Taiwan Steel Union Co., Ltd.

Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Steel Union Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taiwan Steel Union Co., Ltd. (the "Company"), which comprise balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the accompanying 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.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. 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.

The key audit matter of the Company's financial statements for the year ended December 31, 2024 is as follows:

<u>Revenue recognition</u>

The Company's sales revenue from major customers was NT$932,064 thousand, representing 48% of the Company's net sales revenue for the year ended December 31, 2024. Since sales revenue has significant changes compared to 2023, we identified the authenticity of sales revenue from major customers as a key audit matter. The accounting policy on the revenue recognition is disclosed in Note 4 to the financial statements.

The main audit procedures that we performed with respect to sales revenue from major customers included the following:

1. We obtained an understanding of the related internal controls on revenue recognition and tested the operating effectiveness of the related controls.

2. We selected samples from the transaction documents of sales revenue from major customers, including sales orders, shipping documents and receipts of payment, to confirm the authenticity of revenue recognition.

3. We received sales confirmation letters from major customers to verify the existence of revenue.

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 for such internal control as management determines is necessary to enable the preparation of financial statements that are free of 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 a reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' 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 maintain 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 entities or business activities within the Company to express an opinion on the 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 for the year ended December 31, 2024, 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 audits resulting in this independent auditors' report are Jui-Lung Hsu and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 24, 2025

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

TAIWAN STEEL UNION CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents(Notes 4 and 6)	$ 663,299	12	$ 477,236	11
Financial assets at amortized cost - current (Notes 4 and 7)	-	-	124,432	3
Notes receivable, net (Notes 4 and 8)	178	-	-	-
Trade receivables from unrelated parties, net (Notes 4 and 8)	157,014	3	144,740	3
Trade receivables from related parties, net (Notes 4, 8 and 24)	923	-	16,282	-
Other receivables (Notes 4, 8 and 24)	4,448	-	125,749	3
Inventories (Notes 4, 9 and 21)	132,129	3	144,500	3
Other financial assets – current (Notes 4 and 21)	21,402	-	6,779	-
Other current assets (Notes 4 and 12)	41,257	1	22,313	1
Total current assets	1,020,650	19	1,062,031	24
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	2,213,936	41	2,148,078	48
Property, plant and equipment (Notes 4, 11, 21, 24, 25 and 26)	2,033,228	38	1,142,164	25
Other intangible assets (Note 4)	9,776	-	7,194	-
Deferred tax assets (Notes 4 and 19)	12,226	-	16,157	-
Prepayments for machinery and equipment (Notes 4 and 21)	18,678	1	37,139	1
Refundable deposits (Note 4)	5,695	-	5,695	-
Other financial assets – non-current (Notes 4, 21 and 25)	48,000	1	68,221	2
Other non-current assets (Note 12)	2	-	1	-
Total non-current assets	4,341,541	81	3,424,649	76
TOTAL	$ 5,362,191	100	$ 4,486,680	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payables (Note 4)	$ 3,150	-	$ -	-
Trade payables (Note 4 and 24)	40,951	1	42,992	1
Other payables (Notes 4, 14 and 24)	121,730	2	98,975	2
Current tax liabilities (Notes 4 and 19)	117,383	2	137,725	3
Current portion of long-term borrowings (Notes 13, 21 and 25)	38,267	1	-	-
Other current liabilities (Notes 14 and 24)	47,102	1	83,534	2
Total current liabilities	368,583	7	363,226	8
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 13, 21 and 25)	519,789	10	-	-
Deferred tax liabilities (Notes 4 and 19)	487	-	-	-
Net defined benefit liabilities – non-current (Notes 4,15 and 21)	813	-	3,400	-
Guarantee deposits	6,446	-	7,887	-
Total non-current liabilities	527,535	10	11,287	-
Total liabilities	896,118	17	374,513	8
EQUITY				
Ordinary shares	1,112,709	21	1,112,709	25
Capital surplus	999,216	18	999,216	22
Retained earnings				
Legal reserve	629,311	12	578,790	13
Unappropriated earnings	1,724,837	32	1,421,452	32
Total equity	4,466,073	83	4,112,167	92
TOTAL	$ 5,362,191	100	$ 4,486,680	100

The accompanying notes are an integral part of the financial statements.

TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
SALES (Notes 4, 17 and 24)	$ 1,945,114	100	$ 1,639,999	100
COST OF GOODS SOLD (Notes 9, 15, 18 and 24)	814,347	42	884,465	54
GROSS PROFIT	1,130,767	58	755,534	46
OPERATING EXPENSES (Notes 15, 18 and 26)				
Selling and marketing expenses	83,886	4	67,534	4
General and administrative expenses	91,970	5	86,957	5
Research and development expenses	36,677	2	5,921	1
Total operating expenses	212,533	11	160,412	10
PROFIT FROM OPERATIONS	918,234	47	595,122	36
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Notes 18)	(162)	-	(370)	-
Share of the profit or loss of subsidiary accounted for using the equity method (Note 4 and 10)	65,858	3	40,545	2
Interest income (Notes 4 and 24)	6,332	-	8,589	1
Other income (Notes 4 and 18)	9,311	1	890	-
Net foreign exchange gain (loss) (Notes 4 and 27)	12,008	1	(4,630)	-
Other expenses	(128)	-	-	-
Loss on disposal of assets (Note 4)	(1,287)	-	(6,214)	-
Total non-operating income and expenses	91,932	5	38,810	3
PROFIT BEFORE INCOME TAX	1,010,166	52	633,932	39
INCOME TAX EXPENSE (Notes 4 and 19)	179,081	9	129,310	8
NET PROFIT FOR THE YEAR	831,085	43	504,622	31
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 15)	1,607	-	737	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 19)	(321)	-	(147)	-
Other comprehensive income for the year, net of income tax	1,286	-	590	-

(Continued)

TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 832,371	43	$ 505,212	31
EARNINGS PER SHARE (Note 20)				
Basic	$ 7.47		$ 4.54	
Diluted	$ 7.45		$ 4.52	

The accompanying notes are an integral part of the financial statements. (Concluded)

TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Ordinary Shares (Note 16)	Capital Surplus (Note 16)	Legal Reserve (Note 16)	Unappropriated Earnings (Note 16)	Total Equity
BALANCE AT JANUARY 1, 2023	1,112,709	998,985	480,201	1,738,090	4,329,985
Appropriation of 2022 earnings					
Legal reserve	-	-	98,589	(98,589)	-
Cash dividends – NT$6.5 per share	-	-	-	(723,261)	(723,261)
Exercise of disgorgement	-	231	-	-	231
Net profit for the year ended December 31, 2023	-	-	-	504,622	504,622
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	590	590
Total comprehensive income for the year ended December 31, 2023	-	-	-	505,212	505,212
BALANCE AT DECEMBER 31, 2023	$ 1,112,709	$ 999,216	$ 578,790	$ 1,421,452	$ 4,112,167
Appropriation of 2023 earnings					
Legal reserve	-	-	50,521	(50,521)	-
Cash dividends – NT$4.3 per share	-	-	-	(478,465)	(478,465)
Net profit for the year ended December 31, 2024	-	-	-	831,085	831,085
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	1,286	1,286
Total comprehensive income for the year ended December 31, 2024	-	-	-	832,371	832,371
BALANCE AT DECEMBER 31, 2024	$ 1,112,709	$ 999,216	$ 629,311	$ 1,724,837	$ 4,466,073

The accompanying notes are an integral part of the financial statements.

TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,010,166	$ 633,932
Adjustments for :		
Depreciation expense	126,401	115,198
Amortization expense	3,082	2,049
Finance costs	162	370
Interest income	(6,332)	(8,589)
Share of the profit or loss of subsidiary	(65,858)	(40,545)
Loss on disposal of property, plant and equipment	1,287	6,214
Write-down of inventories	5,254	4,958
Unrealized foreign currency exchange loss(gain), net	(1,920)	2,924
Changes in operating assets and liabilities		
Notes receivable	(178)	396
Trade receivables	5,058	(59,213)
Other receivables	1,279	(72)
Inventories	7,117	(9,496)
Other current assets	(18,944)	(5,188)
Notes payables	3,150	-
Trade payables	(2,040)	(135)
Other payables	12,262	(13,460)
Other current liabilities	(36,432)	51,379
Net defined benefit liabilities	(980)	(28)
Cash generated from operations	1,042,534	680,694
Interest received	6,358	8,694
Interest paid	(162)	(370)
Income taxes paid	(195,326)	(151,419)
Net cash generated from operating activities	853,404	537,599
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	124,432	242,000
Payments for property, plant and equipment	(974,416)	(103,936)
Proceeds from disposal of property, plant and equipment	1,848	1,522
Decrease (increase) in other receivables from related parties	120,000	(120,000)
Decrease in refundable deposits	-	5,000
Payments for intangible assets	(5,664)	(7,211)
Decrease (increase) in other financial assets	5,598	(27,000)
Increase in other non-current assets	(1)	-
Increase in prepayments for machinery and equipment	(17,288)	(36,917)
Net cash used in investing activities	(745,491)	(46,542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	100,000
Repayments of short-term borrowings	-	(100,000)
Proceeds from long-term borrowings	574,000	-
Repayments of long-term borrowings	(15,944)	-

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TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
Refund of guarantee deposits received	(1,441)	(2,678)
Dividends paid	(478,465)	(723,261)
Disgorgement received	-	231
Net cash generated from (used in) financing activities	78,150	(725,708)
NET INCREASE (DECREASE) IN CASH	186,063	(234,651)
CASH AT THE BEGINNING OF THE YEAR	477,236	711,887
CASH AT THE END OF THE YEAR	$ 663,299	$ 477,236

The accompanying notes are an integral part of the financial statements. (Concluded)

TAIWAN STEEL UNION CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taiwan Steel Union Co., Ltd (the "Company") was established in April 1995 and incorporated in August of the same year.

The Company's main business is to dispose and reuse general industrial waste and hazardous industrial waste as well as manufacture and trade non-ferrous metal (zinc oxide) and non-metallic mineral products.

The Company obtained the permission document of treating electric arc furnace dust for general use since December 28, 2017. The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since January 30, 2018.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on February 24, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note)

Note : An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Amendments to IAS 21 "Lack of Exchangeability"

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create - 13 - enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature Dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 will supersede IAS 1" Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as 'other' only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the other impacts of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiary. In order for the amounts of the net profit for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiary, and the related equity items, as appropriate, in the financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

e. Inventories

Inventories consist of raw materials and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiary

The Company uses the equity method to account for its investments in subsidiary.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company’s share of the profit or loss of the subsidiary. The Company also recognizes the changes in the Company’s share of equity of subsidiary.

g. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial asset

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

a) Measurement categories

Financial asset is classified as financial assets at amortized cost.

<u>Financial assets at amortized cost</u>

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable at amortized cost, trade receivables, other receivables, refundable deposits, and other financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including notes receivable and trade receivables).

The Company always recognizes lifetime expected credit loss (ECL) for notes receivable and trade receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized as revenue and trade receivables when the goods are delivered to the customer's specific locations or when the goods are shipped because it is the time when the customer has the ownership of the goods and bears the risks.

Revenue from waste disposal and clean-up is recognized when the service is rendered, and when the performance obligations are fulfilled.

A contract liability is recognized when the Company receives consideration from a customer, has obligations to transfer products to a customer, or has obligations to perform services for a customer.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains and losses on settlement) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand and revolving funds	$ 84	$ 75
Checking accounts and demand deposits	563,215	477,161
Cash equivalents		
Time deposits with original maturities of three months or less	100,000	-
	$ 663,299	$ 477,236

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
Current		
Time deposits with original maturities of more than three months	$ -	$ 124,432

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2024	2023
Notes receivable from unrelated parties	$ 178	$ -
Trade receivables from unrelated parties		
At amortized cost		
Gross carrying amount	$ 157,173	$ 144,899
Less: Allowance for impairment loss	(159)	(159)

	December 31	
	2024	2023
	$ 157,014	$ 144,740
Trade receivables from related parties	$ 923	$ 16,282

Other receivables

Tax refund receivable	$ 4,114	$ 5,536
Loans to subsidiaries	-	120,000
Others	334	213
	$ 4,448	$ 125,749

The average credit period of sales of goods is 60 to 90 days. No interest is charged on trade receivables. The Company adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company obtains credit reports from independent rating agencies for those customers who have higher risk. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off trade receivables when there is evidence indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable and trade receivables.

	Not Past Due
December 31, 2024	
Expected credit loss rate	0%
Gross carrying amount	$ 158,274
Loss allowance (Lifetime ECLs)	(159)
Amortized cost	$ 158,115
December 31, 2023	
Expected credit loss rate	0%
Gross carrying amount	$ 161,181
Loss allowance (Lifetime ECLs)	(159)
Amortized cost	$ 161,022

The movements of the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

	For the Year Ended December 31	
	2024	2023
Beginning and ending balance	$ 159	$ 159

9. INVENTORIES

	December 31	
	2024	2023
Raw materials	$ 74,542	$ 90,044
Finished goods	57,587	54,456
	$ 132,129	$ 144,500

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2024 and 2023 was $656,508 thousand and $673,770 thousand, respectively.

The cost of goods sold for the years ended December 31, 2024 and 2023 included inventory write-down of $5,254 thousand and $4,958 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in subsidiary

	December 31	
	2024	2023
Taiwan Steel Resources Co., Ltd. (“TSR”)	$ 2,213,936	$ 2,148,078

	% of Ownership	
	December 31	
Investee	2024	2023
TSR	100	100

11. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2024				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
Cost					
Land	$ 550,606	$ 831,844	$ -	$ -	$ 1,382,450
Land improvements	61,710	-	-	-	61,710
Buildings	524,480	23,408	(1,086)	667	547,469
Machinery equipment	2,371,130	104,085	(42,092)	35,606	2,468,729
Transportation equipment	170,904	8,728	(2,170)	-	177,462
Miscellaneous equipment	53,893	16,126	(763)	-	69,256
Construction in progress	794	660	-	(524)	930
	3,733,517	$ 984,851	$ (46,111)	$ 35,749	4,708,006
Accumulated depreciation					
Land improvements	59,286	$ 1,723	$ -	$ -	61,009
Buildings	279,360	31,204	(789)	-	309,775
Machinery equipment	2,074,514	75,369	(39,446)	-	2,110,437
Transportation equipment	141,760	11,915	(2,036)	-	151,639
Miscellaneous equipment	36,433	6,190	(705)	-	41,918
	2,591,353	$ 126,401	$ (42,976)	$ -	2,674,778
	$ 1,142,164				$ 2,033,228

	For the Year Ended December 31, 2023				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
Cost					
Land	$ 550,606	$ -	$ -	$ -	$ 550,606
Land improvements	61,407	160	-	143	61,710
Buildings	496,711	25,346	(2,877)	5,300	524,480
Machinery equipment	2,296,973	72,697	(35,930)	37,390	2,371,130
Transportation equipment	173,436	1,509	(4,248)	207	170,904
Miscellaneous equipment	50,480	4,866	(1,453)	-	53,893
Construction in progress	380	414	-	-	794
	3,629,993	$ 104,992	$ (44,508)	$ 43,040	3,733,517
Accumulated depreciation					
Land improvements	57,570	$ 1,716	$ -	$ -	59,286
Buildings	254,089	26,985	(1,714)	-	279,360
Machinery equipment	2,036,434	67,711	(29,631)	-	2,074,514
Transportation equipment	132,300	13,644	(4,184)	-	141,760
Miscellaneous equipment	32,534	5,142	(1,243)	-	36,433
	2,512,927	$ 115,198	$ (36,772)	$ -	2,591,353
	$ 1,117,066				$ 1,142,164

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	5-10 years
Buildings	
Main buildings	25-50 years
Others	2-48 years
Machinery equipment	2-20 years
Transportation equipment	5-12 years
Miscellaneous equipment	2-12 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 25.

12. OTHER ASSETS

	December 31	
	2024	**2023**
Current		
Prepayments	$ 40,059	$ 18,967
Tax overpaid retained	911	2,996
Temporary payments	287	350
	$ 41,257	$ 22,313
Non-current		
Long-term prepayments	$ 2	$ 1

13. BORROWINGS

Long-term borrowings	December 31	
	2024	**2023**
Secured borrowings (Note 25)	$ 558,056	$ -
Less: Current portion	(38,267)	-
Long-term bank loans	$ 519,789	$ -
Rate of interest per annum (%)	1.8	-

The company obtained a long-term loan of NT$574,000 from the Bank of Taiwan in July 2024 to purchase land. The loan period is from July 2024 to July 2039, divided into 180 installments over a total of 15 years. The principal and interest are repaid evenly on a monthly basis. The borrowing interest rate is calculated based on the Bank of Taiwan's two-year fixed deposit flexible interest rate.

14. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	December 31	
	2024	2023
Other payables		
Payables for salaries and bonuses	$ 45,871	$ 35,192
Payables for purchases of equipment	26,977	17,010
Payables for remuneration of directors	6,300	6,300
Payables for annual leave	3,567	3,339
Payables for donations	1,722	1,633
Others	37,293	35,501
	$ 121,730	$ 98,975
Other current liabilities		
Contract liabilities (Note 17)	$ 46,546	$ 83,063
Temporary credits (receipts under custody)	556	471
	$ 47,102	$ 83,534

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	$ 25,290	$ 26,957
Fair value of plan assets	(24,477)	(23,557)
Net defined benefit liabilities	$ 813	$ 3,400

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	29,588	(25,423)	4,165
Service cost			
Current	777	-	777
Net interest expense (income)	350	(304)	46
Recognized in profit or loss	1,127	(304)	823
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(227)	(227)
Actuarial gain - experience adjustments	(510)	-	(510)
Recognized in other comprehensive income	(510)	(227)	(737)
Contributions from the employer	-	(851)	(851)
welfare payments	(3,248)	3,248	-
Balance at December 31, 2023	26,957	(23,557)	3,400
Service cost			
Current	863	-	863
Net interest expense (income)	305	(270)	35
Recognized in profit or loss	1,168	(270)	898
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,316)	(2,316)
Actuarial loss (gain)			
- changes in demographic assumptions	(1)	-	(1)
- changes in financial assumptions	(607)	-	(607)
- experience adjustments	1,317	-	1,317
Recognized in other comprehensive loss (income)	709	(2,316)	(1,607)
Contributions from the employer	-	(1,878)	(1,878)
welfare payments	(3,544)	3,544	-
Balance at December 31, 2024	$ 25,290	$ (24,477)	$ 813

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2024	**2023**
Discount rates	1.55%	1.15%
Expected rates of salary increase	3%	3%
Mortality rate	Taiwan Life Insurance Industry 6th Mortality Table	Taiwan Life Insurance Industry 6th Mortality Table
Turnover rate	According to different age groups, there are 0%-0.35%, etc. different assumptions.	According to different age groups, there are 0%-0.25%, etc. different assumptions.

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2024	**2023**
Discount rate		
0.25% increase	$ (369)	$ (419)
0.25% decrease	$ 377	$ 429
Expected rate of salary increase		
0.25% increase	$ 371	$ 420
0.25% decrease	$ (365)	$ (413)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	**2023**
Expected contributions to the plan for the next year	$ 637	$ 650
Average duration of the defined benefit obligation	5 years	6 years

16. EQUITY

a. Share capital

	December 31	
	2024	2023
Shares authorized (in thousands of shares)	160,000	160,000
Shares authorized	$ 1,600,000	$ 1,600,000
Shares issued and fully paid (in thousands of shares)	111,271	111,271
Shares issued	$ 1,112,709	$ 1,112,709

The authorized shares included 2,000 thousand shares allocated for the exercise of employee share options.

b. Capital surplus

	December 31	
	2024	2023
Issuance of ordinary shares	$ 997,847	$ 997,847
Expired employee share options	1,138	1,138
Disgorgement	231	231
	$ 999,216	$ 999,216

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year). Expired employee share options and disgorgement can only be used to offset a deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. According to the Article 240-5 of the Company's Articles, if two thirds of directors or more attended the meeting and over half of the directors who attended approve the resolution, the Company may authorize the board of directors to appropriate part or of all of the accrued dividends or bonuses, by cash, and a report shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 18-e.

In addition, under the dividends policy set forth in the Articles, the Company may distribute dividends in cash or shares. If the Company decides to distribute in cash, in principle, the cash dividends shall not be lower than 10% of share dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held shareholders' meetings on May 30, 2024 and May 30, 2023, and the appropriations of earnings for 2023 and 2022 have been approved in the meetings, respectively, as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2023	2022	2023	2022
Legal reserve	$ 50,521	$ 98,589		
Cash dividends	478,465	723,261	$ 4.3	$ 6.5

The appropriation of earnings for 2024, which were proposed by the Company's board of directors on February 24, 2025, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 83,237	
Cash dividends	667,625	$ 6

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on May 27, 2025.

17. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2024	2023
Revenue from sale of zinc oxide	$ 1,619,231	$ 1,275,243
Revenue from waste disposal	317,945	364,346
Other operating revenue	7,938	410
	$ 1,945,114	$ 1,639,999

b. Contract balance

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable and trade receivables (Note 8)	$ 158,115	$ 161,022	$ 105,220
Contract liabilities (Note 14)	$ 46,546	$ 83,063	$ 31,780

18. NET PROFIT FROM CONTINUING OPERATIONS

a. Other revenue

	For the Year Ended December 31	
	2024	2023
Government grants	$ 8,754	$ 885
Others	557	5
	$ 9,311	$ 890

b. Financial costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	$ -	$ 370
Others	162	-
	$ 162	$ 370

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2024	2023
Capitalization amount	$ 4,725	$ -
Capitalization rate	1.8%	-

c. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	$ 126,401	$ 115,198
Other intangible assets	3,082	2,049
	$ 129,483	$ 117,247
An analysis of depreciation by function		
Operating costs	$ 121,635	$ 110,160
Operating expenses	4,766	5,038
	$ 126,401	$ 115,198
An analysis of amortization by function		
Operating costs	$ 263	$ 227
Operating expenses	2,819	1,822
	$ 3,082	$ 2,049

d. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	$ 142,965	$ 124,501
Post-employment benefits		
Defined contribution plans	4,028	3,838
Defined benefit plans (Note 15)	898	823
	4,926	4,661
Other employee benefits	15,647	14,343
	$ 163,538	$ 143,505
An analysis of employee benefits expense by function		
Operating costs	$ 92,562	$ 86,809
Operating expenses	70,976	56,696
	$ 163,538	$ 143,505

	For the Year Ended December 31,2024		
	Operating Cost	Operating Expenses	Total
Employee benefits expenses			
Employee salaries	$ 77,692	$ 55,003	$ 132,695
Labor insurance and health insurance	6,913	2,898	9,811
Post –employment benefits	3,346	1,580	4,926
Remuneration of directors	-	10,270	10,270
Other employee benefits	4,611	1,225	5,836
	$ 92,562	$ 70,976	$ 163,538

	For the Year Ended December 31,2023		
	Operating Cost	Operating Expenses	Total
Employee benefits expenses			
Employee salaries	$ 73,408	$ 40,913	$ 114,321
Labor insurance and health insurance	6,619	2,974	9,593
Post –employment benefits	3,036	1,625	4,661
Remuneration of directors	-	10,180	10,180
Other employee benefits	3,746	1,004	4,750
	$ 86,809	$ 56,696	$ 143,505

For the year ended December 31, 2024 and 2023, the average number employees of the Company was 119 and 117 respectively, which included 10 non- employee directors for both years. The calculation basis is consistent with employee benefits expense.

For the year ended December 31, 2024 and 2023, the average of employee benefits expense were $1,406 and $1,246 thousand, respectively; as of 2024 and 2023, the average of employee salaries were $1,217 and $1,068 thousand, respectively, and the change of the average employee salaries was 14%. The company has set up an audit committee to replace the supervisor, so there is no supervisor's remuneration. The remuneration of the directors, managers, and employees of the company is based on the positions held, the responsibilities assumed, personal performance, company operating performance, as well as the level of the same industry.

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.
The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on January 20, 2025 and January 31, 2024, respectively, are as follows:

	For the Year Ended December 31			
	2024		2023	
	Accrual rate	**Amount**	**Accrual rate**	**Amount**
Compensation of employees	3.49%	$ 36,724	4.02%	$ 26,789
Remuneration of directors	0.60%	6,300	0.94%	6,300

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

19. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2024	**2023**
Current tax		
In respect of the current year	$ 183,240	$ 130,241
Income tax on unappropriated earnings	-	8,202
Adjustments for prior years	(8,256)	(3,231)
	174,984	135,212
Deferred tax		
In respect of the current year	4,097	(5,902)
Income tax expense recognized in profit or loss	$ 179,081	$ 129,310

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before income tax	$ 1,010,166	$ 633,932
Income tax expense calculated at the statutory rate	$ 202,033	$ 126,787
Tax effect of adjusting items:		
Non-deductible expenses in determining taxable income	(1,524)	5,661
Tax-exempt income	(13,172)	(8,109)
Income tax on unappropriated earnings	-	8,202
Adjustments for prior years' tax	(8,256)	(3,231)
Income tax expense recognized in profit or loss	$ 179,081	$ 129,310

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2024			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 680	$ (196)	$ (321)	$ 163
Unrealized intercompany profit	6,264	(3,750)	-	2,514
Inventory write-downs	7,785	1,051	-	8,836
Payables for annual leave	668	45	-	713
Effects of foreign currency exchange differences	760	(760)	-	-
	$ 16,157	$ (3,610)	$ (321)	$ 12,226
Deferred tax liabilities				
Temporary differences				
Effects of foreign currency exchange differences	$ -	$ 487	$ -	$ 487

	For the Year Ended December 31, 2023			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Defined benefit obligation	$ 833	$ (6)	$ (147)	$ 680
Unrealized intercompany profit	1,846	4,418	-	6,264
Inventory write-downs	6,793	992	-	7,785
Payables for annual leave	597	71	-	668
Effects of foreign currency exchange differences	333	427	-	760
	$ 10,402	$ 5,902	$ (147)	$ 16,157

c. Income tax assessments

The income tax returns of the Company and its subsidiary through 2022 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Company	Shares (In Thousands of Shares)	Earnings Per Share (NT$)
For the Year Ended December 31, 2024			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 831,085	111,271	$7.47
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	344	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 831,085	111,615	$7.45
For the Year Ended December 31, 2023			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 504,622	111,271	$4.54
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	304	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 504,622	111,575	$4.52

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. NON-CASH TRANSACTIONS

The Company entered into the following non-cash investing and financing activities for the years ended December 31, 2024 and 2023:

	For the Year Ended December 31	
	2024	2023
Non-cash transactions for investing and financing activities		
Remeasurement of defined benefit plans	$ 1,607	$ 737
Transfers from prepayments for equipment to property, plant and equipment	$ 35,749	$ 43,040
Transfers from prepayments for equipment to inventories	$ -	$ 910
Transfers from other financial assets - non-current to other financial assets - current	$ 20,221	$ -
Transfers from long-term bank loans to current portion	$ 38,267	$ -

22. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company’s overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash) and equity of the Company (comprising issued capital, reserves and retained earnings).

Key management personnel of the Company review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

The Company is not subject to any externally imposed capital requirements.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management personnel of the Company determined that the carrying amount of financial assets and financial liabilities not measured at fair value approximates to their fair value or their fair value is unable to be measured reliably.

b. Categories of financial instruments

	December 31	
	2024	**2023**
Financial assets		
Financial assets at amortized cost (1)	$ 900,959	$ 969,134
Financial liabilities		
Financial liabilities at amortized cost (2)	674,595	105,023

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, other receivables, refundable deposits, and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise notes payables, trade payables, other payables, long-term bank loans (including the current portion) and guarantee deposits received.

c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, trade receivables, trade payables and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury and sales function report regularly to the management personnel of the Company. The management personnel oversee the impact of the financial risks.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below) and interest rates (refer to (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company have foreign currency denominated sales, which exposes the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 27.

<u>Sensitivity analysis</u>

The Company is mainly exposed to the USD. The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (i.e., the functional currency) against USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit with the New Taiwan dollars strengthening 1% against USD. For a 1% weakening of the New Taiwan dollars against USD, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	For the Year Ended December 31	
	2024	**2023**
Profit before income tax	$ 1,392	$ 1,184

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2024	**2023**
Fair value interest rate risk		
Financial assets	$ 100,000	$ 124,432
Cash flow interest rate risk		
Financial assets	632,598	552,142
Financial liabilities	558,056	-

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased by $745 thousand and $5,521 thousand, respectively, which was mainly a result of variable-rate bank deposits and borrowings of the Company.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge its obligations and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties. In order to minimize credit risk, based on the Credit Management Guidelines, the management of the Company has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables.

The Company assesses the financial positions of the customers with trade receivables continuously.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	Less Than 1 Year	Over 1 Year
December 31, 2024		
Non-interest bearing	$ 110,093	$ -
Floating interest rate liabilities	38,267	519,789
December 31, 2023		
Non-interest bearing	97,136	-

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
December 31, 2024				
Non-interest bearing	$ 110,093	$ -	$ -	$ -
Floating interest rate liabilities	38,267	191,333	191,333	137,123
	$ 148,360	$ 191,333	$ 191,333	$ 137,123
December 31, 2023				
Non-interest bearing	$ 97,136	$ -	$ -	$ -

24. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
TAIWAN STEEL RESOURCES CO., LTD (“TSR”)	The Company’s subsidiary
FENG HSIN STEEL CO., LTD. (“Feng Hsin Co.”)	The Company’s key management personnel
TUNG HO STEEL ENTERPRISE CORP. (“Tung Ho Co.”)	The Company’s key management personnel
HAI KWANG ENTERPRISE CORPORATION (“Hai Kwang Co.”)	The Company’s key management personnel
SHYEH SHENG FUAT STEEL & IRON WORKS CO., LTD. (“Shyeh Sheng Fuat Co.”)	The Company’s key management personnel
CHIEN SHUN STEEL CO., LTD. (“Chien Shun Co.”)	The Company’s key management personnel
UNITED STEEL CORPORATION (“United Co.”)	The Company’s key management personnel
KATEC CREATIVE RESOURCES CORP. (“Katec Co.”)	Related party in substance
FENG YU RESOURCES CO., LTD. (“Feng Yu Co.”)	Related party in substance
ZHENG TUNG ENVIRONMENTAL PROTECTION TECH CO., LTD. (“Zheng Tung Co.”)	Related party in substance

b. Sales

Line Item	Related Party Category/Name	For the Year Ended December 31 2024	2023
Service revenue	The Company’s key management personnel	$ 77,940	$ 104,854
	Related parties in substance	21,377	7,610
		$ 99,317	$ 112,464
Other operating revenue	The Company’s key management personnel	$ 50	$ -

There are no significant differences for sales and payments terms between related parties and normal customers.

c. Purchases of goods

Related Party Category	For the Year Ended December 31 2024	2023
Related parties in substance	$ 775	$ 1,097
The Company's key management personnel	4	4
	$ 779	$ 1,101

There are no significant differences for purchases of goods and payments terms between related parties and normal suppliers.

d. Operating costs

Line Item	Related Party Category	For the Year Ended December 31 2024	2023
Environmental expenditures	The Company's subsidiary	$ 104,968	$ 105,852

e. Receivables from related parties

Line Item	Related Party Category	December 31 2024	2023
Trade receivables	The Company's key management personnel	$ 915	$ 1,029
	Related parties in substance	8	15,253
		$ 923	$ 16,282
Other receivables	The Company's subsidiary	$ -	$ 114

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment losses were recognized for trade receivables from related parties.

f. Payables to related parties

Line Item	Related Party Category	December 31 2024	2023
Trade payables	The Company's key management personnel	$ 180	$ 2
	Related parties in substance	4	2
		$ 184	$ 4
Other payables	The Company's subsidiary	$ 9,407	$ 9,744

g. Contract liabilities

Line Item	Related Party Category	December 31 2024	December 31 2023
Other current liabilities	The Company's key management personnel	$ 3,762	$ 3,466
	Related parties in substance	422	6,878
		$ 4,184	$ 10,344

h. Disposal of property, plant and equipment

Related Party Category	For the Year Ended December 31 2024 Proceeds	2024 Gain on Disposal	2023 Proceeds	2023 Gain on Disposal
Subsidiary	$ -	$ 67	$ -	$ -

i. Loans to related parties

Related Party Category/Name	For the Year Ended December 31 2024	2023
The Company's subsidiary		
TSR	$ -	$ 120,000

Related Party Category	For the Year Ended December 31 2024	2023
Interest income		
The Company's subsidiary	$ 922	$ 539

The company provides short-term unsecured loans to TSR with an interest rate of 1.59% and 1.95%. TSR has repaid the full amount in November 2024.

j. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category	December 31 2024	2023
Subsidiary		
Guaranteed amounts	$ 200,000	$ 407,468
Actual borrowing amount	$ -	$ -

k. Remuneration of key management personnel

Remuneration of directors and key management personnel was as follows:

	For the Year Ended December 31	
	2024	**2023**
Short-term employee benefits	$ 21,524	$ 20,082
Post-employment benefits	108	108
	$ 21,632	$ 20,190

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for guarantees and bank borrowings:

	December 31	
	2024	**2023**
Property, plant and equipment	$ 1,086,572	$ 254,728
Other financial assets - non-current	48,000	48,000
	$ 1,134,572	$ 302,728

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2024 and 2023 were as follows:

a. The Company’s unrecognized commitments were as follows:

	December 31	
	2024	**2023**
Property, plant and equipment	$ 53,243	$ 29,121

b. Under the environmental protection agreement of clearance and recycling EAF dust, the Company has to make profit-sharing payments to Shengang Township and Xianxi Township, Changhua County. The payments would depend on the amount of clearance and recycling EAF dust each month. The profit-sharing payments are recognized as operating expenses, which amounted to $17,704 thousand and $17,871 thousand in 2024 and 2023, respectively.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary item			
USD	$ 4,340	32.79 (USD:NTD)	$ 142,276
Financial liabilities			
Monetary item			
USD	94	32.79 (USD:NTD)	3,083

	December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary item			
USD	$ 3,942	30.71 (USD:NTD)	$ 121,032
Financial liabilities			
Monetary item			
USD	85	30.71 (USD:NTD)	2,612

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2024		2023	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Loss
USD	32.11 (USD:NTD)	$ 11,996	31.15 (USD:NTD)	$ 4,631

28. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

   1) Financing provided to others. (Table 1)

   2) Endorsements/guarantees provided. (Table 2)

   3) Marketable securities held (excluding investments in subsidiary, associates and joint ventures). (None)

   4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)

   5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (Table 3)

   6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

   7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

   8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

   9) Trading in derivative instruments. (None)

b. Information on investees. (Table 4)

c. Information on investments in mainland China. (None)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 5)

TAIWAN STEEL UNION CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Amount Borrowed (Note 6)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	The Company	Taiwan Steel Resources Co., Ltd.	Amounts receivable from related parties	Yes	$ 400,000	$ 200,000	$ -	1.95%	2	$ -	Operating turnover	$ -	-	$ -	$ 1,786,429	$ 1,786,429	(Note 2,4 and 6)

Note 1: The numbers denote the following:

1) 0 represents the issuer.

2) Investees are numbered starting from 1.

Note 2: The financing limit for each borrower is up to 40% of the net worth of the Company.

Note 3: The nature of financing provided could be:

1) Business relationships.

2) Short-term financing needs.

Note 4: The aggregate financing limit is up to 40% of the net worth of the Company.

Note 5: The ending balance amount has been approved by the board of directors.

Note 6: According to the Company's guidelines for loaning funds, the maximum amount of loaning is based on the Company's net worth as stated in its latest audited (reviewed) financial statements. In December 2024, the Company announced that the Company's maximum amount of the loan to be provided to a single enterprise is $1,681,761 thousand and the maximum amount of the loan to be provided is $1,681,761 thousand. Because the 2024 annual financial statements have not been audited, these amounts were based on the financial statements for the nine months ended September 30, 2024. Thus, there is a difference between them.

TAIWAN STEEL UNION CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsements/ Guarantees Given on Behalf of Each Party (Notes 3 and 5)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 4)	Outstanding Endorsements/ Guarantees at the End of the Year (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsements/ Guarantees Limit (Notes 3 and 5)	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Taiwan Steel Resources Co., Ltd.	(2)	$ 2,188,375	$ 427,290 (NT$ 200,000 and US$ 7,000)	$ 200,000	$ -	$ -	4.48	$ 2,233,036	Y	N	N

Note 1: 1) Taiwan Steel Union Co., Ltd. is numbered 0.

2) Subsidiaries are numbered starting from 1.

Note 2: The relationship between endorser/guarantor and the endorsee/guarantee can be classified into the following four categories:

1) The companies with which it has business relations.

2) Subsidiaries in which the company held more than 50% of its total outstanding ordinary shares.

3) The companies in which the parent company and the subsidiary together held more than 50% of its outstanding ordinary shares.

4) The parent company which held, directly or indirectly through a subsidiary, more than 50% of its outstanding ordinary shares.

Note 3: The maximum amount of the endorsements/guarantees provided by the Company and its subsidiary shall not exceed 50% of the Company’s net assets as stated in its latest financial statement. Endorsements/guarantees provided by the Company to a single enterprise shall not exceed 49% of the Company’s net assets as stated in its latest financial statement.

Note 4: The ending balance and actual amount used are recorded using the prevailing exchange rate at balance sheet date.

Note 5: According to the Company’s Guideline for Endorsements and Guarantees, the maximum amount of the endorsements/guarantees is based on the Company’s net assets as stated in its latest audited (reviewed) financial statements. In December 2024, the Company announced that the Company’s maximum amount of the endorsements/guarantees to a single enterprise is $2,060,157 thousand and the maximum amount of the endorsements/guarantees is $2,102,202 thousand. Because the 2024 annual financial statements have not been audited, these amounts were based on the financial statements for the nine months ended September 30, 2024. Thus, there is a difference between them.

TABLE 3

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

ACQUISITION OF REAL ESTATE REACHING NT$300 MILLION OR 20% OF PAID IN CAPITAL OR MORE
FOR THE YESR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Real estate acquired by	Name of property	Date of occurrence	Transaction amount	Amount paid	Counterparty	Relationship	Previous transfer, if the counterparty is a related party				Pricing basis	Purpose of acquisition and utilization	Other provisions
							Owner	Relationship with issuer	Transfer date	Amount			
TAIWAN STEEL UNION CO., LTD.	Land No.167、168、169、170、171、172、173、174 in Fuli Section, Longjing Dist., Taichung City	2024.05.08	$820,000	Paid in full.	Lisheng Development Co., Ltd.	-	-	-	-	-	Based on the market prices and professional appraisal report.	For operational use	No

TAIWAN STEEL UNION CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares(In thousands)	%	Carrying Amount			
The Company	Taiwan Steel Resources Co., Ltd.	Changhua	Waste reuse services	$ 2,300,000	$ 2,300,000	149,000	100	$ 2,213,936	$ 64,373	$ 65,858	Subsidiary

TABLE 5

TAIWAN STEEL UNION CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Feng Hsin Steel Co., Ltd.	26,758,587	24.04
Tung Ho Steel Enterprise Corp.	24,829,009	22.31
Hai Kwang Enterprise Corporation	9,691,512	8.70
Shyeh Sheng Fuat Steel & Iron Works Co., Ltd.	9,677,573	8.69
Chien Shun Steel Co., Ltd.	6,116,469	5.49

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash on hand and revolving funds	$ 84
Cash in banks	
Check Deposit	19
Demand deposits	539,621
Foreign currency deposits (Note 1)	23,575
	563,215
Cash equivalents	
Time deposits with original maturities of three months or less (Note 2)	100,000
	$ 663,299

Note1: Including USD 717 thousand (USD 1 = NTD 32.785), and EUR 2 thousand (EUR 1 = NTD34.14).

Note2: Expires on January 14, 2025

STATEMENT 2

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Related parties	
Others (Note)	$ 923
Non-related parties	
Client A.	39,323
Client B.	37,772
Client C.	23,278
Client D.	17,930
Client E.	14,953
Client F.	9,653
Others（Note）	14,264
	157,173
	158,096
Less: Allowance for impairment loss	(159)
	$ 157,937

Note: The amount of individual client included in others does not exceed 5% of the account balance.

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF INVENTORY
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	$ 118,721	$ 118,147
Finishes goods	57,587	145,011
	176,308	$ 263,158
Less: Write-down of inventories	(44,179)	
	$ 132,129	

Note: Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except similar items.

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF CHANGES IN INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance at January 1,2024			Increase in Investment		Share of Gain of Subsidiary	Balance at December 31,2024			Net Assets Value
Investees	Shares	Ownership (%)	Amount	Shares	Amount		Shares	Ownership(%)	Amount	
Taiwan Steel Resources Co., Ltd.	149,000,000	100	$ 2,148,078	-	$ -	$ 65,858	149,000,000	100	$ 2,213,936	$ 2,212,451

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Related parties	
Others (Note)	$ 184
Non-related parties	
Company A	9,539
Company B	7,189
Company C	4,318
Company D	3,858
Company E	3,781
Others (Note)	12,082
	40,767
	$ 40,951

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

TABLE 6

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Acceptance Agency.	Repayment Method	Contract Period	Interest Rate (%)	Amount			Mortgage or Pledged Assets
				Current portion	Non-current portion	Total	
Bank of Taiwan	Average amortization of interest and principal	2024.7.15-2039.07.15	1.8	$ 38,267	$ 519,789	$ 558,056	Note 25

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF NET SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Quantities (tons)	Amount
Revenue from sale of zinc oxide	51,479	$ 1,619,231
Revenue from waste disposal		317,945
Other operating revenue		7,938
		$ 1,945,114

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 128,968
Raw materials purchased	342,958
Consumables transferred to manufacturing expenses	(38,043)
Consumables transferred to R&D expenses	(9,998)
Materials transferred to service costs	(45,079)
Less: raw material, end of year	(118,721)
Raw material used	260,085
Direct labor	38,423
Manufacturing expenses	361,131
Finished goods, beginning of year	54,456
Less: finished goods, end of year	(57,587)
Costs of goods sold	656,508
Service costs	152,672
Inventory write-downs	5,254
Revenue from sale of scraps	(87)
Operating Costs	$ 814,347

STATEMENT 9

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administration Expenses	Research and Development Expenses	Total
Salaries	$ 4,850	$ 45,926	$ 14,497	$ 65,273
Shipping expenses	57,117	6	-	57,123
Donation expenses	-	19,726	-	19,726
Others (Note)	21,919	26,312	22,180	70,411
	$ 83,886	$ 91,970	$ 36,677	$ 212,533

Note: The amount included in others does not exceed 5% of the account balance