-
		2,938,952	17	2,150,850	13
	Non-Current liabilities:				
2540	Long-term borrowings (Notes 6(j), (t) and 7)	7,150,000	39	6,050,000	36
2571	Deferred tax liabilities, land value increment tax (Note 6(n))	3,543,187	20	3,543,187	21
2640	Net defined benefit liability, non-current (Note 6(m))	143,145	1	190,690	1
2645	Guarantee deposits received(Note 6(t))	121,576	1	119,866	1
		10,957,908	61	9,903,743	59
	Total liabilities	13,896,860	78	12,054,593	72
	Equity attributable to owners of parent (Note 6(o)):				
3100	Capital stock	3,500,000	20	3,500,000	21
3200	Capital surplus	46	-	46	-
3300	Retained earnings	214,090	1	964,507	6
3400	Other equity interest	112,467	1	147,322	1
	Total equity	3,826,603	22	4,611,875	28
	Total liabilities and equity	**$ 17,723,463**	**100**	**16,666,468**	**100**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TANG ENG IRON WORKS CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(q) and 7)**	$ 12,189,393	100	10,706,636	100
5000	**Operating costs (Notes 6(d), (m) and 7)**	12,679,534	104	11,570,952	108
5900	**Gross loss from operations**	(490,141)	(4)	(864,316)	(8)
	Operating expenses (Notes 6(m) and 7):				
6100	Selling expenses	134,179	1	114,439	1
6200	Administrative expenses	165,383	1	154,724	1
6300	Research and development expenses	8,858	-	9,026	-
6000	**Total operating expenses**	308,420	2	278,189	2
6900	**Net operating loss**	(798,561)	(6)	(1,142,505)	(10)
	Non-operating income and expenses (Notes 6(e), (g), (s) and 7):				
7100	Interest income	4,341	-	7,761	-
7010	Other income	295,555	2	281,000	3
7020	Other gains and losses, net	(111,463)	(1)	(91,051)	(1)
7050	Finance costs, net	(166,110)	(1)	(134,649)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	4,501	-	(45,876)	-
7000	**Total non-operating income and expenses**	26,824	-	17,185	1
7900	**Loss from continuing operations before tax**	(771,737)	(6)	(1,125,320)	(9)
7950	Less: Income tax expenses (Note 6(n))	-	-	-	-
8200	**Loss**	(771,737)	(6)	(1,125,320)	(9)
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(m))	21,073	-	28,822	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income (Note 6(o))	(19,715)	-	(9,924)	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (Note 6(e))	247	-	(15)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,605	-	18,883	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss (Notes (e) and (o))	(15,140)	-	5,644	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(15,140)	-	5,644	-
8300	**Other comprehensive income**	(13,535)	-	24,527	-
8500	**Total comprehensive income**	**$ (785,272)**	**(6)**	**(1,100,793)**	**(9)**
	Basic losses per share (Note 6(p))				
9750	Basic losses per share	**$ (2.20)**		**(3.22)**	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TANG ENG IRON WORKS CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest			
	Ordinary shares	Capital surplus	Special reserve	Unappropriated retained earnings	Total retained earnings	Unrealized (losses) gains on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total other equity interest	Total equity
Balance at January 1, 2023	$ 3,500,000	46	3,948,975	(1,887,955)	2,061,020	118,004	33,598	151,602	5,712,668
Loss for the year ended December 31, 2023	-	-	-	(1,125,320)	(1,125,320)	-	-	-	(1,125,320)
Other comprehensive income for the year ended December 31, 2023	-	-	-	28,807	28,807	(9,924)	5,644	(4,280)	24,527
Total comprehensive income for the year ended December 31, 2023	-	-	-	(1,096,513)	(1,096,513)	(9,924)	5,644	(4,280)	(1,100,793)
Balance on December 31, 2023	3,500,000	46	3,948,975	(2,984,468)	964,507	108,080	39,242	147,322	4,611,875
Profit (loss) for the year ended December 31, 2024	-	-	-	(771,737)	(771,737)	-	-	-	(771,737)
Other comprehensive income for the year ended December 31, 2024	-	-	-	21,320	21,320	(19,715)	(15,140)	(34,855)	(13,535)
Total comprehensive income for the year ended December 31, 2024	-	-	-	(750,417)	(750,417)	(19,715)	(15,140)	(34,855)	(785,272)
Balance on December 31, 2024	**$ 3,500,000**	**46**	**3,948,975**	**(3,734,885)**	**214,090**	**88,365**	**24,102**	**112,467**	**3,826,603**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TANG ENG IRON WORKS CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2024	2023
Cash flows from (used in) operating activities:		
Loss before tax	$ (771,737)	(1,125,320)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	206,159	184,508
Amortization expense	4,603	3,575
Interest expense	166,110	134,649
Interest income	(4,341)	(7,761)
Dividend income	(3,046)	(4,361)
Share of (profit) loss of associates accounted for using equity method	(4,501)	45,876
Loss on disposal of property, plant and equipment	2,745	408
Provision (reversal of provision) for onerous contract	9,006	(1,588)
Depreciation of investment property (as other gains and losses)	9,687	9,657
Total adjustments to reconcile profit (loss)	386,422	364,963
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in accounts receivable	(19,100)	(2,557)
(Increase) decrease in other receivable	(12,106)	34,479
(Increase) decrease in inventories	(1,237,959)	335,133
Decrease in prepayments	49,384	170,418
Decrease in other current assets	28	602
Total changes in operating assets	(1,219,753)	538,075
Changes in operating liabilities:		
Increase (decrease) in accounts payables	19,683	(135,574)
Increase (decrease) in other payables	72,462	(85,200)
(Decrease) increase in contract liabilities	(2,338)	3,795
Increase (decrease) in other current liabilities	1,967	(720)
Decrease in net defined benefit liability	(26,472)	(18,892)
Total changes in operating liabilities	65,302	(236,591)
Total changes in operating assets and liabilities	(1,154,451)	301,484
Total adjustments	(768,029)	666,447
Cash flows used in generated from operations	(1,539,766)	(458,873)
Interest received	4,341	7,761
Interest paid	(163,060)	(133,065)
Income taxes paid	(96)	(752)
Net cash flows used in operating activities	(1,698,581)	(584,929)

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TANG ENG IRON WORKS CO., LTD.

Statements of Cash Flows (CONT'D)

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2024	2023
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(213,325)	(288,170)
Acquisition of intangible assets	(878)	(5,011)
Dividends received	3,046	4,361
Increase in refundable deposits	(50,748)	-
Net cash flows used in investing activities	(261,905)	(288,820)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	4,350,000	5,450,000
Decrease in short-term borrowings	(3,665,728)	(5,291,490)
Increase in short-term notes and bills payable	5,200,000	3,800,000
Decrease in short-term notes and bills payable	(5,200,000)	(3,800,000)
Proceeds from long-term borrowings	12,100,000	7,400,000
Repayments of long-term borrowings	(11,000,000)	(6,900,000)
Increase (decrease) in guarantee deposits received	1,710	(3,132)
Net cash flows generated from financing activities	1,785,982	655,378
Net decrease in cash and cash equivalents	(174,504)	(218,371)
Cash and cash equivalents, beginning of the period	288,673	507,044
Cash and cash equivalents, end of the period	**$ 114,169**	**288,673**

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

TANG ENG IRON WORKS CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

Tang Eng Iron Works Co., Ltd. (the "Company") was founded by Mr. Tang Eng at Kaohsiung City in 1940, it was reorganized as a limited company in 1957, then it was reorganized as provincial-owned company in 1962. The headquarters was moved from Kaohsiung to HsinChu County in 1986, and the Company became a state owned enterprise under the MOEA after the Provincial Downsizing in July 1999. During 2002, the Company's machinery plant-track vehicle division and on-road vehicle division, steel plant-transportation division and logistics division were privatized successively; and construction department was downsized mandatorily to accomplish the business at hand; the headquarters was moved to current location at the Tang Eng Building in Kaohsiung on October 21, 2002.

The Company was approved by the Taipei Exchange of the Republic of China to start trading at the counter of the securities firm on January 27, 2006, and was formally listed and traded on July 7, 2006. In order to enhance our competitiveness and our overall operations management effectiveness, the Company completed the "factory and office integration" program in April 2008, to integrate the headquarters with the stainless steel plant, and to adjust its organizational structure. The Company is mainly engaged in the manufacture and trading of stainless steel products.

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

The accompanying financial statements were authorized for issue by the Board of Directors on February 24, 2025.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2024:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(b) The impact of IFRS Accounting standards endorsed by the FSC but not yet effective

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

- Amendments to IAS21 "Lack of Exchangeability"

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

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

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

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

(4) Summary of material accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

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

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

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(ii) Functional and presentation currency

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

(c) Foreign Currencies

Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

An investment in equity securities designated as at fair value through other comprehensive income.

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

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

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading

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

(iv) It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company' s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

1) Financial assets measured at amortized cost

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

· It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

· the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Company' s management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

· how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, accounts receivables, other receivables and guarantee deposit paid).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

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

Loss allowance for accounts receivables is always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

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

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

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2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

(h) Investment in associates

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

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The financial statements include the Company’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases.

The Company recognizes any changes of its proportionate share in the investee within capital surplus, when the associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company’s interests in the associate.

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

(i) Investment Property

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

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant, and equipment

(i) Recognition and measurement

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

(Continued)

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(1)Buildings	5～60 years
(2)Machinery	1～40 years
(3)Transportation equipment	5～15 years
(4)Other assets	3～12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(k) Leases

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

(i) As a lessee

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

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

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

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

1) Fixed payments, including in-substance fixed payments;

2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) Amounts expected to be payable under a residual value guarantee; and

4) Payments for purchase or termination options that are reasonably certain to be exercised.

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

1) There is a change in future lease payments arising from the change in an index or rate; or

2) There is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) There is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) There is a change of its assessment on whether it will exercise an extension or termination option; or

5) There is any lease modifications

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

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

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

(ii) As a lessor

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

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets, including computer software, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives, 5 years, of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(o) Revenue from contracts with customers

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

(i) Sale of goods

The Company manufactures, rolls and sells steel coils to stainless steel manufacturers. The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The point at which the transfer of control depends on the individual terms of the sales agreement.

(Continued)

(ii) Financial components

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

(p) Contract costs

Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify; the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered.

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

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

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

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

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

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

1) The same taxable entity; or

2) Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

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

(t) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about judgments made in applying accounting policies that have no significant effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Inventory valuation

As inventories are measured at the lower of cost and net realizable value, the Company assesses that at the reporting date, inventories are subject to fluctuations in raw material prices which effect the changes in price quotes in the steel industry, resulting in significant amounts of write-down of inventory costs to net realizable value or gains on inventory value recoveries. Please refer Note 6(d) for valuation of Inventory.

(b) Impairment of property, plant and equipment, and investment property

During the asset impairment assessment, the Company engaged independent external experts to conduct market value assessment, which uses the assumptions and estimates such as relevant discount rates, and rate of return etc., may result in significant future impairment losses or reversal of recognized impairment losses due to changes in economic conditions or changes in the Company's strategy. Please refer to Note 6(f) and 6(g) for further description of the impairment of property, plant and equipment, and investment property.

(c) Measurement of defined benefit obligations

Accrued pension liabilities (assets) and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to Note 6(m) for further description of the actuarial assumptions and sensitivity analysis.

Evaluation procedures

The Company's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. If a financial instrument has a quoted price in an active market, the quoted price is used as fair value.

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

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to notes listed as below for assumptions used in measuring fair value.

(i) Note 6(t), Financial instruments

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2024	December 31, 2023
Foreign currency deposits	$	104,425	24,730
Demand deposits		9,473	8,407
Time deposits		-	254,167
Check deposits		183	1,281
Cash on hand		88	88
Cash and cash equivalents	**$**	**114,169**	**288,673**

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

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

		December 31, 2024	December 31, 2023
Equity instruments at fair value through other comprehensive income：			
Stock listed on domestic markets	$	107,895	127,610
Stock unlisted on domestic markets		25,000	25,000
Total	**$**	**132,895**	**152,610**

(i) Equity investments at fair value through other comprehensive income

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

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During the years ended December 31, 2024 and 2023, the dividends of $3,046 thousand and $4,361 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments during the years ended December 31, 2024 and 2023.

(ii) For credit risk and market risk, please refer to Note 6(t).

(iii) The aforesaid financial assets were not pledged as collateral.

(c) Account receivable

	December 31, 2024	December 31, 2023
Accounts receivables-measured at amortized cost	$ 29,070	9,970

The 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, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward- looking information.

The loss allowances for accounts receivable from stainless steel business was determined as follows:

	December 31, 2024		
	Gross carrying amount	Lifetime expected loss provision rate	Loss allowance
Current	$ 29,070	0%	-

	December 31, 2023		
	Gross carrying amount	Lifetime expected loss provision rate	Loss allowance
Current	$ 9,970	0%	-

The movements in the allowance for accounts receivable was as follows:

	For the years ended December 31	
	2024	2023
Balance on January 1 (Balance at December 31)	$ -	-

The Company's sales of stainless steel products require customers to issue letters of credit, and the accounts receivable is the amount that has not yet been placed at the bank for the purpose of processing charges. The general process is about 5 to 6 days for collection.

The aforesaid financial assets were not pledged as collateral.

Please refer to Notes 6(t) for credit rick information.

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TANG ENG IRON WORKS CO., LTD.
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(d) Inventories

		December 31, 2024	December 31, 2023
Raw materials	$	460,759	237,736
Work in progress		1,920,024	1,107,305
Finished goods		719,123	515,229
Merchandise inventories		4,222	5,895
Goods on consignment		7	11
	$	**3,104,135**	**1,866,176**

Due to the impact of the stainless steel market price on our inventory, the factors that previously caused the net realizable value of inventories to be lower than the cost have disappeared. As a result, the Company has recognized a gain on reversal of inventories and a loss on inventory write-down due to the reduction of inventory to the net realizable value, as shown below:

		For the years ended December 31	
		2024	2023
Reversal of write-downs (Write-down) of inventories	$	**71,429**	**(172,439)**

Please refer to the statement of operating costs for the related expenses of inventories.

Please refer to Notes 9(b)(ii) for the information of the raw materials purchase contract commitments.

As of December 31, 2024 and 2023, the aforesaid inventories were not pledged as collateral.

(e) Investments accounted for using equity method

		December 31, 2024	December 31, 2023
Associates	$	**388,314**	**398,706**

(i) Associates material to the Company consisted of the followings:

			Proportion of shareholding and voting power	
Name of associates	**Nature of relationship with the Company**	**Main operating location**	**December 31, 2024**	**December 31, 2023**
Taiwan Rolling Stock Company Ltd.	The principal business is the manufacture and sale of orbital vehicles and their parts. Is the most significant investment enterprise of the Company.	Taiwan	26.47 %	26.47 %

The following is the aggregated financial information of the major associate, and necessary changes have already been made to the information therein concerning the associates' financial statements based on the IFRS to reflect the fair value adjustments made at the time of acquisition and adjustment for accounting policy variations.

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TANG ENG IRON WORKS CO., LTD.
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	December 31, 2024	December 31, 2023
Current assets	$ 3,272,308	3,325,926
Non-current assets	638,867	693,159
Current liabilities	(2,017,067)	(2,026,839)
Non-current liabilities	(427,058)	(485,933)
Net assets	$ **1,467,050**	**1,506,313**
Net assets attributable to investee owners	$ **1,467,050**	**1,506,313**

	For the years ended December 31	
	2024	2023
Operating revenue	$ **2,684,762**	**1,628,318**
Net profit (loss) for the period	17,004	(173,318)
Other comprehensive income	(56,266)	21,265
Total comprehensive income	$ **(39,262)**	**(152,053)**
Total comprehensive income attributable to investee owners	$ **(39,262)**	**(152,053)**
Share of the Company in the net assets of the associates at the beginning of the period	$ 398,706	438,953
Comprehensive income attributable for the period	(10,392)	(40,247)
Carrying amount of the associates' equity at the ending of the period	$ **388,314**	**398,706**

(ii) The aforesaid investments accounted for using equity method were not pledged as collateral.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Machinery	Transportation equipment	Other assets	Construction in progress and equipment under acceptance	Total
Cost or deemed cost:							
Balance on January 1, 2024	$ 2,179,043	2,354,238	13,175,221	125,913	97,421	19,907	17,951,743
Additions	-	9,700	88,760	588	48,589	65,688	213,325
Disposals and obsolescence	-	-	(75,410)	-	(9)	-	(75,419)
Transfer in / (Transfer out)	-	-	71,850	-	3,604	(27,131)	48,323
Balance on December 31, 2024	$ **2,179,043**	**2,363,938**	**13,260,421**	**126,501**	**149,605**	**58,464**	**18,137,972**

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	Land	Buildings	Machinery	Transportation equipment	Other assets	Construction in progress and equipment under acceptance	Total
Balance on January 1, 2023	$ 2,179,043	2,338,433	12,934,690	125,913	86,084	22,426	17,686,589
Additions	-	15,595	207,640	-	4,121	60,814	288,170
Disposals and obsolescence	-	-	(21,877)	-	(33)	-	(21,910)
Transfer in / (Transfer out)	-	210	54,768	-	7,249	(62,227)	-
Reclassification to intangible asset	-	-	-	-	-	(1,106)	(1,106)
Balance on December 31, 2023	$ 2,179,043	2,354,238	13,175,221	125,913	97,421	19,907	17,951,743
Depreciation and impairment loss:							
Balance on January 1, 2024	$ -	1,979,721	12,350,338	109,338	76,907	-	14,516,304
Depreciation	-	55,319	137,242	2,223	11,375	-	206,159
Disposals and obsolescence	-	-	(72,666)	-	(8)	-	(72,674)
Balance on December 31, 2024	$ -	2,035,040	12,414,914	111,561	88,274	-	14,649,789
Balance on January 1, 2023	$ -	1,924,237	12,247,820	107,002	74,239	-	14,353,298
Depreciation	-	55,484	123,988	2,336	2,700	-	184,508
Disposals and obsolescence	-	-	(21,470)	-	(32)	-	(21,502)
Balance on December 31, 2023	$ -	1,979,721	12,350,338	109,338	76,907	-	14,516,304
Carrying amount							
Balance on December 31, 2024	$ 2,179,043	328,898	845,507	14,940	61,331	58,464	3,488,183
Balance on January 1, 2023	$ 2,179,043	414,196	686,870	18,911	11,845	22,426	3,333,291
Balance on December 31, 2023	$ 2,179,043	374,517	824,883	16,575	20,514	19,907	3,435,439

(i) For the years ended December 31, 2024 and 2023, the Company carried out an impairment assessment of the recoverable amount of operational assets and investment properties, and the calculation basis was fair value less disposal costs, but there was no loss on impairment of assets recorded.

(ii) As of December 31, 2024 and 2023, the property, plant and equipment were pledged as collateral. Please refer to Note 8.

(g) Investment property

The costs, amortization, and impairment of the investment property of the Company were as follows:

	Land and improvements	Buildings	Total
Cost or deemed cost:			
Balance on January 1, 2024	$ 9,898,446	620,308	10,518,754
Balance on December 31, 2024	$ 9,898,446	620,308	10,518,754
Balance on January 1, 2023	$ 9,898,446	620,308	10,518,754
Balance on December 31, 2023	$ 9,898,446	620,308	10,518,754

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Notes to the Financial Statements

	Land and improvements	Buildings	Total
Depreciation and impairment loss:			
Balance on January 1, 2024	$ -	482,443	482,443
Depreciation	-	9,687	9,687
Balance on December 31, 2024	**$ -**	**492,130**	**492,130**
Balance on January 1, 2023	$ -	472,786	472,786
Depreciation	-	9,657	9,657
Balance on December 31, 2023	**$ -**	**482,443**	**482,443**
Carrying amounts:			
Balance on December 31, 2024	**$ 9,898,446**	**128,178**	**10,026,624**
Balance on January 1, 2023	**$ 9,898,446**	**147,522**	**10,045,968**
Balance on December 31, 2023	**$ 9,898,446**	**137,865**	**10,036,311**
Fair value:			
Balance on December 31, 2024			**$ 54,582,208**
Balance on December 31, 2023			**$ 40,749,613**

(i) Investment properties comprise a number of commercial properties that are leased to third parties and idle commercial properties, please refer to Note 6(l).

(ii) The recoverable amounts of investment properties were evaluated for impairment. Please refer to Note 6(f) for details of the evaluation.

(iii) The fair value of investment property is based on a valuation by an independent evaluator who has certified professional qualification and related valuation experience in locations/types of the valuated investment property. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

The fair value is measured at market value. The yield method under the income approach would have been used by calculating cash flow generated from rental operations if there was no active market for a part of the investment properties; for some investment properties, the value is determined by the land development analysis approach. For the Years Ended December 31, 2024 and 2023, the yield ranges adopted were as follows:

	For the years ended December 31	
By region	**2024**	**2023**
Taipei area	1.75%~2.75%	1.75%~2.75%
Hsinchu area	1.00%~2.00%	1.00%~2.00%
Kaohsiung area	1.75%~2.75%	1.75%~2.75%

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(iv) In order to develop and integrate the 9 parcels of land located at No. 246, 2th subsection of Gongyuan Section, Zhongzheng District, Taipei City, and 2 buildings at No. 1772, the Company and all other owners signed the "Urban Regeneration Entrustment Cooperation Contract" with Radium Life Tech Co., Ltd. (hereinafter referred to as Radium Life Co.) on May 28, 2021. As of December 31, 2024, this Urban Renewal Plan, which is currently in progress in accordance with the Urban Renewal Procedure, has been approved by the Taipei City Government on November 30, 2023. According to the Urban Renewal Procedure, on June 28, 2024, the implementer, Radium Life Co. submitted the "Amendment to the Urban Renewal Business Plan and Draft Rights Transformation Plan" to the Taipei City Urban Renewal Office, for review in accordance with legal procedures.

(v) The investment properties were pledged as collateral. Please refer to Note 8.

(h) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2024	December 31, 2023
Secured bank borrowings	$ 2,400,000	1,600,000
Credit loan	-	150,000
Bank overdrafts	74,406	40,134
Total	**$ 2,474,406**	**1,790,134**
Unused credit lines	**$ 4,769,614**	**5,528,926**
Range of interest rates	**1.855%~2.100%**	**1.730%~1.910%**
Duration year	**2025**	**2024**

For details of the related assets pledged as collateral, please refer to Note 8.

(i) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	December 31, 2024	December 31, 2023
Commercial paper payable	$ -	-
Less: Discount on short-term notes and bills payable	-	-
Total	**$ -**	**-**
Unused credit lines	**$ 2,500,000**	**2,800,000**
Range of interest rates	**-**	**-**
Duration year	**-**	**-**

The aboved-mentioned guarantee or acceptance institution of commercial paper payable include Taiwan Finance Corporation (TFC), China Bills Finance Corporation (China Bills), Mega Bills Finance Co., Ltd. (Mega Bills), Ta Ching Bills Finance Corporation (Ta Ching Bills), Union Bank of Taiwan (UBOT) and Dah Chung Bills Finance Corporation (Dah Chung Bills)

For details of the related assets pledged as collateral, please refer to Note 8.

(Continued)

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(j) Long-term borrowings

The details were as follows:

	December 31, 2024	December 31, 2023
Secured bank loans	$ 7,150,000	6,050,000
Less: current portion	-	-
Total	**$ 7,150,000**	**6,050,000**
Unused credit lines	**$ 600,000**	**2,300,000**
Range of interest rates	**1.945%~2.066%**	**1.782%~1.884%**
Duration year	**2026~2027**	**2025~2026**

For details of the related assets pledged as collateral, please refer to Note 8.

(k) Provisions

	December 31, 2024	December 31, 2023
Onerous contracts	**$ 9,006**	**-**

The provision for liabilities under loss-making purchase contracts refers to the difference between the estimated inevitable cost of performing the contract and the expected economic benefits from the irrevocable contract signed by the Company and the manufacturer. Please note 9(b)(ii) for details of the contract for the purchase of the relevant raw materials.

(l) Operating leases

Lease as lessor

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

A maturity analysis of lease payments showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2024	December 31, 2023
Less than one year	$ 280,996	262,806
One to two years	262,509	248,023
Two to three years	258,480	245,044
Three to four years	254,902	243,689
Four to five years	254,712	237,465
More than five years	762,712	946,809
	$ 2,074,311	**2,183,836**

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(m) Employee benefits

(i) Defined benefit plans

The recognized liabilities of the defined benefit obligations were consisted as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	$ 1,076,067	1,124,452
Fair value of plan assets	(932,922)	(933,762)
Net defined benefit liabilities	**$ 143,145**	**190,690**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

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

At the end of the reporting period, the Company's labor pension reserve account in Bank of Taiwan balance amounted to $932,922 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	2023
Defined benefit obligation, January 1	$ 1,124,452	1,202,133
Current service costs and interest cost	46,512	51,938
Re-measurement of the net defined benefit liability		
—Actuarial (gain) loss arising from changes in financial assumption	(18,748)	2,567
—Actuarial loss (gain) arising from experience adjustments	85,064	(21,865)
Benefits paid by the plan	(161,213)	(110,321)
Defined benefit obligation, December 31	**$ 1,076,067**	**1,124,452**

(Continued)

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3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	**2023**
Fair value of plan assets, January 1	$ 933,762	963,729
Interest income	9,966	10,987
Re-measurement of the net defined benefit liability		
—Return on plan assets excluding interest income	87,389	9,524
Contributions paid by the employer	63,018	59,843
Benefits paid by the plan	(161,213)	(110,321)
Fair value of plan assets, December 31	**$ 932,922**	**933,762**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	**2023**
Current service costs	$ 34,626	38,406
Net interest of net liabilities for defined benefit obligations	1,920	2,545
	$ 36,546	**40,951**
Operating cost	$ 30,447	34,440
Selling expenses	1,348	1,382
Administrative expenses	4,376	4,703
Research and development expenses	375	426
	$ 36,546	**40,951**

5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31	
	2024	**2023**
Cumulative amount, January 1	$ (59,627)	(30,805)
Recognized during the year	(21,073)	(28,822)
Cumulative amount, December 31	**$ (80,700)**	**(59,627)**

(Continued)

6) Actuarial assumptions

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

	December 31, 2024	December 31, 2023
Discount rate	1.55 %	1.15 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $45,046 thousand.

The weighted-average lifetime of the defined benefit plans is 4 years.

7) Sensitivity Analysis

As of December 31, 2024 and 2023, the changes in the actuarial assumptions will impact on the present value of defined benefit obligation as follows:

	Influences of defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2024		
Discount rate	(11,426)	11,649
Future salary increase rate	11,568	(11,404)
December 31, 2023		
Discount rate	(12,731)	12,997
Future salary increase rate	12,855	(12,657)

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

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

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

(Continued)

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $12,164 thousand and $10,711 thousand for the years ended December 31, 2024 and 2023, respectively.

(iii) Termination benefits

The Company's termination benefits are mainly severance pay for managers applicable to the Labor Standards Act and the preferential retirement scheme set up by the Company in March 2013 which aims to encourage employees with poor physical and mental health condition to leave their jobs at their own request, to improve the manpower structure and enhance the vitality of the organization. The termination benefits costs recognized for 2024 and 2023 were $4,125 thousand and $5,538 thousand, respectively.

(n) Income Tax

(i) Income tax expense

The components of income tax expenses for the years ended December 31, 2024 and 2023 as follows:

	For the years ended December 31	
	2024	2023
Current tax expense	$ -	-
Deferred tax expense	-	-
Income tax expense	**$ -**	**-**

Reconciliation of income tax and loss before tax for 2024 and 2023 as follows:

	For the years ended December 31	
	2024	2023
Loss before tax	$ (771,737)	(1,125,320)
Income tax using the Company's domestic tax rate	$ (154,347)	(225,064)
Tax-exempt income	(609)	(872)
Change in unrecognized temporary differences	(14,286)	34,488
Current-year losses for unrealized deferred tax assets	186,503	176,181
Others	(17,261)	15,267
Total	**$ -**	**-**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets:

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

	December 31, 2024	December 31, 2023
Net losses	$ 1,060,039	873,480
Deductible temporary differences	39,623	53,909
	$ 1,099,662	**927,389**

(Continued)

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

As of December 31, 2024, the Company's unused tax losses for which no deferred tax assets were recognized were as follows:

Years of losses	Unused tax loss	Expiry year
2015	$ 408,628	2025
2018	945,643	2028
2019	900,938	2029
2020	973,232	2030
2022	211,885	2032
2023	927,354	2033
2024	932,514	2034
	$ 5,300,194	

2) Recognized deferred tax assets and liabilities

The deferred tax liability at December 31, 2024 and 2023 are both land value increment tax and there is no change in both 2024 and 2023 .

(iii) Status of approval of income tax

The Company's income tax returns through 2022 were assessed by the Kaohsiung National Tax Administration.

(o) Capital and other equity

(i) Ordinary shares

The Company's authorized common stock, both amounted to $7,000,000 thousand as of December 31, 2024 and 2023. The issued common stock, with par value of $10 (dollars) per share, both amounted to $3,500,000 thousand as of December 31, 2024 and 2023. The total number of issued common stock was 350,000 thousand.

(ii) Capital surplus

The balances of the capital surplus were as follows:

	December 31, 2024	December 31, 2023
Changes in equity of associates accounted for using the equity method	**$ 46**	**46**

Capital surplus resulted from the changes in equity of associates accounted for using the equity method.

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(iii) Retained earnings

The Company's articles of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, except when the legal reserve of the Company reaches paid in capital of the Company. Special reserve may be appropriated if necessary, and then a minimum of 20% of the remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. The earnings distribution had been approved during the shareholders' meeting held on June 13, 2023.

Earnings may be distributed in the form of cash dividends or stock dividends. For cash dividend, the distribution percentage is based on the principle of a minimum of 50% of the total dividend for the current year, which should not be less than $0.1 (dollar) per share, otherwise, no cash dividend shall be distributed.

The distribution of the aforementioned shareholders' dividends shall base on the proportion of shares held by each shareholder. All or part of the shareholders' dividends shall be distributed, and may be distributed by issuing new shares after a special resolution of the shareholders' meeting. The amount less than one share shall be distributed in cash.

Distributions of dividends to shareholders should be approved during the shareholders' meeting, taking into consideration of the Company's capital needs for future development, such as major investment plans, production capacity expansion or other significant capital expenditures, as well as the shareholders' rights and interests.

1) Legal Reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special Reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS Accounting standards as endorsed by the FSC, unrealized revaluation increments of $4,105,369 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. As the amount appropriated exceeds the increase in retained earnings arising from the adoption of IFRS, only $4,025,737 thousand is appropriated in compliance to the IFRS as endorsed by the FSC.

In accordance with the regulations issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. In addition, during the use, disposal or reclassifications of relevant assets, these special reserves can be reverted to distributable earnings proportionately. As of December 31, 2024 and 2023, the carrying amount of special reserve both amounted to $3,948,975 thousand.

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TANG ENG IRON WORKS CO., LTD.
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Additionally, in accordance with the regulations of the FSC, when distributing distributable earnings, the difference between the net decrease in other stockholders' equity recorded in the current year and the special reserve provided in the preceding paragraph shall be added to the current period's net income after tax plus the amount of items other than current period's net income after tax included in the current period's undistributed earnings and the special reserve provided from prior period's undistributed earnings. The amount of other shareholders' equity decreases accumulated in prior periods is not distributable from prior periods' undistributed earnings to special reserve. If there is a reversal of the decrease in other shareholders' equity, the reversal may be distributed as part of the earnings.

3) Earnings distribution

As of December 31, 2023 and 2022, the Company had accumulated losses, thus there was no distribution of earnings.

(iv) Other equity (net of tax)

		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Total
Balance at January 1, 2024	$	108,080	39,242	147,322
Unrealized (losses) gains on financial assets measured at fair value through other comprehensive income		(19,715)	-	(19,715)
Share of profit (loss) of associates accounted for using equity method		-	(15,140)	(15,140)
Balance at December 31, 2024	**$**	**88,365**	**24,102**	**112,467**
Balance at January 1, 2023	$	118,004	33,598	151,602
Unrealized (losses) gains on financial assets measured at fair value through other comprehensive income		(9,924)	-	(9,924)
Share of (loss) profit of associates accounted for using equity method		-	5,644	5,644
Balance at December 31, 2023	**$**	**108,080**	**39,242**	**147,322**

(p) Losses per share

The calculation of basic losses per share as of December 31, 2024 and 2023 was based on the loss attributable to ordinary shareholders of the Company amounting to $771,737 thousand and $1,125,320 thousand, and the weighted-average number of outstanding ordinary shares both of 350,000 thousand shares.

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(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2024	2023
Primary geographical markets:		
Taiwan	$ 11,433,742	9,748,100
Other	755,651	958,536
	$ 12,189,393	10,706,636
Main products:		
Steel rolls and Steel slab	$ 12,189,030	10,705,873
Other	363	763
	$ 12,189,393	10,706,636

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable	$ 29,070	9,970	7,413
Less: Allowance for impairment	-	-	-
Total	$ 29,070	9,970	7,413
Contract liabilities	$ 8,676	11,014	7,219

Please refer to Note 6(c) for the details on accounts receivable and allowance for impairment.

The amounts of revenue recognized for the years ended December 31, 2024 and 2023, that were included in the contract liability balance at the beginning of the period were $6,819 thousand and $6,621 thousand, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied by transferring ownership to the customer and the payment to be received.

(r) Employee compensation and directors' remuneration

The Company's articles of incorporation require that earnings shall first be offset against any deficit. Then, a range from 2.08% to 3.47% will be distributed as employees’ remuneration and a maximum of 1.74% will be allocated as directors' remuneration.

As the Company had losses to be covered of 2024 and 2023, the amounts of estimated remuneration to employees and directors were both $0, and the related information is available on the Market Observation Post System website.

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(s) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2024	2023
Interest income from bank deposits	$ 4,341	7,761

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2024	2023
Dividend income	$ 3,046	4,361
Rent income	275,023	264,508
Other income—others	17,486	12,131
	$ 295,555	281,000

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2024	2023
Foreign exchange gains	$ 10,017	30,939
Losses on disposal of property, plant and equipment	(2,745)	(408)
Allowance of employees' insurance	(10,207)	(10,748)
Depreciation expenses of investment property	(9,687)	(9,657)
Taxes and management fee of investment property	(84,476)	(92,771)
Others	(14,365)	(8,406)
	$ (111,463)	(91,051)

(iv) Financial costs

The details of financial costs were as follows:

	For the years ended December 31	
	2024	2023
Interest expenses		
Bank loans	$ 165,776	134,401
Deposit calculation interest	334	248
	$ 166,110	134,649

(Continued)

TANG ENG IRON WORKS CO., LTD.
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(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the Company’ s maximum credit exposure to credit risk.

2) Concentration of credit risk

The Company's customers are concentrated in the manufacture and distribution of stainless steel processed products and, in order to reduce the credit risk of accounts receivable, as noted in Note 6(c). The Company requires all customers to advance part of the payment, and to make payment by letters of credit, therefore, the credit risk of the Company is within the management's expectation.

3) Accounts receivable of credit risk

For credit risk exposure of notes and accounts receivables, please refer to Note 6(c). Other financial assets at amortized cost includes other receivables and time deposits, etc.

All of these financial assets are considered to have low risk, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses. There were no impairment provision on the financial assets in 2024 and 2023.

(ii) Liquidity risk

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

	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Bank loans	$ 9,993,817	766,591	1,885,689	2,189,565	5,151,972	-
Accounts payable (including related parties)	115,566	115,566	-	-	-	-
Other payables	318,552	318,552	-	-	-	-
Guarantee deposit received	121,576	-	-	121,576	-	-
	$ 10,549,511	**1,200,709**	**1,885,689**	**2,311,141**	**5,151,972**	**-**
December 31, 2023						
Non-derivative financial liabilities						
Bank loans	$ 8,101,624	110,413	1,817,826	3,178,380	2,995,005	-
Accounts payable (including related parties)	95,883	95,883	-	-	-	-
Other payables	243,040	243,040	-	-	-	-
Guarantee deposit received	119,866	-	-	119,866	-	-
	$ 8,560,413	**449,336**	**1,817,826**	**3,298,246**	**2,995,005**	**-**

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

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Financial organizations and bills finance companies are important sources of liquidity for our company. The Company applies for loans and has its property, plant and equipment and investment property; please refer to note 8 for details. Based on the experience in the past, before the due date of solvency, the Company applies an extension of the loans and has the aforementioned assets as mortgage. The managerial personnel continuously monitor the use of loans and ensure the implementation of articles in the loan contract and make the cash statements for the future. It is expected that there is little risk for the Company to have difficulty raising the capital needed to fulfill the conditions in the contract.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial Assets						
Monetary items						
USD	$ 3,198	32.79	104,425	8,778	30.71	278,897
Financial Liabilities						
Monetary items						
USD	246	32.79	9,220	-	-	-

2) Sensitivity analysis

The Company' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currency.

A (weakening) strengthening of 5% of the NTD against the USD as of December 31, 2024 and 2023 would have (decreased) increased the net loss after tax by $3,808 thousand and $11,156 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact. The analysis is performed on the same basis for 2023.

The information for the amount and exchange rate of foreign exchange gain (loss) (including realized and unrealized portions) to the respective functional currency on monetary items is as follows:

	For the years ended December 31			
	2024		2023	
	Foreign exchange gain (loss)	Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
USD	$ 10,017	32.11	30,939	31.15

(Continued)

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(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 10 basis points when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 10 basis points, the Company's net loss would have increased (decreased) by $7,224 thousand and $6,390 thousand for the years ended December 31, 2024 and 2023, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) Other market price risk

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

	For the years ended December 31			
	2024		2023	
Prices of securities at the reporting date	Other comprehensive Income after tax	Net Income	Other comprehensive Income after tax	Net Income
10% increase	$ 10,632	-	12,209	-
10% decrease	$ (10,632)	-	(12,209)	-

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the 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 for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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	December 31, 2024				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	$ 132,895	107,895	-	25,767	133,662
Financial assets at amortized cost	$ 212,370	-	-	-	-
Financial liabilities at amortized cost	$ 10,180,100	-	-	-	-

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	$ 152,610	127,610	-	20,369	147,979
Financial assets at amortized cost	$ 304,824	-	-	-	-
Financial liabilities at amortized cost	$ 8,298,923	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value:

The fair value of financial instruments traded in an active market is based on quoted market price. Market prices quoted from main exchanges and over the counter, which are the basis of fair value of equity instruments and credit instrument traded in active markets.

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 and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments held by the Company have active market, the measurements of fair value are categorized as follows:

For listed and over-the-counter stocks with standard terms and are publicly traded in active markets, their fair values are calculated by the market quoted prices.

Measurements of fair value of financial instruments without active market are based on valuation technique or quoted price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique including a model using observable market data at the reporting date.

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If the financial instruments held by the Company have no active market, the measurements of fair value are categorized as follows:

Equity instruments without quoted price: The fair value is measured at discounted cash flow model. The assumption is discounted investees' expected future cash flows by using the discounting rate which reflects the time value of money and the return of the investment.

3) Transfers between Level 1 and Level 2

There have been no transfers from each level for the years ended December 31, 2024 and 2023.

4) Reconciliation of Level 3 fair values

There have been no transfers for the years ended December 31, 2024 and 2023.

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

The Company' s financial instruments that use Level 3 inputs to measure fair value include " financial assets at fair value through other comprehensive income- equity investments".

Most of the Company' s financial assets in Level 3 have only one significant unobservable input, while its equity investments without an active market have more than one significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Discounted Dividend Cash Flow Method	·Average expected future dividend income of 5 years (As of December 31, 2024 and 2023 were both $2,037 thousand) ·Weighted average capital cost (As of December 31, 2024 and 2023 were 11% and 16%, respectively) ·Discounting rate without market liquidity (As of December 31, 2024 and 2023, were both 25%)	·The estimated fair value would increase, if the 5-year average expected future dividend income is increase. ·The higher the weighted average capital cost, the lower the fair value ·The higher the Discounting rate without market liquidity, the lower the fair value.

(Continued)

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

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Other comprehensive income	
	Inputs	**Fluctuation in inputs**	**Favour-able**	**Unfavour-able**
December 31, 2024				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	11%	1%	138	(144)
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	16%	1%	113	(117)

The favourable and unfavourable 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.

7) Transfers between levels of the fair value hierarchy

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

(u) Financial risk management

(i) Overview

The Company has exposure to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

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

(ii) Structure of risk management

The Board of Directors has overall responsibility for the oversight of the risk management framework. The risk management and control group under the corporate governance is responsible for controlling the Company's risk management policies and supervising the implementation of the risk management system to ensure the effective operation of the risk management mechanism.

The Company’ s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company Audit Committee oversees how management monitors compliance with the Company’ s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Internal Audit is in its oversight role. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company’s receivables from customers and bank deposits.

1) Accounts receivables and other receivables

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade or long-term dealings. The Company will also assess the ratings based on other publicly available financial information and records of transactions with its major customers.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company’s finance department. The Company only deals with the banks with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties .

3) Guarantees

As of December 31, 2024 and 2023, no other endorsements and guarantees were outstanding.

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(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses actual costing to estimate costs. The Company aims to maintain the level of its assets at an amount in excess of expected cash flows on financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2024 and 2023, the Company's unused short-term credit line were amounted to $7,869,614 thousand and $10,628,926 thousand, respectively.

(v) Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the NTD. The currencies used in these transactions are the NTD and USD.

2) Interest rate risk

The Company adopts a policy of ensuring that 1.855%~2.100% of its exposure to changes in interest rates on borrowings, resulting in lower capital costs, and lower interest rate risk.

3) Other market price risk

The Company is exposed to equity price risk due to the investments in equity securities. This is a strategic investment and is not held for trading. The Company does not actively trade in these investments as the management of the Company minimizes the risk by holding different investment portfolios. The Company assigned a specific team to supervise and assess the equity price risk so as to avoid or minimize the risk from the hedging position.

(v) Capital Management

The Company's policy is to manage its capital to safeguard the capacity to continue as a going concern, to continue to provide returns for shareholders, maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

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In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2024, the Company's capital management strategy is consistent with the prior year as of December 31, 2023 and ensure financing at reasonable cost.

The Company's debt-to-equity ratios at the end of the reporting period as of December 31, 2024 and 2023, were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	$ 13,896,860	12,054,593
Less: cash and cash equivalents	(114,169)	(288,673)
Net debt	13,782,691	11,765,920
Total equity	3,826,603	4,611,875
Adjusted equity	**$ 17,609,294**	**16,377,795**
Debt to equity ratio	**78%**	**72%**

The increase in the debt-to-capital ratio as of December 31, 2024 was mainly due to the increase in borrowings while maintaining the Company's approach to capital management.

(7) Related-party transactions:

(a) Names and relationship with the Company

Name of related party	Relationship with the Company
Bank of Taiwan (BOT)	An entity with significant influence over the Company
China Steel Corporation (CSC)	Director of the Corporation(other related parties)
Taiwan Rolling Stock Co., Ltd (TRSC)	Associates
InfoChamp Systems Corporation (ISC)	China Steel Corporation's subsidiary company(other related parties)
China Steel Global Trading Corporation (CSGT)	China Steel Corporation's subsidiary company(other related parties)
China Steel Security Corporation (CSS)	China Steel Corporation's subsidiary company(other related parties)
Steel Castle Technology Corporation(SCTC)	China Steel Corporation's grandchild Subsidiary company (other related parties)
Great Emperor Hotel Co., Ltd.(GEHC)	Subsidiary of Associates
CPC Corporation, Taiwan (CPC)	An entity controlled by Ministry of Economic Affairs (Note)

(Continued)

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Note: The Ministry of Economic Affairs, R.O.C., has significant influence over the Company, and CPC is an entity controlled by the Ministry of Economic Affairs, R.O.C. which holds 100% of the equity interest.

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31	
	2024	**2023**
Other related parties	$ 45,897	156,189
Associates	-	7,638
	$ 45,897	**163,827**

The selling price for related parties approximated the market price. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(ii) Operating cost

1) The amounts of purchase by the Company from related parties were as follows:

	For the years ended December 31	
	2024	**2023**
Other related parties	**$ 58,747**	**52,825**

The prices of the Company's operational gas which was purchased from related parties in 2024 and 2023 were \$1,292~\$16,436/MT and \$1,320~\$13,983/MT, respectively. The payment terms are ten days after the receipt of the invoice and are not significantly different from those of purchases from the ordinary vendors.

2) The amounts of services purchased by the Company from related parties were as follows:

	For the years ended December 31	
	2024	**2023**
Other related parties	**$ 66,820**	**82,165**

The prices of the Company's hot-rolled processing which was processed by related parties in 2024 and 2023 were \$2,200~\$2,350/MT and \$2,200/MT, respectively. The payment terms are ten days after the receipt of the invoice and are not significantly different from those of purchases from the ordinary vendors.

(Continued)

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(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2024	December 31, 2023
Other receivables	Associates－TRSC	$ 1,449	1,277

(iv) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2024	December 31, 2023
Accounts payables	Other related parties－CSC	$ 4,407	12,163

(v) Borrowings from Related Parties

The borrowing from related parties were as follows:

	December 31, 2024	December 31, 2023
Entities with significant influence over the Company：		
BOT	$ 3,274,010	2,938,018

The Company’s borrowings from the related party are interest-bearing at the agreed rate of the relevant party's appropriation for the year and are loans from financial institutions.

(vi) Leases

Since October 2002, the Company has been leasing the land and all the buildings on the leased land in the Tang Eng Iron Works Science Park in Hukou Township, Hsinchu County to an affiliated company, Taiwan Rolling Stock Co., Ltd. (TRSC), and the lease period expired on October 15, 2022. Under the terms of the joint venture agreement and the building lease agreement, the buildings leased by TRSC to the Company shall be transferred to TRSC without compensation upon the expiration of the lease term.

However, on September 27, 2022, the Company's Audit Committee denied any lease renewal and transfer of land and buildings to TRSC, with the approval of the majority of the board on October 4, 2022, which failed to comply with Article 14-5 of the Securities and Exchange Act, that requires more than two-third of the Board's approval for any renewal of lease agreements and transfer of any properties.

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On October 17 2022, upon receiving a notification from the Company concerning the above matter, TSRC filed a lawsuit against the Company to the Kaohsiung District Court, requesting the Company to comply with the conditions stated in the contract. On February 7, 2024, the court ruled in favor of TSRC, demanding the Company to transfer the ownership of properties to TSRC in accordance with the terms of the 2001 Joint Venture Agreement. However, the Company disagreed with the court's decision and decided to appeal for a second trial. The above matter has no significant impact on the Company’s financial statements, and the appeal has been filed with the Taiwan Hsinchu District Courton March 5, 2024, and the case is currently pending before the Taiwan High Court.

Since the land lease between TRSC and the Company expired on October 15, 2022, the lease period shall commence on October 16, 2022, and end on the date of the formal signing of the land lease renewal agreement by both parties (hereinafter referred to as the transition period). In order to maintain the normal operation of TRSC, the Board of Directors resolved on October 4, 2022, to authorize the Manager to sign a memorandum of understanding (MOU) between the parties to stipulate the rights and obligations of both parties during the transition period. The rent is charged monthly in accordance with the agreement between the parties.

The lease of land and buildings leased by TRSC expired on October 15, 2022, and the Company's Board of Directors approved the lease renewal on December 26, 2022. The aforementioned leases were entered into with reference to the market price, and the leases were determined and paid in the same manner as normal lease transactions.

For the years ended December 31, 2024 and 2023, rental revenues amounted to $64,634 thousand and $65,020 thousand, respectively.

(c) Key Management Personnel Compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2024	**2023**
Short-term employee benefits	$ 15,257	17,230
Post-employment benefits	5,861	7,296
	$ 21,118	**24,526**

(d) Government-Related Entities

The Company (The Ministry of Economic Affairs, R.O.C. has significant influence over the Company) signed a natural gas contract with CPC (an entity controlled by Ministry of Economic Affairs, R.O.C.) in 2024, and provided a fixed deposit certificate of $50,750 thousand as a collateral, which is recorded as guarantee deposits paid.

TANG ENG IRON WORKS CO., LTD.
Notes to the Financial Statements

(8) Pledged assets:

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2023
Guarantee deposits paid	Fulfilling of the procurement contracts	$ 53,131	2,383
Property, plant and equipment	Short and long-term borrowings	2,491,175	2,536,551
Investment property	Short and long-term borrowings and short-term notes and bills payable	3,872,868	3,874,955
		$ 6,417,174	**6,413,889**

(9) Significant commitments and contingencies:

(a) The Company's outstanding standby letters of credit were as follows:

	December 31, 2024	December 31, 2023
USD	**$ 24,963**	**21,819**
SEK	**$ 8,010**	**80**

(b) Unrecognized contractual commitments:

(i) The following sale and purchase contracts have been entered into by the Company for the purchase of machinery equipment and accessories:

	December 31, 2024	December 31, 2023
Total price of contracts	**$ 150,484**	**169,498**
Paid by contracts	**$ 56,613**	**21,642**

(ii) As of December 31, 2024 and 2023, the amount of the unrecognized raw materials purchase contract commitments was $1,484,878 thousand and $769,073 thousand, respectively.

(c) Contingencies

In the first instance, Taiwan Rolling Stock CO., Ltd. (TSRC) requested the company to transfer the ownership registration of the building. The first instance lawsuit ruled against the Company, and the Board of Directors resolved to file an appeal for the second instance. For more information please refer to Note(7)(b)(vi).

(10) Losses due to major disasters: none

(11) Subsequent events: none

TANG ENG IRON WORKS CO., LTD.
Notes to the Financial Statements

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the years ended December 31					
	2024			2023		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	$ 598,280	113,676	711,956	587,677	108,759	696,436
Labor and health insurance	42,065	7,516	49,581	42,979	7,402	50,381
Pension (Note)	40,003	12,832	52,835	42,681	14,519	57,200
Remuneration of directors	-	3,080	3,080	-	2,494	2,494
Others	24,122	22,721	46,843	24,919	20,622	45,541
Depreciation expense	186,044	20,115	206,159	164,360	20,148	184,508
Amortization expense	-	4,603	4,603	-	3,575	3,575

Note: Please refer to Note 6(m) for the information of the preferential pension for 2024 and 2023.

For the years ended December 31, 2024 and 2023, the information on the number of employees and employee benefit expense of the Company is as follows：

	2024	2023
Number of employees	622	629
Number of directors (non-employee)	10	10
Average employee benefit expense	$ 1,407	1,372
Average employee salary expense	$ 1,163	1,125
Percentage of average employee salary expense	3 %	(3)%
Remuneration of supervisors	$ -	-

The Company's remuneration policy (including directors, managers and employees) is as follows:

(i) Directors' and managers' remuneration policy

1) The remuneration of directors (including the chairman of the Board) includes salaries and remunerations. The payment of salaries is decided by the meeting of Board which is authorized by the shareholders' meeting based on the industry norm. Please refer Note6(r) for policy of the remuneration of directors. Bonus, allowance and welfare etc. for the chairman and employees are paid based on the Company's standard.

2) The remuneration of the general manager is based on the unified salary system, and the remuneration rate of the vice general manager is based on the salary range system, which is reviewed by the Company's remuneration committee, and is subject to the resolutions of the Board. Bonus, allowance and welfare etc. for managers and employees who are in employment relationship with the Company are paid based on the Company's standard.

TANG ENG IRON WORKS CO., LTD.
Notes to the Financial Statements

3) The performance appraisal, salary adjustment, as well as the bonus of the chairman of the Board and the appointed manager, are based on the Company's operating performance、personal management performance and corporate sustainability governance. The Board evaluates the performance appraisal, which will be reported to the remuneration committee by the management department for review regarding the amount on performance bonus and the salary adjustment to be given to the chairman of the board and the appointed manager.

(ii) Employees’ remuneration policy

The employees’ remuneration includes salary, bonus and remuneration. The salary is based on pay range and is paid in a range due to the position of employees. The salary and bonus are adjusted and paid depending on the profitable situation of the current year and employees’ performance appraisal. Please refer Note6(r) for the information of employees’ remuneration policy.

(b) Other matters

On February 15, 2023, the President of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of the carbon fee collection. Subsequently, on August 29, 2024, the Ministry of Environment announced the “ Regulations Governing the Collection of Carbon Fees” , “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Global for Entities Subject to Carbon Fees”, and announced the carbon fee collection rate on October 21, 2024, which became effective on January 1, 2025. As the Company is a business unit with a high risk of carbon leakage and is subject to the carbon fee, a provision for the related liability will be recognized in 2025 based on actual emissions and the carbon fee will be paid in May 2026.

TANG ENG IRON WORKS CO., LTD.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the years ended December 31, 2024, required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers " for the Company:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	China Steel Corporation-Ordinary stocks	Director of the Corporation	Non-current financial assets at fair value through other comprehensive income	2,023	39,759	0.01 %	39,759	
The Company	China Steel Corporation-Preference stocks	Director of the Corporation	Non-current financial assets at fair value through other comprehensive income	1,670	68,136	4.36 %	68,136	
The Company	Taipei Rapid Transit Corporation-Ordinary stocks	-	Non-current financial assets at fair value through other comprehensive income	3,571	25,000	0.36 %	25,767	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

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	Director of the Corporation	Director of the Corporation	Purchase	125,567 (including processing fee)	1.08 %	10 days after the receipt of the invoice	-	Same as the ordinary vendors	(4,407)	(3.81)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments:None

(b) Information on investees:

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

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Taiwan Rolling Stock Company Ltd.	Taiwan	Manufacture and sale of orbital vehicles and their parts, and rental business	529,379	529,379	52,938	26.47 %	388,314	17,004	4,501	

(Continued)

TANG ENG IRON WORKS CO., LTD.
Notes to the 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: None

(ii) Limitation on investment in Mainland China:None

(iii) Significant transactions:None

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Bank of Taiwan	74,802,414	21.37 %
Ministry of Economic Affairs	40,476,241	11.56 %
Yieh Phui Enterprise Co., Ltd.	39,553,000	11.30 %
United Brightening Development Corp.	32,050,000	9.15 %
China Steel Corporation	29,860,691	8.53 %
Kuo Chang Enterprise Co., Ltd.	21,328,000	6.09 %

(14) Segment information:

(a) General information

The Company has only one reportable segment: the stainless steel segment. The segment mainly in manufacturing and trading of stainless steel products.

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

Please refer to the balance sheet and the income statement for details of departmental profit and loss, departmental information, and departmental liability information in line with the financial statements.

(c) Product and service information

The product and service information are not required to disclosure due to the single industry type of the Company.

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographic location of customers and segment assets are based on the geographical location of the assets.

Please refer to Note6(q) for geographic information of revenue.

TANG ENG IRON WORKS CO., LTD.
Notes to the Financial Statements

(e) Geographical financial information

The Company has no foreign operation.

(f) Major customers

	For the years ended December 31	
	2024	2023
A customer of stainless steel segment－B	$ 2,339,729	2,307,495
A customer of stainless steel segment－G	1,359,434	2,087,039
A customer of stainless steel segment－I	1,249,049	-
A customer of stainless steel segment－J	1,115,267	597,960
A customer of stainless steel segment－C	1,054,913	1,098,714
A customer of stainless steel segment－E	847,178	1,286,335
A customer of stainless steel segment－H	776,502	691,608
Total	**$ 8,742,072**	**8,069,151**

TANG ENG IRON WORKS CO., LTD.

Statement of inventories

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

	Amount		
Item	**Cost**	**Net realizable value**	**Note**
Raw materials	$ 465,839	486,388	Replacement cost
Work in progress	2,078,767	1,928,684	Market price is according to market conditions
Finished goods	753,416	719,123	〃
Merchandise inventories	4,222	4,222	〃
Goods on consignment	7	7	〃
Less: Allowance for loss on decline in value of inventories	(198,116)	-	
Total	**$ 3,104,135**	**3,138,424**	

Statement of changes in property, plant and equipment

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(f), for the regarding information.

Statement of changes in investment property

Please refer to Note 6(g), for the regarding information.

TANG ENG IRON WORKS CO., LTD.

Statement of short-term borrowings

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Loan Type	Description	Amount	Financing Period	Interest Rates	Credit Line	Mortgage Guarantee	Note
Secured borrowings	Bank of Taiwan Kusan Branch	$1,800,000	2024.12.06~2025.12.06	1.855%	2,900,000	Land and plant for stainless steel manufacturing.	Note 1
〃	Taiwan Cooperative Bank Gangdu Branch	300,000	2024.05.28~2025.05.27	1.855%	400,000	Yicheng section land and buildings and Xindu section , Sanmin District.	Note 3
〃	Taiwan Cooperative Bank Wannei Branch	300,000	2024.06.03~2025.05.27	1.855%	500,000	Land at Xindu section, Sanmin District.	Note 4
Bank overdrafts	Bank of Taiwan Kusan Branch	74,010	2024.12.06~2025.12.06	1.965%	2,900,000	Land and plant for stainless steel manufacturing.	Note 1
〃	Land Bank of Taiwan Kaohsiung Branch	396	2024.08.28~2025.08.28	2.100%	500,000	Land at Hukou Township, Hsinchu County.	Note 2
		$2,474,406					

Note1: Common use in Bank of Taiwan Kusan Branch loans credit line.

Note2: Common use in Land Bank of Taiwan Kaohsiung Branch loans credit line.

Note3: Common use in Taiwan Cooperative Bank Gangdu Branch loans credit line.

Note4: Common use in Taiwan Cooperative Bank Wannei Branch loans credit line.

TANG ENG IRON WORKS CO., LTD.

Statement of long-term borrowings

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Amount	Financing Period	Interest Rates	Collateral	Method of refund
Taiwan Cooperative Bank Wannei Branch	Secured borrowings	$ 1,600,000	2024.05.31~2027.05.31	1.947 %	Land at Xindu section, Sanmin District.	3 years financing period (mid-term borrowings with revolving credit line), the principal is repaid at maturity.
Taiwan Cooperative Bank Gangdu Branch	〃	1,500,000	2024.05.31~2027.05.31	1.947 %	Yicheng section land and buildings and xindu section, Sanmin District.	3 years financing period (mid-term borrowings with revolving credit line), the principal is repaid at maturity.
Bank of Taiwan Kusan Branch	〃	700,000	2023.12.08~2026.12.08	2.064 %	Land and plant for stainless steel manufacturig	3 years financing period (mid-term borrowings with revolving credit line), revolving drawdown at maturity.
〃	〃	100,000	2023.12.08~2026.12.08	2.066 %	Land and plant for stainless steel manufacturig	3 years financing period (mid-term borrowings with revolving credit line), revolving drawdown at maturity.
〃	〃	600,000	2023.12.08~2026.12.08	2.066 %	Land and plant for stainless steel manufacturig	3 years financing period (mid-term borrowings with revolving credit line), revolving drawdown at maturity.
Land Bank of Taiwan Kaohsiung Branch	〃	1,000,000	2024.08.28~2027.08.28	2.040 %	Land at Hukou Township, Hsinchu County.	3 years financing period (mid-term borrowings with revolving credit line), revolving drawdown at maturity.
Chang Hwa Commercial Bank, Ltd. Tung－Kaohsiung Branch	〃	1,000,000	2024.09.12~2027.09.12	1.945 %	Land at Xindu section, Sanmin District.	3 years financing period (mid-term borrowings with revolving credit line), revolving drawdown at maturity.
Taipei Fubon Commercial Finance Division	〃	650,000	2023.12.06~2026.12.06	2.026 %	Land at Xindu section, Sanmin District.	3 years financing period (mid-term borrowings with revolving credit line), revolving drawdown at maturity.
Less: Current portion		-				
Total		$ 7,150,000				

TANG ENG IRON WORKS CO., LTD.

Statement of deferred tax liabilities

December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Preparation of land value increment		$ 3,543,187	

Statement of operating revenue

For the year ended December 31, 2024

Item	Unit	Quantity	Amount	Note
Cold－rolled stainless steel sheet	MT	164,213	$ 11,117,218	
Hot－rolled stainless steel sheet	〃	18,462	1,104,403	
Other			233	
Subtotal			12,221,854	
Less: Sales allowances and returns			(32,591)	
Service revenue			130	
Net operating revenue			$ 12,189,393	

TANG ENG IRON WORKS CO., LTD.

Statement of operating costs

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Balance of merchandise inventory on January 1		$ 5,906	
Add: Merchandise inventory purchases		40	
Less: Balance of merchandise inventory on December 31		(4,229)	
Transfer to operating expenses		(1,545)	
Purchase and Sales costs		$ 172	
Balance of raw material on January 1		$ 181,121	
Add: Raw material purchases		11,443,824	
Transfer to raw material		409,211	
Less: Balance of raw material on December 31		(403,453)	
Raw material used		$ 11,630,703	
Balance of supplies on January 1		$ 65,120	
Add: Supplies purchases		327,588	
Less: Balance of supplies on December 31		(62,386)	
Transfer to assets		(22,267)	
Supplies used		$ 308,055	
Material stock used		11,938,758	
Direct labor		277,050	
Manufacturing overhead		1,547,157	
Manufacturing costs		13,762,965	
Add: Balance of work in process on January 1		1,314,006	
Less: Balance of work in process on December 31		(2,078,767)	
Transfer to raw material		(409,211)	
Cost of finished goods		$ 12,588,993	
Add: Balance of finished goods on January 1		569,568	
Other Additions-Sales returns		26,747	
Less: Balance of finished goods on December 31		(753,416)	
Cost of finished goods sold		$ 12,431,892	
Other Deductions - Sales returns		(26,747)	
Cost of product		$ 12,405,145	
Loss on idle capacity		343,689	
Reversal of write-down of inventories		(71,429)	
Loss on purchase contract commitments		9,006	
Sales of scraps		(7,049)	
Operating costs-Manufacturing		**$ 12,679,362**	
Total operating costs		**$ 12,679,534**	

TANG ENG IRON WORKS CO., LTD.

Statement of Manufacturing Overhead

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Use of materials		$ 480,962	
Utilities expense		410,927	
Indirect labor		247,179	
Processing expense		206,007	
Depreciations		186,044	
Repairs and maintenance expense		140,392	
Employee welfare		28,483	
Pension		17,001	
Taxes and processing fees		13,201	
Professional service expense		8,687	
Use of supplies		8,828	
Traveling and freight expense		5,579	
Other expense		2,881	
Less: Idle capacity		(209,014)	
Total		**$ 1,547,157**	

TANG ENG IRON WORKS CO., LTD.

Statement of operating expenses

For the year ended December 31, 2024

(Expressed in thousands of New Taiwan Dollars)

Item	Selling Expenses	Administrative Expenses	Research and Development Expenses	Total
Salary expense	$ 24,567	85,439	6,750	116,756
Traveling and freight expense	62,373	704	21	63,098
Employee welfare	20,928	8,663	646	30,237
Depreciations	1,629	18,030	456	20,115
Professional service expense	8,089	9,776	326	18,191
Pension	1,857	10,497	478	12,832
Rent expense	85	8,676	-	8,761
Packaging and export charges	4,765	1,664	-	6,429
Utilities expense	532	5,599	-	6,131
Amortizations	-	4,603	-	4,603
Other expense	9,354	11,732	181	21,267
Total	**$ 134,179**	**165,383**	**8,858**	**308,420**