Stock symbol: 2008

Kao Hsing Chang Iron & Steel Corp.

Financial Statements and Independent Auditor's Report

Years Ended December 31, 2022 and 2021

Address: No. 318, Zhonghua 1st Road, Gushan District, Kaohsiung City
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Table of Contents

Independent Auditor's Report

To the board of directors of Kao Hsing Chang Iron & Steel Corp.:

Audit opinion

We have audited the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years of 2021 and 2020, and the notes to the individual financial reports, including a summary of significant accounting policies.

In our opinion, the above individual financial reports present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 in the Audit of individual financial report. The personnel subject to the independence norms of the firm affiliated with these accountants have maintained detachment and independence from Kao Hsing Chang Iron & Steel Corp. in accordance with accountant professional ethics norms, and have performed other responsibilities of the norms. The accountant believes that sufficient and appropriate audit evidence has been obtained to serve as the basis for expressing an audit opinion.

Key audit items

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the individual financial report of Kao Hsing Chang Iron & Steel Corp for the year ended December 31, 2022.These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The accountants judge that the key audit items that should be communicated in the audit report are as follows:

Inventory valuation

Please refer to Note 4(7) Inventory of the individual financial report for the accounting policy of the inventory evaluation; please refer to Note 5 of the individual financial report for the accounting estimates and assumptions uncertainties of the inventory evaluation; please refer to Note 6(6) Inventory of the individual financial report for the disclosure of inventory evaluation.

Explanation of the Key Audit Matters:

The main inventory of Kao Hsing Chang Iron and Steel Corporation, Ltd. is various steel pipes and hot rolled coils, which are measured at the lower of cost and net realizable value.Because the global steel market is affected by changes in raw material prices, the sales demand and prices of related products may fluctuate violently in a competitive and changing environment. Estimating the net realizable value of inventories depends on the subjective judgment of the management of Kao Hsing Chang Iron and Steel Corporation, Ltd. Therefore, there is a risk that the cost of inventory may exceed its net realizable value, which is a matter that we need to pay close attention to when auditing the financial statements.

Audit procedures:

In terms of inventory valuation, we conducted a physical stock take at the end of the year to examine the state of inventory carried on hand, reviewed the inventory aging report, and analyzed inventory turnover rates and aging changes to determine the rationality of valuation allowances that Kao Hsing Chang Iron & Steel Corp. had provided on inventory. Given that the management of Kao Hsing Chang Iron & Steel Corp. had adopted the net realizable value approach, we also checked selling prices and analyzed the percentage of selling expenses shown on sales orders to establish rationality in the pricing and expense of sales. For slow-moving inventory items, we examined the levels of devaluation loss provided in previous periods to determine whether the management of Kao Hsing Chang Iron & Steel Corp. had made adequate valuation allowance on inventory. We also assessed the fairness of related disclosures made by Kao Hsing Chang Iron & Steel Corp.

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

The responsibility of the management is to prepare individual financial reports that are properly expressed in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Interpretations that have been approved and issued by the Financial Supervisory Commission, and maintain the individual financial reports that are consistent with the individual financial reports. Necessary internal controls related to report preparation to ensure that individual financial report do not contain material misrepresentations caused by fraud or errors.

When preparing individual financial statements, the management's responsibilities also include evaluating Kao Hsing Chang Iron & Steel Corp.'s ability to continue operations and disclose related matters, and the adoption of the accounting foundation for continuing operations, unless management intends to liquidate Kao Hsing Chang Iron & Steel Corp. or cease operations, or there are no other practical solutions except for liquidation or suspension of business.

The governance units of Kao Hsing Chang Iron & Steel Corp. (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditors' responsibilities for audit the individual financial report

Our objectives are to obtain reasonable assurance about whether the individual financial report as a whole is free from material misstatement, whether it is due to fraud errors, 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 in the individual financial report.Misstatements can arise from fraud or error. If the individual amounts or aggregated figures that are misrepresented are reasonably expected to affect the economic decisions made by individual financial report users, they are considered to be material.

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

1. Identify and assess the risks of material misstatement of individual financial report, 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. Because fraud may involve collusion, forgery, deliberate omission, false statement or violation of internal control, the risk of not detecting a major false expression caused by fraud is higher than that caused by error.
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 Kao Hsing Chang Iron & Steel Corporation'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 and is related to events or conditions that may cast significant doubt on the Kao Hsing Chang Iron & Steel Corporation's ability to continue as a going concern. If the accountant believes that there are significant uncertainties in these events or circumstances, he must remind the users of individual financial reports in the audit report to pay attention to the relevant disclosures in the individual financial reports, or amend the audit opinions when such disclosures are inappropriate. The accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future events or circumstances may cause Kao Hsing Chang Iron & Steel Corp. to no longer have the ability to continue operations.

5. Evaluate the overall presentation, structure and content of the individual financial report, including the notes, and whether the individual financial report represents the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of the invested company adopting the equity method to express an opinion on the individual financial report. The accountant is responsible for the guidance, supervision and execution of audit cases, and is responsible for forming audit opinions for Kao Hsing Chang Iron & Steel Corp.

The matters communicated between the accountant and the governance unit include the planned audit scope and time, and major audit findings (including significant deficiencies in internal control identified during the audit process).

The accountant also provides the governance unit with a statement that the personnel of the accounting firm's affiliated firm subject to independence regulations have complied with the independence of the accountant's professional ethics and communicates with the governance unit all relationships that may be considered to affect the independence of the accountant and other matters (including related protective measures).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial report for the year ended December 31, 2022 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.

KPMG Taiwan

Auditor:

Approval reference of the securities authority ： Jing-Guan-Zheng-6-Character-No.0960069825
Jing-Guan-Zhen-Shen-Character-No.1110338100

March 7. 2023

Kao Hsing Chang Iron & Steel Corp.

Balance Sheet

December 31, 2022 and 2021

Unit: NTD Thousand

	Assets	2022.12.31 Amount		%	2021.12.31 Amount	%
	Current assets:					
1100	Cash and cash equivalents (note 6(1))	$	214,173	3	559,241	8
1120	Financial assets measured at fair value through other comprehensive income -- current (Note 6(2))		984,337	14	804,074	11
1151	Notes receivable (Note 6(4))		4,291	-	-	-
1152	Other notes receivable (Note 6(5))		200	-	200	-
1170	Net accounts receivable (Note 6(4))		103,257	1	96,357	1
1200	Other accounts receivable (Note 6(5) and 7)		8,611	-	28,623	-
130X	Inventories (Note 6(6))		738,2041	10	719,811	10
1460	Non-current Assets Held for Sale (Note 6 (7) and 8)		113,334	2	-	-
1476	Other financial assets – current (Note 6 (3) and 8)		20,023	-	-	-
1479	Other current assets – other (Note 6 (12))		19,282	-	20,204	-
	Total current assets		2,205,712	30	2,228,510	30
	Non-current assets:					
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 6 (2))		955,656	13	973,059	13
1550	Investments accounted for using equity method (Note 6 (8) and 7)		512,824	7	448,777	6
1600	Property, plant and equipment (Note 6 (9) and 8)		1,514,042	21	1,519,830	21
1755	Right-of-use asset (Note 6 (10) and 7)		6,581	-	9,871	-
1760	Net Investment properties (Note 6 (11), 7 and 8)		2,027,466	28	2,141,002	30
1920	Refundable deposits (Note 6 (5), 7 and 9)		4,537	-	5,831	-
1995	Other non-current assets – others		33,000	1	-	-
	Total non-current assets		5,054,106	70	5,098,370	70
	Total assets	**$**	**7,259,818**	**100**	**7,326,880**	**100**

(Please refer to the attached notes to financial statements)

Chairman: Tai-Rong Lu **Manager: Rong-Feng Shenglu** **Accounting officer: Hueimei Chao**

Kao Hsing Chang Iron & Steel Corp.
Balance Sheet (continued)
December 31, 2022 and 2021

Unit: NTD Thousand

		2022.12.31		2021.12.31	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6 (14) and 8)	$ 3,205,071	44	3,232,341	44
2110	Short-term notes and bills payable ((Note 6(13) and 8)	124,700	2	-	-
2151	Notes payable	40,290	1	28,384	-
2152	Other notes payable	11,433	-	12,878	-
2170	Accounts payable	25,944	-	39,758	1
2200	Other accounts payable	74,081	1	56,739	1
2230	Current tax liabilities	10,387	-	22,161	-
2300	Other current liabilities (Note 6 (15)(22))	8,223	-	7,298	-
2320	Long-term liabilities, due within one year or one business cycle (Note 6 (16) and 8)	32,558	-	-	-
	Total current liabilities	3,532,687	48	3,399,559	46
	Non-current liabilities:				
2540	Long-term borrowings (Note 6 (16) and 8)	667,442	9	700,000	10
2570	Deferred tax liabilities (Note 6 (19))	210,632	3	210,632	3
2640	Net defined benefit liabilities – non-current (Note 6 (18))	28,427	1	42,008	1
2645	Guarantee deposits (Note 7)	5,000	-	5,040	-
	Total non-current liabilities	911,501	13	957,680	14
	Total liabilities	4,444,188	61	4,357,239	60
	Equity (Note 6 (20)):				
3100	Share capital	2,008,523	28	2,008,523	27
3200	Capital surplus	75,159	1	75,159	1
3300	Retained earnings:				
3310	Statutory reserve	170,158	2	147,137	2
3350	Unappropriated earnings	639,058	9	527,837	7
		809,216	11	674,974	9
3400	Other equity interest	(77,268)	(1)	210,985	3
	Total equity	2,815,630	39	2,969,641	40
	Total liabilities and equity	**$ 7,259,818**	**100**	**7,326,880**	**100**

(Please refer to the attached notes to financial statements)

Chairman: Tai-Rong Lu **Manager: Rong-Feng Shenglu** **Accounting officer: Hueimei Chao**

Kao Hsing Chang Iron & Steel Corp.

Statements of Comprehensive Income

January 1 to December 31, 2022 and 2021

Unit: NTD Thousand

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6 (17)(22) and 7)**	$ 2,216,054	100	1,550,624	100
5000	**Operating costs (Note 6 (6)(17)(18), 7 and 22)**	1,888,923	85	1,356,051	88
5900	**Operating margin**	327,131	15	194,573	12
6000	**Operating expenses(Note 6 (18)(23), 7 and 12):**				
6100	Selling expenses	120,872	5	33,868	2
6200	Management expenses	67,785	3	63,743	4
	Total operating expenses	188,657	8	97,611	6
6900	**Operating profit**	138,474	7	96,962	6
	Non-operating income and expenses:				
7100	Interest income (Note 6 (24))	629	-	105	-
7010	Other income (Note 6 (2)(24))	49,889	2	40,281	3
7020	Other gains and losses (Note 6 (24))	6,276	-	(26,849)	(2)
7050	Finance costs (Note 6 (24))	(77,989)	(4)	(56,353)	(4)
7060	Share of profits (loss) of associates accounted for using equity method (Note 6 (8))	2,280	-	8,423	1
	Total non-operating revenue and expenses,	(18,915)	(2)	(34,393)	(2)
7900	**Net profit before tax**	119,559	5	62,569	4
7950	**less: income tax expense (Note 6 (19))**	7,375	-	20,452	1
	Current net income	112,184	5	42,117	3
8300	**other comprehensive income:**				
8310	**Items not reclassified into profit and loss**				
8311	Remeasurements from defined benefit plans (Note 6 (18))	4,564	-	(6,840)	-
8316	Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income	(234,168)	(10)	161,638	10
8320	Share of other comprehensive income (loss) of associates accounted for using equity method – not reclassified to profit or loss (Note 6 (8))	(36,591)	(2)	568	-
8349	less: Income tax related to components not reclassified (Note 6 (19))	-	-	-	-
	Total of components that will not be reclassified to profit or loss	(266,195)	(12)	155,366	10
8300	**Other comprehensive income for the period (net after tax)**	(266,195)	(12)	155,366	10
	Total comprehensive income for the period	**$ (154,011)**	**(7)**	**197,483**	**13**
	Earnings per share (Note 6 (21))				
9750	**Basic earnings per share**	**$**	**0.56**		**0.21**
9850	**Diluted earnings per share**	**$**	**0.56**		**0.21**

(Please refer to the attached notes to financial statements)

Chairman: Tai-Rong Lu **Manager: Rong-Feng Shenglu** **Accounting officer: Hueimei Chao**

Kao Hsing Chang Iron & Steel Corp.

Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NTD Thousand

	Share capital	Additional paid in capital	Retained earnings: Statutory reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Other equity items: Gain (loss) from unrealized valuation of financial assets measured at fair value through other comprehensive income	Total equity interest
Balance on January 1, 2021	**$ 2,008,523**	**75,159**	**146,880**	**81,209**	**216,673**	**243,714**	**2,772,158**
Current net income	-	-	-	-	42,117	-	42,117
Other comprehensive income for the period	-	-	-	-	(6,840)	162,206	155,366
Total comprehensive income for the period	-	-	-	-	35,277	162,206	197,483
Earnings appropriation and distribution:							
Statutory surplus reserve	-	-	257	-	(257)	-	-
Reversal of special reserve	-	-	-	(81,209)	81,209	-	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	194,935	(194,935)	-
Balance on December 31, 2021	**2,008,523**	**75,159**	**147,137**	**-**	**527,837**	**210,985**	**2,969,641**
Current net income	-	-	-	-	112,184	-	112,184
Other comprehensive income for the period	-	-	-	-	4,564	(270,759)	(266,195)
Total comprehensive income for the period	-	-	-	-	116,748	(270,759)	(154,011)
Earnings appropriation and distribution:							
Statutory surplus reserve	-	-	23,021	-	(23,021)	-	-
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	17,494	(17,494)	-
Balance on December 31, 2022	**$ 2,008,523**	**75,159**	**170,158**	**-**	**639,058**	**(77,268)**	**2,815,630**

(Please refer to the attached notes to financial statements)

Chairman: Tai-Rong Lu **Manager: Rong-Feng Shenglu** **Accounting officer: Hueimei Chao**

Kao Hsing Chang Iron & Steel Corp.

Statement of Cash Flow

January 1 to December 31, 2022 and 2021

Unit: NTD Thousand

	2022	2021
Cash flow from operating activities:		
Profit before tax for the current period	$ 119,559	62,569
Adjustments:		
Income, expenses, and losses		
Depreciation	55,772	54,485
Interest expenses	73,039	56,353
Interest income	(629)	(105)
Dividend income	(44,286)	(31,210)
Share of benefits of associates accounted for using equity method	(2,280)	(8,422)
Loss (gain) on disposal of property, plant and equipment	892	30
Unrealized gains on foreign currency exchange	-	(70)
Total income, expenses, and losses	82,508	71,061
Changes in operating assets and liabilities:		
Net changes in assets related to business activities:		
Increase in bills receivable	(4,291)	-
(Increase) decrease in accounts receivable	(6,900)	8,960
Increase in other receivables	(465)	(531)
Increase in inventories	(18,393)	(251,559)
Decrease (increase) in other current assets	922	(5,640)
Total net changes in operating assets	(29,127)	(248,770)
Net changes in liabilities related to operating activities:		
Increase in notes payable	11,906	8,104
(Decrease) increase in accounts payable	(13,814)	18,025
Increase in other payable	9,566	8,315
Increase in other current liabilities	925	4,314
Decrease in net defined benefit liability	(9,017)	(7,227)
Total net changes in operating liabilities	(434)	31,531
Total net changes in assets and liabilities related to business activities	(29,561)	(217,239)
Total adjustment items	52,947	(146,178)
Cash inflow (outflow) generated from operations	172,506	(83,609)
Interest received	582	105
Dividends received	43,254	30,935
Interest paid	(72,645)	(55,990)
Income taxes refund (paid)	(19,150)	2
Net cash inflow (outflow) from operating activities	124,547	(108,557)
Cash flow from investing activities:		
Acquisition of financial assets measured at fair value through other comprehensive income	(744,317)	(2,259,525)
Disposal of financial assets at fair value through other comprehensive income	374,434	2,304,661
Investments accounted for using equity method	(99,000)	(45,200)
Increase in prepaid investment	(33,000)	-
Acquisition of property, plant and equipment	(43,127)	(20,801)
Disposal of property, plant, and equipment	-	63
Decrease in refundable deposits	1,294	3,636
Acquisition of investment real estate	(3,567)	-
Increase in other financial assets	(20,023)	-
Net cash flows (used in) investing activities	(567,306)	(17,166)
Cash flows from (used in) financing activities:		
Increase in short-term loan	5,206,814	4,616,045
Decrease in short-term loan	(5,234,084)	(4,206,357)
Increase in short-term notes and bills payable	230,000	-
Decrease in short-term notes and bills payable	(105,000)	-
Decrease in notes payable for refund of capital deduction	(39)	(94)
Net cash flows from financing activities	97,691	409,594
Increase (decrease) in current cash and cash equivalents	(345,068)	283,871
Beginning cash and cash equivalent balance	559,241	275,370
Cash and cash equivalents at the end of the period	**$ 214,173**	**559,241**

(Please refer to the attached notes to financial statements)

Chairman: Tai-Rong Lu **Manager: Rong-Feng Shenglu** **Accounting officer: Hueimei Chao**

Kao Hsing Chang Iron & Steel Corp.
Notes to Financial Statements
For the years ended December 31, 2022 and 2021
(Amounts in New Taiwan Dollars, Unless Specified Otherwise)

I. Company history

Kao Hsing Chang Iron & Steel Corp. (hereinafter referred to as "the Company") was approved to be established in January 1966, and its registered address is No. 318, Zhonghua 1st Rd, Gushan District, Kaohsiung City. The main business is manufacturing, processing and trading of various steel pipes and hot rolled coil, manufacturing of metal building structures and components, leasing and parking lot operations, etc.

II. Financial statement approval date and procedures

This financial report has been approved and issued by the board of directors on March 7, 2023.

III. Application of new and amended standards and interpretations

(1) The impact of adopting the newly issued and amended standards and interpretations which were recognized by FSC.

The Company started to apply the following newly amended International Financial Reporting Standards from January 1, 2022, and has no significant impact on financial reports.

·Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"
·Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"
·Annual Improvements to IFRS Standards 2018–2020
·Amendments to IFRS 3 "References to the Conceptual Framework"

(2) The impact of not yet adopting the IFRS approved by the FSC

The Company evaluated that the application of the following newly amended IFRS effective from January 1, 2023 would not have a material impact on the financial report.

·Amendments to IAS 1 "Disclosure of Accounting Policies"
·Amendments to IAS 8 "Definition of Accounting Estimates"
·Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(3) Newly issued and amended standards and interpretations not yet approved by FSC

The Company expects that the following newly issued and revised standards that have not yet been approved will not have a material impact on financial reporting.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"
- Amendments to IFRS 16 "Regulations of Leaseback Transactions"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"

IV. Summary of significant accounting policies

Below is a summary of significant accounting policies adopted for the preparation of financial statements. The following accounting policies have been applied consistently across all periods presented in this financial statement.

(I) Statement of compliance

This financial statement has been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Preparation Guidelines") and FSC-approved international financial reporting standards, international accounting standards, and interpretations thereof (collectively referred to as "FSC-approved IFRS").

(II) Basis of Preparation

1. Basis of Evaluation

This financial statement is prepared on the basis of historical cost, except for the key balance sheet items listed below:

(1) Financial assets measured at fair value through profit or loss

(2) Financial assets measured at fair value through other comprehensive income, and

(3) Net defined benefit liabilities (or assets) are the fair value of pension fund assets less the present value of defined benefit obligations.

2. Functional Currency and Presentation Currency

The Company designates the currency used in the main economic environment of its location as the functional currency. This financial statement is presented using the Company's functional currency (NTD). All financial figures denominated in NTD are presented in dollars.

(III) Foreign currency

Foreign currency transactions are converted into the functional currency using exchange rates as of the date of transaction. Foreign currency monetary items outstanding at the end of each reporting period (referred to as reporting date below) are subsequently converted into the functional currency using exchange rate applicable on that day. Foreign currency-denominated non-monetary items carried at fair value are converted into the functional currency using exchange rate as of the valuation date. Foreign currency-denominated non-monetary items carried at historical cost are converted using exchange rate as of the initial transaction date.

Foreign currency exchange differences arising from conversion are normally recognized in profit or loss, but the following situations are recognized in other comprehensive income:

1. Equity instruments designated to be measured at fair value through other comprehensive income;
2. Financial liabilities that are designated as net investment hedging of foreign operating institutions, and are within the effective scope of hedging; or
3. Eligible cash flow hedges are within the effective scope of hedges.

(IV) Standard for classifying current and non-current assets and liabilities

Assets that match any of the following criteria are classified as current assets; assets that do not fall into the current category are classified as non-current assets:

1. Expects to realize the asset during its normal business cycle, or intends to sell or consume it;
2. Asset that is held mainly for trading purposes
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent, unless there are other restrictions on exchanging the asset or using it to settle liabilities at least twelve months after the reporting period.

Liabilities that match any of the following criteria are classified as current liabilities; liabilities that do not fall into the current category are classified as non-current liabilities:

1. The liability is expected to be settled during the normal business cycle;
2. liability that is held mainly for trading purposes;
3. the liability is expected to be due and settled within twelve months after the reporting period; or
4. Liabilities without an unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities with terms that give counterparties the option to be repaid in the form of equity instruments do not affect their classification.

(V) Cash or a cash equivalent

Cash includes cash on hand and demand deposits. Cash equivalent refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of satisfying short-term cash commitments rather than for investment or other purposes, are listed in the cash equivalent.

(VI) Financial instrument

Accounts receivable and debt securities issued are recognized at the time occurred. All other financial assets and financial liabilities are recognized at initiation when the Company becomes a party to a financial instrument contract. Financial assets or liabilities that are not carried at fair value through profit and loss (excluding accounts receivable without major financial component) are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable without major financial component are initially measured at transaction price.

1. Financial asset

Purchase and sale of financial asset that conforms to customary practices is accounted using trade day or settlement day accounting, and the same approach is applied consistently to financial assets of the same classification.

The Company's financial assets are classified into: financial assets carried at cost after amortization, equity instruments at fair value through other comprehensive income, or financial assets at fair value through profit and loss at initiation. Only when the Company changes the ways financial assets are managed will it reclassify the affected financial assets according to policy, starting from the next reporting period.

(1) Financial assets measured at amortized cost

Financial assets that meet all of the following conditions and are not designated to be carried at fair value through profit and loss shall be carried at cost after amortization:

· Financial assets that are held for the purpose of collecting contractual cash flow.

· Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

These assets are subsequently carried at initial cost plus/less accumulated amortization calculated using the effective interest rate method and after adjusting for loss provisions. Interest income, gain/loss on foreign currency exchange, and impairment loss are recognized through profit and loss. When decommissioned, gains or losses are recognized through profit and loss.

(2) Financial assets measured at fair value through other comprehensive income

Debt instruments that satisfy all of the following conditions and are not designated to be carried at fair value through profit and loss shall be carried at fair value through other comprehensive income:

· Financial assets that are held for the purpose of collecting contractual cash flow and sale.

· Contractual terms of the financial asset give rise to cash flows on specific dates, and the cash flows are intended solely to pay principals and interests accruing on outstanding principals.

At initiation, the Company can make an irrevocable choice to account for subsequent fair value changes in equity instruments not held for trading through other comprehensive income. The above choice is determined on an instrument-by-instrument basis.

Investments in debt instruments are subsequently measured at fair value. Interest income, gain/loss on currency exchange, and impairment loss calculated using the effective interest method are recognized through profit and loss; other net gains or losses are recognized through other comprehensive income. When removed from balance sheet, amounts accumulated under other comprehensive income are reclassified into profit and loss.

Investments in equity instruments are subsequently measured at fair value. Dividend income is recognized through profit and loss (unless the dividends clearly represent a partial recovery of the investment cost). Other net gains or losses are recognized through other comprehensive income and are not reclassified into profit and loss.

Dividend income from equity investments are recognized on the day the Company becomes entitled to collect them (which is usually the ex-dividend day).

(3) Financial assets measured at fair value through profit or loss

Financial assets that are neither carried at cost after amortization nor at fair value through other comprehensive income are carried at fair value through profit and loss; this includes derivative financial assets. At initial recognition, the Company can make an irrevocable decision to designate financial assets that satisfy the criteria of being carried at cost after amortization or at fair value through other comprehensive income to be carried at fair value through profit and loss, for the purpose of eliminating or reducing accounting mismatch.

These assets are subsequently measured at fair value with net gains or losses (including any dividend and interest income) recognized through profit and loss.

(4) Impairment on financial assets

The Company’s expected losses for financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other notes receivable, other account receivables, refundable deposits, and other financial assets) are recognized as allowance losses.

Loss provisions for the following financial assets are made based on 12-month expected credit loss; for all other financial assets, loss provisions are made based on expected credit loss for the remaining lifetime:

· Debt securities that are deemed to be of low risk as of the reporting date; and
· Other debt instruments and bank deposits that exhibit no significant increase in credit risk (i.e. risk of default over the financial instrument's expected duration) since initial

recognition.

Loss provisions for notes and accounts receivable and contract assets are measured based on expected credit loss over the remaining lifetime.

Expected credit loss for the remaining lifetime refers to the amount of credit losses that the financial instrument is likely to incur due to any possible default event in the remaining lifetime.

12-month expected credit loss refers to the amount of credit loss that a financial instrument may incur due to default event in the next 12 months (or shorter, if the financial instrument's expected remaining lifetime is less than 12 months).

The longest duration by which expected credit loss is measured shall be the maximum contract duration in which the Company is exposed to credit risk.

When assessing whether a financial instrument has significantly increased in credit risk since initial recognition, the Company uses reasonable and verifiable information (that can be obtained without excessive cost or investment) including qualitative and quantitative data in conjunction with its own past experience, credit rating, and forecasts.

A financial instrument is deemed to be of low credit risk if: the instrument exhibits low risk of default, the debtor has ample capacity to fulfill contractual cash flow obligations in the short term, and the debtor is prone to adverse economic or operational development that may (but does not necessarily) undermine its capacity to fulfill contractual cash flow obligations over the long term.

The Company considers credit risk to have increased significantly if contractual payment is overdue for more than 30 days.

The Company considers financial asset to have defaulted if contractual payment is overdue for more than 90 days, or if the borrower is unlikely to fulfill credit obligation and make pay full payment to the Company.

Expected credit loss is estimated by weighing credit losses for the remaining lifetime of a financial instrument against probability of occurrence. Credit losses are measured as the shortfall of cash collected, which is the difference between the amount of contractual cash flow collectible and the amount of cash flow the Company expects to collect. Expected credit losses are discounted at effective interest rate applicable to the financial asset.

The Company assesses financial assets carried at cost after amortization for credit impairment on every reporting date. A financial asset is deemed to have credit-impaired if estimated future cash flow exhibits one or several adverse events. Evidence of credit impairment includes any observable data that can be used to establish the following with respect to a financial asset:

- The borrower or issuer encounters significant financial distress;
- Event of default, such as delinquency or more than 90-day overdue;
- The Company grants compromise to the borrower for reasons relating to financial distress or contractual obligation that the Company would not have done so otherwise;
- The borrower is very likely to file for bankruptcy or undergo financial restructuring; or
- Occurrence of financial distress that may cause the financial asset to be removed from active market.

Loss provisions on financial assets carried at cost after amortization are deducted from book value. However, loss provisions on debt investments held at fair value through other comprehensive income are adjusted through profit and loss and recognized through other comprehensive income (without reducing asset book value).

When the Company has reason to believe that it may not recover part or all of a financial asset, the total book value of financial asset is reduced directly to reflect the expectation. If the counterparty is a corporate entity, the Company would analyze the timing and amount of charge-off based on rational expectations about recoverability. The Company expects no major reversal of amounts that it has charged off. However, the Company may still make claims on charged-off financial assets according to its recovery procedures.

(5) Derecognition of financial assets

Financial assets can be removed from balance sheet only if all contractual cash flow entitlements have ended, or if the asset has been transferred with virtually all risks and returns of ownership assumed by another party, or in situations where the Company neither transfers nor retains virtually all risks and returns of ownership or control over such financial asset.

The Company will continue recognizing financial assets it has signed transfer agreement for on the balance sheet if it retains virtually all risks and returns associated with the ownership of the transferred asset.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified into financial liabilities or equity depending on the terms of the underlying contract and the definitions of financial liability and equity used.

(2) Equity transaction

Equity instrument refers to any contract that represents the Company's entitlement to assets net of liabilities. Equity instruments issued by the Company are recognized at the amount of proceeds received net of direct issuing costs.

(3) Treasury stocks

Buyback of equity instruments previously issued by the Company is accounted as a contra-equity transaction at the amount of consideration paid (including directly attributable costs). Shares repurchased by the Company are classified as treasury stock. Proceeds received from subsequent sale or re-issuance of treasury stock are recognized as additional equity; surplus or deficit arising from such transactions is recognized as capital reserve or retained earnings (if there is insufficient capital reserve to offset).

(4) Financial liabilities

Financial liabilities are classified into those that are carried at cost after amortization and those that are carried at fair value through profit and loss. Financial liabilities are carried at fair value through profit and loss if they are held for trading, characterized as derivative instrument, or designated to be so at initial recognition. Financial liabilities at fair value through profit and loss are carried at fair value with net gains and losses, including any interest expense, recognized through profit and loss.

Financial liabilities are subsequently carried at cost after amortization using the effective interest method. Interest expenses and gains/losses on currency exchange are recognized through profit and loss. Any gain or loss on derecognition is also recognized in profit or loss.

(5) Derecognition of financial liabilities

Financial liabilities are removed from balance sheet upon fulfillment, cancellation, or expiry of contractual obligation.

When removing financial liabilities from balance sheet, any differences between the book value and the amount paid or payable (including any non-cash assets transferred and any liabilities assumed as part of the arrangement) are recognized through profit and loss.

(6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities may be offset against each other and reported on the balance sheet in net amount only when the Company is legally entitled to do so, and has the intention to settle assets and liabilities in net amount or realize them both at the same time.

(VII) Inventories

Inventory is stated at the lower of cost or net realizable value. Cost includes all costs incurred to acquire, produce, process, and bring inventory to its usable state and location, and is calculated using the weighted average method. Cost of finished products and work-in-progress includes manufacturing overheads, which are allocated proportionally based on normal production capacity.

Net realizable value refers to the estimated selling price less all additional costs required for completion and all associated marketing expenses under normal circumstances.

(VIII) Non-current Assets Held for Sale

Non-current assets, or disposal groups of assets and liabilities, are classified as held for sale when it is highly probable that they will recover their carrying amount through sale rather than continuing use.Assets or the components in the disposal groups are remeasured in accordance with the Company’s accounting policies before they are initially classified to be sold.After being classified as held for sale, it is measured based at the lower of its book value and fair value less costs to sell.Impairment losses of any disposal group are first allocated to goodwill, and then allocated to the remaining assets and liabilities on a pro rata basis, but if the losses are not allocated to assets that are not within the scope of impairment of assets of IAS 36, the aforementioned items continue to be measured in accordance with the Company’s accounting policies.The impairment losses recognized in the initial classification as held for sale and the gains and losses occurred in the subsequent re-measurement are recognized in profit or loss, but the recovery benefits cannot exceed the cumulative impairment loss recognized.

When intangible assets and property, plant and equipment are classified as held for sale, they are no longer depreciated or amortized. In addition, when an associate using the equity method for recognition is classified as held for sale, the equity method will cease to be used.

(IX) Investments in Associates

Associated company is an entity in which the Company has significant influence over financial and operating decisions, but no single or joint control.

The Company accounts for associated companies using the equity method. Under the equity method, investments are accounted at cost at initiation and the investment cost includes transaction cost. The book value of associated company includes goodwill recognized at initiation less any cumulative impairment losses.

The financial statements include profit and loss and other comprehensive income from associated companies, recognized based on percentage of equity ownership and adjusted for consistency of accounting policy, from the day the Company gains significant influence until the day it no longer exercises significant influence. If an associated company undergoes a change of equity that is not attributed to profit, loss, or other comprehensive income and has no impact on the Company's shareholding percentage, the Company will account for changes in ownership interest and its share of equity change in the associated company based on shareholding percentage, and recognize the change as "capital reserve."

Unrealized gains and losses arising from transactions between the Company and associated companies are recognized in corporate financial statements only for the percentage of ownership that is controlled by non-related investors The Company will stop recognizing losses on associated companies when its share of the loss equals or exceeds the value of equity held. The Company will recognize extra losses and liabilities only for legal obligations and deemed obligations that arise in relation to ownership of investees, or payments made on behalf of investees.

(X) Investment Property

Investment properties refer to real estate properties that are held for rental income or capital gain, or both, as opposed to normal business activities such as sale, production, supply of products, rendering of services, or administration. Investment properties are initially accounted at cost, and subsequently carried at cost less accumulated depreciation and cumulative impairment. These assets are subject to the same depreciation method and parameters such as useful year and residual value as does property, plant, and equipment.

Gain or loss on disposal of investment property (calculated as the difference between net disposal proceeds and book value of the asset) is recognized through profit and loss.

Rental income from investment properties are recognized as other income using the straight-line method over the lease tenor. Any lease incentives offered are recognized as part of rental income over the lease tenor.

(XI) Property, Plant and Equipment

1. Recognition and Measurement

Property, plant, and equipment are carried at cost (including capitalized borrowing costs) less accumulated depreciation and any cumulative impairment.

Major components of property, plant, and equipment that have different useful lives are accounted as separate categories (of major components).

Gain or loss on disposal of property, plant, and equipment is recognized through profit and loss.

2. Subsequent cost

Subsequent expenses are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated as the asset's cost less its residual value and is recognized in profit or loss using the straight-line method over the estimated useful life of each component.

No depreciation is provided on land.

The following useful life estimates are used for the current and comparative periods:

(1) Buildings	2–60 years
(2) Equipment	2–25 years
(3) Other equipment	2–25 years

The Company reviews its depreciation method, useful life, and residual value estimates on each reporting date. Changes are made as deemed necessary and appropriate.

(XII) Lease

The Company evaluates whether a contract meets the criteria of (or contains arrangements characterized as) lease on the day of establishment. A contract is considered as lease or deemed to contain lease elements if it involves a transfer of control over identified assets for a period of time in exchange for consideration.

1. Lessee

The Company recognizes right-of-use assets and lease liabilities on the lease start date. Right-of-use assets are measured at cost at initiation; this cost includes the initial amount of lease liability, adjusted for any lease payments paid on or before the lease start date, plus any initial direct costs incurred and any estimated costs to dismantle/remove the asset and restore the location or the asset to its original state, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the lease start date until the end of useful life of right-of-use asset or until expiry of the lease tenor, whichever the earlier. Furthermore, the Company regularly assesses right-of-use assets for impairment and accounts for impairment losses as they occur. Right-of-use assets are also adjusted in circumstances where lease liabilities are subject to remeasurement.

Lease liabilities are initially measured as the present value of unpaid lease payments as at the lease start date. Interest rate implicit in a lease is used as the discount rate if it can be easily determined; if the rate cannot be easily determined, the Company's incremental borrowing rate will be used as the discount rate instead. In general, the Company uses incremental borrowing rate as the discount rate.

The types of lease payments included in the calculation of lease liabilities include:

(1) Fixed benefits, including substantial fixed benefits;

(2) For variable lease payments that depend on an index or rate, the index or rate on the lease commencement date is used for the initial measurement;

(3) The guaranteed amount of residual value expected to be paid; and

(4) The exercise price or penalty payment when it is reasonably certain to exercise the call option or lease termination option.

Lease liabilities subsequently accrue interest using the effective interest approach, and are remeasured in the following circumstances:

(1) Changes in the index or rate used to determine lease payments lead to changes in future lease payments;

(2) Changes in the guaranteed amount of residual value expected to be paid;

(3) Changes in the evaluation of the call option of the underlying asset;

(4) A change in the estimate of whether to exercise the extension or termination of the option, which changes the estimation of the lease term;

(5) Modification of the underlying assets, scope or other terms of the lease.

When lease liability is remeasured due to: a change in the index or rate used to determine lease payment, a change in guaranteed residual value, or a purchase, extension, or termination of embedded options, a corresponding adjustment shall also be made to the book value of right-of-use asset at the same time. When book value of the right-of-use asset has been reduced to zero, further remeasurements shall be recognized through profit and loss instead.

If there is any contract amendment that reduces the scope of lease, the book value of right-of-use asset is reduced accordingly to reflect partial or total termination of lease arrangement. Any difference between right-of-use asset and remeasured lease liability is recognized through profit and loss.

Right-of-use assets that do not meet the definition of investment property and lease liabilities are presented on the balance sheet as single-line items.

2. Lessor

Lease arrangements that the Company is a lessor of are investigated to determine whether virtually all risks and returns associated with ownership of the asset are transferred on the day of lease establishment. If so, the contract would be classified as a financial lease; if not, the asset would be classified as an operating lease. When assessing leases, the Company takes into consideration whether the lease tenor covers a major portion of the asset's useful life, among other indicators.

For lease arrangements where the Company is the intermediate lessor of a sublease, the Company would account for the main lease and the sublease separately, and classify the sublease based on the right-of-use asset given rise by the main lease. If the master lease is short-term in nature and exempted from lease recognition, the sub-lease shall be classified as operating lease.

If the agreement contains lease and non-lease components, the Company uses IFRS 15 to allocate the consideration in the contract.

(XIII) Impairment of non-financial assets

The Company evaluates non-financial assets (excluding inventory and deferred income tax assets) for signs of impairment in the book value on each reporting date. Assets that exhibit any of the signs will have recoverable amount estimated.

For the purpose of impairment testing, assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets are determined as a smallest identified asset group.

Recoverable amount is determined as fair value less disposal cost or the utilization value, whichever the higher. Utilization value is assessed by discounting projected cash flows to the present value using the pre-tax discount rate. This discount rate reflects the time value that the market has currently priced for the given currency, and risks that are specific to the given asset or cash-generating unit.

If the recoverable amount of an individual asset or cash-generating unit falls below its book value, the difference is recognized as impairment loss.

Impairment losses are immediately recognized through current profit and loss against a reduction to the book value of goodwill that has been allocated to the cash-generating unit; any remaining amount of impairment will then be taken to reduce book values of other assets within the unit on a pro-rated basis (i.e. proportionally based on book value weight of each asset).

(XIV) Recognition of income

1. Revenue from Contracts with Customers

Income is measured as the amount of consideration the Company expects to receive for the delivery of merchandise or service. The Company recognizes income when control of merchandise or service has been transferred to customers and the contractual obligations fulfilled. Detailed explanation is as follows:

(1) Sales of goods

The Company manufactures and sells various types of steel pipe and cold-rolled steel sheet and recognizes revenues upon transfer of product control. Product control is deemed to have transferred upon delivery, at a time when customer is able to exercise full discretion over the use of sales channel and selling price and no unfulfilled obligations exist that may otherwise affect customer's acceptance of the product. Delivery is deemed to have taken place when products are shipped to the designated location where all risks of obsolescence and loss are assumed by the customer, and that the customer accepts the products according to sales contract, thereby voiding the acceptance clause, or under any other circumstances where the Company has objective evidence to prove having satisfied all inspection criteria.

The Company recognizes accounts receivable at the time merchandise is delivered, as the Company has unconditional rights to collect consideration at this point.

(2) Financial component

The Company expects no more than one year between the time merchandise is transferred to customers and the time payment is received for such merchandise for all its customers. As a result, no time value adjustment is made to the transaction price.

2. Cost for Contracts with Customers

(1) Incremental costs of obtaining contracts

Additional costs incurred to establish contract with customers are recognized as assets if the Company expects to recover them on a later date. Additional costs of contract establishment refer to costs that the Company incurs specifically to establish contract with a customer, which would not have incurred otherwise if contract is not established. Contract acquisition costs that incur regardless of whether contract is awarded are expensed at the time incurred, except in cases where the Company is able to recover such cost from customer regardless of whether contract is awarded.

The Company adopts the compromised approach outlined in the standards, and expenses additional cost of contract acquisition at the time incurred if such cost is to be recognized as asset and amortized over a period of less than one year.

(2) Cost for fulfilling the contract

Costs incurred for fulfilling contracts with customers that do not fall within the scope of alternative standards (i.e. IAS - "Inventories," IAS 16 - "Property, Plant and Equipment" or IAS 38 - "Intangible Assets") are recognized as assets only if the cost is directly related to the contract (or identifiable anticipated contract) in question, has the ability to generate or enhance resources that can be used to satisfy (or continually satisfy) contractual obligations in the future, and is expected to be recoverable.

General and administrative costs, any raw materials used for contract fulfillment but are not reflected in contract price, cost of labor or other resources, costs associated with fulfillment (or partial fulfillment) of contractual obligation, and costs that cannot be distinguished between unfulfilled and fulfilled (or partially fulfilled) contractual obligation are expensed at the time incurred.

(XV) Employees' benefits

1. Defined contribution plans

Contributions to the defined contribution plan are expensed over the duration of employees' service.

2. Defined benefit plans

The Company calculates net obligation of defined benefit plan by discounting future benefit payouts that employees have earned in current or previous periods of employment to the present value, and deducting the fair value of any pension fund asset.

Defined benefit obligations are estimated by certified actuaries on a yearly basis using the Projected Unit Credit Method. If the calculated result is favorable to the Company, the amount of assets recognized shall not exceed the present value of future economic benefits, whether they are realized through refund of plan contributions or decrease of future contributions. Present value of economic benefits is calculated after taking into consideration all minimum contribution requirements.

Remeasurement of net defined benefit liabilities, including actuarial gains/losses, return on plan assets (excluding interest), and changes in the effect of the asset ceiling (excluding interest), are immediately recognized through other comprehensive income and accumulated in retained earnings. The Company determines net interest expenses (income) on net defined benefit liabilities (assets) using the balance of net defined benefit liabilities (assets) and discount rate as at the beginning of the reporting period. Net interest expense and other expenses for defined benefit plans are recognized in profit or loss.

When the plan is amended or curtailed, any change in benefit that arises in relation to service cost in previous periods or curtailment gains/losses is immediately recognized through profit and loss. The Company will recognize gain or loss on settlement of defined benefit plan, if any.

3. short-term employee benefits

Short-term employee benefit obligations are expensed at the time service is rendered. These amounts are recognized as liability when the Company becomes legally obligated or is deemed obligated to pay employees for past services rendered, and that such obligations can be estimated reliably.

(XVI) Income tax

Income tax expense comprises current income tax and deferred income tax. Current income tax and deferred income tax are recognized through profit and loss, except for amounts that arise in relation to business combination and items that are recognized directly under equity or other comprehensive income.

Current income tax includes all income taxes refundable/payable for the current year, which is calculated based on current year's taxable income (or loss), plus any adjustment to income tax payable/refundable in previous years. This amount represents the best estimate of taxes that the Company expects to pay or collect given the statutory tax rate or substantively enacted tax rate prevailing on the reporting date, and reflects uncertainties (if any) concerning income tax.

Deferred income tax represents the tax impact of temporary differences between asset/liability figures presented for financial reporting purpose and asset/liability figures used for taxation basis. No deferred income tax is recognized on temporary differences that arise under the following circumstances:

1. Not the assets or liabilities initially recognized in a transaction of business combination, and does not affect accounting profits and taxable income (losses) at the time of the transaction;
2. Due to the temporary differences on the equity arising from investment in subsidiaries, associates and joint venture, the Company can control the timing of the reversal of the temporary difference and it is very likely that the reversal will not occur in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax is calculated using tax rate that the Company expects to be effective at the time the temporary difference is reversed. In this financial report, the statutory tax rate or effective tax rate as at the reporting date was used for calculation.

Deferred income tax assets and deferred income tax liabilities are offset against each other only when the following conditions are met:

1. Has the legally enforceable right to offset current income tax assets against current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers whose income tax is levied by the same tax authority:
   (1) The same taxpayer; or
   (2) Different taxpayers, but each tax payers intends to settle current income tax liabilities and assets on a net basis, or realize assets and settlement simultaneously, in each future period in which significant amounts of deferred income tax assets are expected to be recovered and deferred income tax liabilities are expected to be settled.

Unused tax losses and tax credits can be added to deductible temporary differences and recognized as deferred tax assets, to the extent that the Company is likely to earn taxable income to offset against. Deferred tax assets are evaluated on each reporting date. Tax benefits that are not likely to be realized will be reduced down to the realizable amount, and the Company may reverse the amount it had reduced when it becomes likely to generate sufficient taxable income.

(XVII) Earnings per share

Earnings attributable to the Company's common shareholders are presented in basic and diluted earnings per share. Basic earnings per share is calculated by dividing the amount of profits attributable to the Company's common shareholders with the weighted average number of outstanding common shares for the given period. Diluted earnings per share is calculated after adjusting the amount of profits attributable to the Company's common shareholders and weighted average number of common shares for the dilutive effect of potential common shares. Potential common shares with dilutive effect are intended as share-based payment for employee remuneration.

(XVIII) Segment information

An operating segment is a section of the Company that generates income and incurs expenses as part of its activities (including income and expenses from transacting with other sections of the Company). Operating results of all segments are reviewed regularly by the Company's main decision maker for resource allocation and performance evaluation. All operating segments are individually capable of producing financial information.

V. Sources of uncertainty to significant accounting judgments, estimates, and assumptions

When preparing financial statements in compliance with the Preparation Regulations, the management is required to make judgments, estimates, and assumptions in accordance with FSC-approved IFRS. These judgments, estimates, and assumptions may affect adoption of accounting policies and amounts of asset, liability, income, and expense reported. The actual results may differ from estimates.

The management constantly reviews its estimates and assumptions. Impacts from changes in accounting estimate are recognized in the year the changes take place and in future years when impacts materialize.

Uncertainty of the following assumptions and estimates have material risk of causing a significant adjustment to the carrying amount of assets and liabilities in the following fiscal year, and reflect the impact of the COVID-19 pandemic. The relevant information is as follows:

Inventory valuation

Due to the fact that inventory is measured at the lower of cost and net realizable value, the Company would assess inventory on the reporting date for any decrease in sales value due to normal wear, obsolescence, or absence of market demand, and reduce inventory cost to net realizable value accordingly. This inventory evaluation is mainly based on the demand for the product in a specific period in the future, so there may be major changes due to sales demand and prices. Please refer to Note 6 (6) for the details of inventory evaluation.

VI. Notes to major accounts

(I) Cash and cash equivalents

	2022.12.31	2021.12.31
Reserve cash	$ 404,692	265,497
Demand deposit	187,209,078	540,294,852
Check deposit	26,559,388	18,681,143
Cash and cash equivalents presented in the cash flow statement	**$ 214,173,158**	**559,241,492**

Please refer to Note 6 (25) for the exchange rate risk and sensitivity analysis and credit risk disclosure of the company’s financial assets.

(II) Financial assets measured at fair value through other comprehensive income

	2022.12.31	2021.12.31
Equity instruments at fair value through other comprehensive income:		
TWSE/TPEx listed shares:		
HIWIN	$ 18,980,000	-
A CHEN STAINLESS PIPE CO., LTD.	-	13,875,000
Sino-American Silicon Products Inc.	13,950,000	-
China Steel Chemical	52,750,000	120,500,000
China Steel	-	14,140,000
ASE Technology Holding	75,120,000	53,250,000
GENIUS ELECTRONIC OPTICAL CO., LTD.	16,775,000	21,160,000
DELTA ELECTRONICS, INC.	28,650,000	41,250,000
Taiwan Semiconductor Manufacturing	156,975,000	49,200,000
Cleanaway Company Limited	54,000,000	23,350,000
ChainQui Construction Development	1,367,100	1,715,850
Asia Pacific Telecom	36,600,000	49,320,000
Asia Optical	18,150,000	14,085,000
VisEra Technologies Company Limited.	19,350,000	-
Universal Microwave Technology, Inc.	16,140,000	-
Eternal Materials	15,625,000	26,122,500
GUDENG PRECISION INDUSTRIAL CO., LTD.	26,500,000	32,400,000
Yageo	162,360,000	76,720,000
KAIMEI ELECTRONIC CORP.	48,150,000	80,800,000
China Airlines.	9,500,000	-
WALSIN LIHWA CORPORATION	9,440,000	-
CHPT	51,205,000	25,596,000
Episil Holding Inc.	16,920,000	14,300,000
Sunspring Metal	6,780,000	8,220,000
Zhen Ding Technology Holding Limited. -KY	4,200,000	30,150,000
Hon Hai Precision Industry	39,960,000	52,000,000
FOXCONN TECHNOLOGY CO., LTD.	20,760,000	25,960,000
NOVATEK MICROELECTRONICS CORP.	50,480,000	-
Win Semiconductors	13,650,000	29,960,000
Subtotal	984,337,100	804,074,350
Non-listed domestic and foreign companies:		
CSGT Metals	56,496,230	54,802,550
Universal Venture Capital Investment	10,990,000	10,778,424
KHH Arena Corporation	61,091,250	68,557,500

ENRESTEC	263,015,408	268,373,422
How Weih Holding	560,563,395	570,547,183
Southern Air Transport, Inc.	3,500,000	-
Subtotal	955,656,283	973,059,079
Total	$ 1,939,993,383	1,777,133,429

	111.12.31	110.12.31
Current	$ 984,337,100	804,074,350
Non-current	955,656,283	973,059,079
	$ 1,939,993,383	1,777,133,429

This category of equity instruments are held as strategic long-term investments and not for trading, and therefore are designated to be measured at fair value through other comprehensive income.

Due to the above equity instrument investments measured at fair value through other comprehensive income, the dividend income recognized for the year ended December 31, 2022 and 2021 is NT$44,286,169 and NT$31,209,496, respectively.

Due to investment strategy considerations for the year ended December 31, 2022 and 2021, the Company sold the equity instrument investment designated to be measured at fair value through other comprehensive profit and loss. The fair value at the time of disposal was NT$352,877,571 and NT$2,314,650,854 respectively. The accumulative disposal benefits were NT$18,135,708 and NT$170,935,739 respectively, so the aforementioned accumulated disposal interests have been transferred from other interests to retained earnings.

Please refer to Note 6 (25) for information on market risk

None of the above financial assets was pledged as collateral.

(III) Other financial assets

	2022.12.31	2021.12.31
Restricted bank deposits	$ 20,022,848	-

Please refer to Note 6 (25) for credit risk information.

Please refer to Note 8 for details of the above-mentioned financial assets as collaterals for short-term loans and financing amount.

(IV) Notes Receivable and Accounts Receivable

	2022.12.31	2021.12.31
Notes receivable - arising from business activities	$ 4,291,169	-
Accounts receivable - at cost after amortization	103,257,372	96,356,522
Less: loss provisions	-	-
	$ 107,548,541	96,356,522

The Company adopted the simplified approach to estimate expected credit loss on all notes and accounts receivable, which involved measuring expected credit loss for the duration of its receivables. To facilitate this approach, notes and accounts receivable were divided into several groups using common credit risk characteristics that assess customers' ability to pay contractual sum at maturity. This approach incorporates the use of forward-looking information. The expected credit loss analysis of the Company's accounts receivable is as follows:

	2022.12.31		
	Book value of notes and accounts receivable	**Weighted average expected credit loss rate**	**Provision for expected credit loss over the remaining duration**
Not overdue	$ 107,548,541	-	-
Overdue	-	-	-
	$ 107,548,541		-

	2021.12.31		
	Book amount of accounts receivable	**Weighted average expected credit loss rate**	**Provision for expected credit loss over the remaining duration**
Not overdue	$ 96,356,522	-	-
Overdue	-	-	-
	$ 96,356,522		-

The Company's account receivable allowance loss changes statement is as follows:

	2022	**2021**
Opening balance	$ -	-
Closing balance	$ -	-

The Company does not hold any collateral over these balances.

(V) Other accounts receivable and notes

1. other accounts receivable

	2022.12.31	2021.12.31
Other receivables - proceeds from disposal of shares	$ 4,766,316	26,322,345
Other receivables - purchase discounts	252,134	356,601
Other receivables - others	2,755,219	2,139,048
Other receivables – dividend income	1,307,500	275,000
Guarantee deposits paid	4,536,500	5,830,867
Less: loss provisions	470,460	470,460
	$ 13,147,209	34,453,401

	2022.12.31	2021.12.31
Presented as net other receivables	$ 8,610,709	28,622,534
Presented as guarantee deposits paid	4,536,500	5,830,867
	$ 13,147,209	34,453,401

Others mainly comprise proceeds from the sale of scraps.

2. Other notes receivable

	2022.12.31	2021.12.31
Other notes receivable - rent proceeds	$ 200,000	200,000
Less: loss provisions	-	-
	$ 200,000	200,000

Please refer to Note 6 (25) for other credit risk information.

(VI) Inventory

	2022.12.31	2021.12.31
raw materials	$ 396,910,877	335,657,133
Work-in-progress	104,184,469	139,636,706
Finished goods	235,410,049	232,918,709
Inventory in transit	1,586,388	11,293,208
Scraps	112,492	305,692
	$ 738,204,275	719,811,448

Detailed breakdown of sales cost:

	2022	2021
Reclassified into sales costs and expenses	$ 1,860,629,097	1,325,269,830
Inventory devaluation loss	10,488,997	1,641,231
Unallocated manufacturing overheads	34,194,019	38,837,082
revenue from sale of scraps	(28,680,589)	(19,989,924)
Others	(74,744)	124,624
lease cost	12,366,414	10,168,173
	$ 1,888,923,194	**1,356,051,016**

None of the Company's inventory was pledged as collateral.

(VII) Non-current assets held for sale

On November 11, 2022, the Company decided to sell the investment property land at No. 2, Xinfeng Section, Sanmin District, Kaohsiung City, and signed a sales contract with the counterparty on December 26, 2022. The total transaction price is NT$452,373,000. As of December 31, 2022, due to the transaction procedures of the land has not finished, the land transfer has not yet been completed.

The transfer of the above-mentioned assets from the investment property amounted to NT$113,333,469, which was measured by the lower of the book value and the fair value less the cost of sale, and there was no impairment loss.

Please refer to Note 8 for the details of the Company’s non-current assets held for sale as collaterals.

(VIII) Investments accounted for using equity method

The Company holds 38.32% of the voting shares of KHC STEEL INTERNATIONAL CORP. Although the other 61.68% shares are not held by a specific shareholder, the Company still cannot obtain more than half of the seats of the directors of KHC STEEL INTERNATIONAL CORP., and failed to obtain more than half of the voting rights of shareholders presented at the shareholders’ meeting. Therefore, it is determined that the Company has only a significant influence on KHC STEEL INTERNATIONAL CORP.

The Company holds 45.79% of the voting shares of HSIEH CHANG HSING TRADING CO., LTD. Although the other 54.21% shares are not held by a specific shareholder, the Company still cannot obtain more than half of the seats of the directors of HSIEH CHANG HSING TRADING CO., LTD., and failed to obtain more than half of the voting rights of shareholders presented at the shareholders’ meeting. Therefore, it is determined that the Company has only a significant influence on HSIEH CHANG HSING TRADING CO., LTD.

The company holds 20% of the voting shares of SUNWARD REFRACTORIES CO. LTD. The other 80% of the shares of SUNWARD REFRACTORIES CO. LTD. are held by a specific shareholder. The Company cannot obtain more than half of the seats of the directors of SUNWARD REFRACTORIES CO. LTD., and failed to obtain more than half of the voting rights of shareholders presented at the shareholders' meeting. Therefore, it is determined that the Company has only a significant influence on SUNWARD REFRACTORIES CO. LTD.

In the first quarter of 2022, the Company invested NT$99,000,000 in Smartway Ark Alliance Co., Ltd., with a shareholding ratio of 45%. The other 55% of the shares of Smartway Ark Alliance Co., Ltd. are held by a specific shareholder. The Company cannot obtain more than half of the seats of the directors of Smartway Ark Alliance Co., Ltd., and failed to obtain more than half of the voting rights of shareholders presented at the shareholders' meeting. Therefore, it is determined that the Company has only a significant influence on Smartway Ark Alliance Co., Ltd.

Associated companies accounted using the equity method as at the reporting date:

	2022.12.31	2021.12.31
KHC Steel International Corp.	$ 128,274,407	141,629,586
Hsieh Chang Hsing Trading Co., Ltd.	212,975,236	238,042,155
Sunward Refractories Co., Ltd.	72,544,231	69,105,142
Smartway Ark Alliance Co., Ltd.	99,030,271	-
	$ 512,824,145	**448,776,883**

1. Associates

The Company's share of gains (losses) from associated companies is summarized below:

	2022	2021
KHC Steel International Corp.	$ (1,131,323)	(1,322,159)
Hsieh Chang Hsing Trading Co., Ltd.	(57,968)	(56,221)
Sunward Refractories Co., Ltd.	3,439,089	9,801,039
Smartway Ark Alliance Co., Ltd.	30,271	-
	$ 2,280,069	**8,422,659**

The Company's share of other comprehensive income from associated companies is summarized below:

	2022	2021
KHC Steel International Corp.	$ (11,581,721)	(11,935,992)
Hsieh Chang Hsing Trading Co., Ltd.	(25,008,951)	12,504,476
Sunward Refractories Co., Ltd.	-	-
Smartway Ark Alliance Co., Ltd.	-	-
	$ (36,590,672)	**568,484**

Financial information of associated companies is summarized below; the following information has not been adjusted for the Company's ownership percentage:

(1) KHC STEEL INTERNATIONAL CORP.

	2022.12.31	2021.12.31
Current assets	$ 18,288,474	34,898,141
Non-current assets	352,052,838	342,169,388
	$ 370,341,312	**377,067,529**
Current liabilities	$ 35,414,667	7,289,164
Non-current liabilities	181,323	181,323
	$ 35,595,990	**7,470,487**

	2022	2021
Operating revenue	$ -	-
Current net loss	$ (2,952,304)	(3,450,310)
Other comprehensive income	(30,223,699)	(31,148,203)
Total comprehensive income	**$ (33,176,003)**	**(34,598,513)**

	2022	2021
The Company’s share of the net assets of associates, at the beginning of the period	$ 141,629,586	130,888,282
Comprehensive profit and loss attributable to the Company for the current period	(12,713,044)	(13,258,151)
The share of equity instruments disposed of by associates recognized in the current period	(642,135)	23,999,455
Share of net assets attributable to the Company as of the end of the period	**$ 128,274,407**	**141,629,586**

(2) HSIEH CHANG HSING TRADING CO., LTD.

	2022.12.31	2021.12.31
Current assets	$ 907,702	1,034,298
Non-current assets	464,241,283	518,857,904
	$ 465,148,985	**519,892,202**
Current liabilities	$ 36,000	36,000
Non-current liabilities	-	-
	$ 36,000	**36,000**

	2022	2021
Operating revenue	$ -	-
Current net loss	$ (126,596)	(122,780)
Other comprehensive income	(54,616,621)	27,308,310
Total comprehensive income	**$ (54,743,217)**	**27,185,530**

	2022	2021
The Company’s share of the net assets of associates, at the beginning of the period	$ 238,042,155	225,593,900
Comprehensive profit and loss attributable to the Company for the current period	(25,066,919)	12,448,255
Share of net assets attributable to the Company as of the end of the period	**$ 212,975,236**	**238,042,155**

(3) Summary of SUNWARD REFRACTORIES CO. LTD

	2022.12.31	2021.12.31
Current assets	$ 264,259,355	326,739,094
Non-current assets	176,599,483	190,287,229
	$ 440,858,838	**517,026,323**
Current liabilities	$ 86,692,148	94,248,980
Non-current liabilities	183,003,476	268,809,573
	$ 269,695,624	**363,058,553**

	2022	2021
Operating revenue	**$ 444,622,246**	**335,676,746**
Current net income	$ 17,195,444	49,005,193
Other comprehensive income	-	-
Total comprehensive income	**$ 17,195,444**	**49,005,193**

	2022	2021
The Company’s share of the net assets of associates, at the beginning of the period,	$ 30,793,554	(24,207,485)
Comprehensive profit and loss attributable to the Company for the current period	3,439,089	9,801,039
Capital increase for the associates for the current period	-	45,200,000
Share of net assets attributable to the Company as of the end of the period	34,232,643	30,793,554
Add:goodwill	38,311,588	38,311,588
Book value of net assets attributable to the Company as of the end of the period	**$ 72,544,231**	**69,105,142**

(4) Summary of Smartway Ark Alliance Co

	2022.12.31
Current assets	$ 180,250,745
Non-current assets	40,041,021
	$ 220,291,766
Current liabilities	$ 186,662
Non-current liabilities	37,836
	$ 224,498

	2022
Operating revenue	**$ -**
Current net income	$ 67,268
Other comprehensive income	-
Total comprehensive income	**$ 67,268**

	2022
The Company's share of the net assets of associates, at the beginning of the period	$ -
Comprehensive profit and loss attributable to the Company for the current period	30,271
Capital increase for the associates for the current period	99,000,000
Share of net assets attributable to the Company as of the end of the period	**$ 99,030,271**

2. Guarantee

None of the Company's equity-accounted investments was pledged as collateral.

(IX) Property, plant and equipment

Changes in cost, accumulated depreciation, and impairment of the Company's property, plant, and equipment are explained below:

	Land	Buildings	Machinery	Others	Total
Cost or deemed cost:					
Balance, January 1, 2022	$ 1,106,417,035	1,447,268,902	2,231,937,037	253,934,192	5,039,557,166
Additions	-	-	22,939,113	20,878,045	43,817,158
Disposals	-	-	(1,606,000)	-	(1,606,000)
Reclassification	-	-	14,941,551	(14,941,551)	-
Balance, December 31, 2022	$ 1,106,417,035	1,447,268,902	2,268,211,701	259,870,686	5,081,768,324
Balance, January 1, 2021	$ 1,106,417,035	1,446,436,138	2,218,221,257	248,689,692	5,019,764,122
Additions	-	400,000	16,588,200	10,452,264	27,440,464
Disposals	-	-	(7,390,420)	(257,000)	(7,647,420)
Reclassification	-	432,764	4,518,000	(4,950,764)	-
Balance,12312021	$ 1,106,417,035	1,447,268,902	2,231,937,037	253,934,192	5,039,557,166
Accumulated depreciation and impairment:					
Balance ,January 1, 2022	$ -	1,141,415,402	2,140,329,004	237,982,817	3,519,727,223
Depreciation	-	17,848,966	27,039,167	3,824,483	48,712,616
Disposal	-	-	(713,776)	-	(713,776)
Balance,12312022	$ -	1,159,264,368	2,166,654,395	241,807,300	3,567,726,063
Balance, January 1, 2021	$ -	1,123,674,319	2,121,110,450	235,091,984	3,479,876,753
Depreciation	-	17,741,083	26,516,019	3,147,833	47,404,935
Disposal	-	-	(7,297,465)	(257,000)	(7,554,465)
Balance, December 31, 2021	$ -	1,141,415,402	2,140,329,004	237,982,817	3,519,727,223
Book value:					
Balance, December 31, 2022	$ 1,106,417,035	288,004,534	101,557,306	18,063,386	1,514,042,261
Balance, January 1, 2021	$ 1,106,417,035	322,761,819	97,110,807	13,597,708	1,539,887,369
Balance, December 31, 2021	$ 1,106,417,035	305,853,500	91,608,033	15,951,375	1,519,829,943

Please refer to note 8 for details of the Company’s property, plant and equipment provided as collateral.

(X) Right-of-use asset

For the Company's right-of-use assets recognized by leased houses and buildings and their costs, depreciation and deduction or reversal of impairment losses, details of any changes thereof are listed as follows:

	Buildings
Cost of right-of-use asset:	
Balance, January 1, 2022 (which is the balance on December 31)	**$ 19,741,680**
Balance, January 1, 2021(which is the balance on December 31)	**$ 19,741,680**
Accumulated depreciation and impairment losses:	
Balance, January 1, 2022	$ 9,870,840
Provision for depreciation	3,290,280
Balance, December 31, 2022	**$ 13,161,120**
Balance, January 1, 2021	$ 6,580,560
Provision for depreciation	3,290,280
Balance, December 31, 2021	**$ 9,870,840**
Book value:	
Balance, December 31, 2022	**$ 6,580,560**
Balance, January 1, 2021	**$ 13,161,120**
Balance, December 31, 2021	**$ 9,870,840**

(XI) Investment Property

Changes in the Company's investment properties are detailed below:

	Land and improvement	Buildings	Total
Cost or deemed cost:			
Balance, January 1, 2022	$ 2,122,918,103	25,004,535	2,147,922,638
Additions	-	3,566,980	3,566,980
Transferred to Non-current assets held for sale	(113,333,469)	-	(113,333,469)
Balance, December312022	$ 2,009,584,634	28,571,515	2,038,156,149
Balance, January1, 2021	$ 2,122,918,103	25,004,535	2,147,922,638
Balance, December312021	$ 2,122,918,103	25,004,535	2,147,922,638
Accumulated depreciation and impairment losses:			
Balance, January1	$ -	6,920,779	6,920,779
Depreciation	-	3,769,277	3,769,277
Balance, December 31, 2022	$ -	10,690,056	10,690,056
Balance, January 1, 2021	$ -	3,131,020	3,131,020
Depreciation	-	3,789,759	3,789,759
Balance, December 31, 2021	$ -	6,920,779	6,920,779
Book value:			
Balance, December 31, 2022	$ 2,009,584,634	17,881,459	2,027,466,093
Balance, January 1, 2021	$ 2,122,918,103	21,873,515	2,144,791,618
Balance, December 31, 2021	$ 2,122,918,103	18,083,756	2,141,001,859
Fair value:			
Balance, December 31, 2022			$ 5,017,475,405
Balance, January 1, 2021			$ 4,457,572,250
Balance, December 31, 2021			$ 5,628,807,971

In order to revitalize assets and enrich working capital, the Company transferred land and improvements to non-current assets held for sale in December 2022. Please refer to note 6(7) for details.

The investment property includes providing land for lease as a parking lot, and no contingent rent is collected. Please refer to note 6 (17) for details (including rental income and direct operating expenses).

The company’s investment property on December 31, 2022 and 2021 is measured at fair value based on repetition, and its fair value is evaluated by the Company using comparable property transaction information in similar locations. The input used in its fair value evaluation technique is level 3.

Please refer to Note 8 for the details of the Company’s investment property provided as collateral.

(XII) Other current assets

Details of the Company's other current assets are explained below:

	2022.12.31	2021.12.31
Prepaid insurance premiums	$ 161,897	107,956
Supplies inventory count	15,290,532	15,314,572
Prepaid purchases	9,742	5,829
Tax credit	-	4,524,673
Others	3,819,675	250,864
	$ 19,281,846	20,203,894

(XIII) Short term notes and bills payable

	2022.12.31
Commercial paper payable	$ 125,000,000
Less: discount on short term notes and bills payable	(300,028)
Total	$ 124,699,972

The issuance period of short-term notes and bills is within 60days, and the interest rate range on December 31, 2022 is 2.1480%–2.2537%. In addition, please refer to Note 6 (14) for the unused quota of short-term notes and bills payable is expressed in short-term loans. Please refer to Note 6 (25) for the details of the disclosure of interest rate risk and sensitivity analysis of the Company’s financial liabilities.

Please refer to Note 8 for details of the Company’s guarantee for the supply of short-term notes and bills by setting up mortgages with assets.

(XIV) Short term loans

Details regarding the Company's short-term loan are as follows:

	2022.12.31	2021.12.31
Loans under L/C	$ 395,071,179	722,340,870
Secured bank loan	2,810,000,000	2,510,000,000
Total	**$ 3,205,071,179**	**3,232,340,870**
Unused limit	**$ 999,928,821**	**217,659,130**
Interest rate range	**1.95%~2.51%**	**1.45%~1.92%**

For details on bank loans secured by the Company's assets, please see Note VIII.

(XV) Other current liabilities

Details of the Company's other current liabilities are explained below:

	2022.12.31	2021.12.31
Unearned revenues	$ 190,475	190,475
Sales proceeds in advance - contractual liabilities	7,894,803	6,982,486
Others	138,487	125,491
	$ 8,223,765	**7,298,452**

(XVI) Long term loans

Details, conditions, and terms of long-term loans of the Company are as follows:

	2022.12.31	2021.12.31
Secured bank loan	$ 700,000,000	700,000,000
Less: Portion due within one year	(32,558,140)	-
Total	**$ 667,441,860**	**700,000,000**
Unused limit	**$ 1,750,000,000**	**-**
Interest rate range	**2.43%**	**1.8%**

1. Please refer to Note 8 for details of the Company’s assets pledged for bank loans.
2. The Company and the financial institution agreed that the first three years of the loan period (September 2020 to September 2023) will be a grace period. During the grace period, no principal but only interest needs to be paid.

(XVII) Operating lease

1. Lessee lease

The Company rents office space from related parties in the form of operating lease; please refer to Note VII for details.

2. Lessor lease

The Company leased its investment properties and some equipment. Since almost all the risks and rewards attached to the ownership of the underlying assets have not been transferred, these lease contracts are classified as operating leases. Please refer to Note 6 (11) investment property for details.

The rental income generated from investment properties for the year ended December 31, 2022 and 2021 is NT$33,996,955 and NT$32,776,266 respectively, which are reported under operating income. The maintenance expenses of investment properties are NT$12,366,414 and NT$10,168,173 respectively, which are reported under operating costs.

(XVIII) Employee benefits

1.Defined benefit plans

Reconciliation between present value of defined benefit obligations and fair value of plan assets:

	2022.12.31	2021.12.31
Present value of defined benefit obligations	$ 122,519,242	125,585,966
Fair value of plan assets	(94,092,359)	(83,577,790)
Net defined benefit liabilities	**$ 28,426,883**	**42,008,176**

Contributions for defined benefit plan are made to a dedicated pension fund account opened with Bank of Taiwan. For retirees who opted for the pension scheme mentioned in the Labor Standards Act, the amount of pension benefit is calculated based on average salary for the six months preceding their retirement and the number of basis points accumulated over the duration of their service.

(1) Components of plan assets

Pension fund contributions that the Company has made in accordance with the Labor Standards Act are collectively managed by the Bureau of Labor Funds (BLF), Ministry of Labor. Pursuant to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund," plan assets can only be allocated to investments that offer annual yields higher than the 2-year time deposit rate quoted by local banks.

As of the reporting date, the balance of the Company’s special account for labor retirement reserves at Bank of Taiwan is NT$95,913,914. Please visit the BLF website for more details such as fund yield and allocation of fund assets.

(2) Changes in the present value of defined benefit obligations

The changes in the present value of the Company's defined benefit obligations for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Defined benefit obligations on January 1	$ 125,585,966	126,725,675
Service cost and interest in the current period	1,606,908	1,587,224
Remeasurement of net defined benefit liabilities (assets)		
- Actuarial gains/losses due to adjustment by experience	10,582,788	5,218,094
- Actuarial gains/losses due to change of financial assumption	(8,176,348)	2,801,848
Amount of direct payment	(7,080,072)	(10,746,875)
Defined benefit obligations on December 31	**$ 122,519,242**	**125,585,966**

(3) Changes in fair value of plan assets

The changes in the fair value of the Company's defined benefit plans assets for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Fair value of plan assets on January 1	$ 83,577,790	84,331,416
Remeasurement of net defined benefit liabilities (assets)		
- Return on plan assets (excluding current period interest)	6,971,028	1,178,969
Amount contributed to the plan	10,117,545	8,307,051
Expected return on plan assets	506,068	507,229
Benefits paid from plan	(7,080,072)	(10,746,875)
Fair value of plan assets on December 31	**$ 94,092,359**	**83,577,790**

(4) Expense recognized in profit or loss

The details of the Company's expenses reported for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Current period service costs	$ 839,710	816,715
Net interest on net defined benefit liabilities	261,130	263,280
	$ 1,100,840	1,079,995
Operating costs	$ 937,721	915,763
Management expenses	163,119	164,232
	$ 1,100,840	1,079,995

(5) Remeasurement of net defined benefit liability recognized in other comprehensive profit or loss

Cumulative remeasurement of net defined benefit obligations recognized in other comprehensive income:

	2022	2021
Accumulated balance on January 1	$ (38,240,722)	(31,399,749)
Amount recognized in the current period	4,564,588	(6,840,973)
Accumulated balance on December 31	$ (33,676,134)	(38,240,722)

(6) Actuarial assumptions

The major actuarial assumptions used by the Company to determine the present value of the defined benefit obligations on the reporting date are as follows:

	2022.12.31	2021.12.31
Discount rate	1.500%	0.625%
Future salary increase	1.000%	1.000%

The amount that the Company estimates to pay for the contribution to the defined benefit plan within one year after the reporting date of the year ended December 31, is NT$472,404.

The weighted average duration of defined benefit plans is 9.86years.

(7) sensitivity analysis

The impact of changes in the main actuarial assumptions adopted to the present value of the defined benefit obligation for the year ended December 31, 2022 and 2021 is as follows:

	Effect of (gains) losses to defined benefit obligations	
	Increase	**Decrease**
December 31, 2022		
Discount rate (change0.25%)	$ (2,183,100)	2,248,943
Increase in the future salary (change0.25%)	2,167,872	(2,114,774)
December31, 2021		
Discount rate (change0.25%)	(2,523,203)	2,605,098
Increase in the future salary (change0.25%)	2,497,137	(2,431,489)

The above sensitivity analysis assumes changes to one variable at a time while keeping all other variables constant. In reality, however, multiple assumptions may change at the same time and are related to each other. The sensitivity analysis was conducted using the same method as how net pension liabilities are presented in the balance sheet.

Methodology and assumption for current period's sensitivity analysis are consistent with those of the previous period.

2. Defined contribution plans

The Company's defined contribution benefit plan is in accordance with the provisions of the Labor Pension Act, and is withheld to the labor pension individual account of the Bureau of Labor Insurance at a withholding rate of6% of the monthly salary of the labor. Under this plan, the Company would be freed of pension obligations (whether statutory or inferred) once it has contributed this amount to the Bureau of Labor Insurance.

The Company's pension expenses for the year ended December 31, 2022 and 2021 defined under the retirement pension method are NT$4,831,625 and NT$4,593,734, respectively, which have been withheld to the Bureau of Labor Insurance.

3. Short term employee benefits

Below are details of employee benefit liabilities:

	2022.12.31	**2021.12.31**
Paid leave of absence (presented as other payables)	**$ 7,490,200**	**6,513,878**

(XIX) Income tax

1. Income tax expense

Below are details of the Company's income tax expenses:

	2022	2021
Current income tax expense – occurred at current period	$ 8,515,815	20,452,288
Current income tax expense – Adjustment to the current income tax of the previous period	(1,140,269)	-
Deferred income tax expense	-	-
Income tax expense	$ 7,375,546	20,452,288

For the year ended December 13, 2022 and 2021, the Company did not recognize income tax expenses for equity and other comprehensive profit or loss.

For the year ended December 13, 2022 and 2021, the adjustment to the relationship between the Company's income tax expenses and profit before tax is as follows:

	2022	2021
Net profit before tax	$ 119,559,122	62,568,800
Income tax calculated by applying local tax rate of the country where the Company is located	$ 23,911,824	12,513,760
Non-deductible expenses	1,160,941	1,485,234
Exempt income	(7,191,294)	(3,959,670)
Investment benefits effects recognized under the equity method	(456,013)	(1,684,531)
Tax losses on unrecognized deferred tax assets	(7,665,679)	(6,859,318)
Changes in temporary difference not recognized as deferred income tax asset	(9,759,779)	(1,495,475)
Prior period overestimate	(1,140,269)	-
Surtax on undistributed retained earnings	7,988,349	-
Basic income tax	527,466	20,452,288
Income tax expense	$ 7,375,546	20,452,288

2. Deferred income tax assets and liabilities

(1) Unrecognized deferred tax assets

The following items were not recognized as deferred income tax asset:

	2022.12.31	2021.12.31
Deductible temporary differences	$ 375,473,120	424,272,014
Tax losses	3,085,175,927	4,281,630,465
	$ 3,460,649,047	**4,705,902,479**

Tax losses, as defined in the Income Tax Act, are losses certified by the tax authority in the last 10 years that can be taken to reduce current year's taxable income. As of December 31, 2022, the Company estimates the taxable income generated by the profit in the future year, and assessed the loss carryforwards and deductible temporary differences. It is not likely to be used to deduct the taxable income, so no deferred income tax assets are recognized. If there is an increase in taxable income arising from operating profits, it will be recognized as a deferred income tax asset.

On December 31, 2022, the tax losses that the Company did not recognize as deferred income tax assets, the deduction period is as follows:

Year of loss	Losses not yet deducted	Final year available for deduction
2013	$ 629,483,443	2023
2014	408,627,324	2024
2015	413,721,031	2025
2016	417,474,366	2026
2017	318,954,784	2027
2018	529,810,099	2028
2019	214,044,806	2029
2020	153,060,074	2030
Total	**$ 3,085,175,927**	

(2) Recognized deferred income tax liabilities

The changes in the deferred income tax liabilities for the year ended December 31, 2022 and 2021 are:

	Land value increment tax
Deferred income tax liabilities:	
Balance on January 1, 2022	$ 210,632,330
Debit (credit) to profit and loss	-
Balance on December 31, 2022	**$ 210,632,330**
Balance on January1, 2021	$ 210,632,330
Debit (credit) to profit and loss	-
Balance on December31, 2021	**$ 210,632,330**

3. Assessment situation of income tax

The Company's profit-seeking enterprise income tax settlement declaration has been approved by the tax collection agency until the year ended December 31, 2020.

(XX) Capital and other interests

1. Capital of common shares

For the year ended December 31, 2022 and 2021, the Company's total capital of shares is NT$5,800,000,000, and a par value of NT$10 per share, with 580,000,000 shares. There are 200,852,2933 issued ordinary shares, and payment for all issued shares has been received.

2. Paid-in capital

The following is a breakdown of the Company's capital reserve:

	2022.12.31	2021.12.31
Treasury stock	$ 75,159,101	75,159,101

According to The Company Act, balances of realized capital reserve can be distributed in shares or cash back to shareholders at the current shareholding percentage after reimbursing cumulative losses. The term "realized capital reserve" mentioned above includes shares issued at premium and gains from gifts. Pursuant to Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves converted into share capital is capped at 10% of paid-up capital per year.

3. Retained earnings

According to the Company's Articles of Incorporation, if the company has a surplus in the final accounts, it should first pay taxes and make up for accumulated losses, and then set aside 10% as the legal reserve. However, when the legal reserve amounts to the authorized capital, this shall not apply. The residual balance can then be paid out in cash dividends, and any earnings remaining may be added to undistributed earnings carried from previous years and distributed as stock dividends, subject to board of directors' proposal and shareholders' resolution in a shareholder meeting. The distribution of dividends to the shareholders will be distributed in cash dividends and stock dividends at an appropriate ratio. The cash dividends shall not be less than50%.

(1) Legal reserve

The Company Act stipulates that, subject to resolution of a shareholder meeting, companies with no cumulative losses may distribute statutory reserve in cash or in shares; however, only the amount of statutory reserve that exceeds paid-up capital by more than 25% can be distributed.

(2) Special reserve

In accordance with the regulations of the Financial Supervisory Commission, the difference between the net deduction of other shareholders’ equity recorded in the current year and the balance of the special surplus reserve reported in the prior period shall be supplemented as a special surplus reserve from the current profit and loss and the undistributed surplus of the previous period. The deduction amount of other shareholders’ equity accumulated in the previous period shall be supplemented by the undistributed surplus of the previous period as a special surplus reserve, and shall not be distributed. If contra equity items are reversed on a later date, the Company may also reverse a matching amount from its special reserves and distribute it to shareholders.

(3) Distribution of the surplus

The shareholders’ meeting of the Company on June 23, 2022 and August 26, 2021, respectively, resolved the 2021 and 2020 profit distribution proposals, and no dividends were distributed.

4. Other equity (balance after tax)

	Investments at fair value through other comprehensive income
Balance on January 1, 2022	$ 210,984,643
Unrealized gains (losses) on financial assets at fair value through other comprehensive income:	
The Company	(234,168,424)
Associated companies	(36,590,672)
Disposal of equity instruments at fair value through other comprehensive income:	
The Company	(18,135,708)
Associated companies	642,135
Balance on December 31,2022	**$ (77,268,026)**
Balance on January 1, 2021	$ 243,713,136
Unrealized gains (losses) on financial assets at fair value through other comprehensive income:	
The Company	161,638,217
Associated companies	568,484
Disposal of equity instruments at fair value through other comprehensive income:	(170,935,739)
The Company	
Associated companies	(23,999,455)
Balance on December 31, 2021	**$ 210,984,643**

(XXI) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
1. Basic earnings per share		
Net profit attributable to equity holders of ordinary shares of the Company	$ 112,183,576	42,116,512
Weighted average number of outstanding common shares (unit:shares)	200,852,293	200,852,293
	$ 0.56	0.21
2.Diluted earnings per share		
Net profit attributable to equity holders of ordinary shares of the Company.	$ 112,183,576	42,116,512
Weighted average number of outstanding common shares (unit:shares)	200,852,293	200,852,293
Impact of employee stock compensation	38,275	16,441
Weighted average number of outstanding common shares (Unit: share) (after adjustment to the Dilutive potential ordinary shares)	200,890,568	200,868,734
	$ 0.56	0.21

(XXII) Revenue from Contracts with Customers

	2022	2021
Sale of merchandise	$ 2,182,057,703	1,517,847,995
Rent income from investment property	33,996,955	32,776,266
	$ 2,216,054,658	1,550,624,261

1. Income segmentation

	2022		
	Steel Pipe Department	Others	Total
Main regions and markets:			
Taiwan	$ 1,463,757,977	93,575,250	1,557,333,227
North America	657,960,034	-	657,960,034
North-east Asia	761,397	-	761,397
Total	$ 2,122,479,408	93,575,250	2,216,054,658
Key products/services:			
Steel pipes	$ 2,122,406,313	-	2,122,406,313
Steel coils	-	59,573,475	59,573,475
Others	73,095	4,820	77,915
Rental income	-	33,996,955	33,996,955
Total	$ 2,122,479,408	93,575,250	2,216,054,658

	2021

	Steel Pipe Department	Others	Total
Main regions and markets:			
Taiwan	$ 1,263,394,801	225,058,405	1,488,453,206
North America	61,086,427	-	61,086,427
North-east Asia	1,084,628	-	1,084,628
Total	$ 1,325,565,856	225,058,405	1,550,624,261
Key products/services:			
Steel pipes	$ 1,325,565,856	-	1,325,565,856
Steel coils	-	192,282,139	192,282,139
Rental income	-	32,776,266	32,776,266
Total	$ 1,325,565,856	225,058,405	1,550,624,261

2. Balance of the contract

	2022.12.31	2021.12.31	2021.1.1
Notes and account receivables	$ 107,548,541	96,356,522	105,316,666
Less: loss provisions	-	-	-
Total	$ 107,548,541	96,356,522	105,316,666
Contractual liabilities - sales proceeds in advance	$ 7,894,803	6,982,486	2,679,466

Please refer to Note 6 (4), for the disclosure of accounts receivable and their impairment.

The balance of contract liabilities at the beginning of January 1, 2022 and 2021, and recognized as revenue would be NT$6,956,164 and NT$2,651,810, respectively.

Changes in contract liability were mainly attributed to differences between the timing at which the Company is deemed to have fulfilled its obligations by delivering merchandise or service to customers and the timing at which payment is collected from customers.

(XXIII) Compensation and remuneration for employees and directors

According to the Company’s Articles of Incorporation, if there is profit in the year, no less than0.5% should be set aside as employees’ compensation, and no more than 5% should be set aside as directors’ remuneration. However, profits must first be taken to offset against cumulative losses if any.

The estimated amount of employees’ compensation for the year ended December 31, 2022 and 2021 was NT$683,200 and NT$328,000 respectively, and the estimated amount of directors’ remuneration was NT$0. These were estimated based on the Company’s net profit before tax, and before it deducted employees’ compensation and director’s remuneration during the period, multiplied by the distribution ratio of employees’ compensation and directors’ remuneration stipulated in the Company’s Articles of Incorporation, and reported as operating expenses for the period.

Information about employees’ compensation and directors’ remuneration for the year ended December 31, 2022 and 2021 can be found at the MOPS.There is no difference between the aforementioned amount of employees' compensation and directors' remuneration distributed by the resolution of the board of directors and the estimated amount in the Company's financial reports for the years ended December 31, 2022 and 2021.

(XXIV) Non-operating income and expenses

1.Interest income

The details of the Company's interest income for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Interest from bank deposits	$ 597,763	74,251
Deposit imputation interest	31,200	31,200
	$ 628,963	**105,451**

2. Other income

The details of other income of the Company for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Rental income	$ 228,868	228,868
Dividend income	44,286,169	31,209,496
Waste tire processing revenue	1,806,234	2,668,073
Other income - others	3,567,272	6,174,900
	$ 49,888,543	**40,281,337**

3.Other profits and losses

The details of other profits and losses of the Company for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Foreign currency exchange profits	$ 7,769,283	823,503
Losses of disposal of property, plant, and equipment	(892,224)	(29,955)
Soil pollution remediation fee	-	(25,771,854)
Tax and others	(600,782)	(1,871,003)
	$ 6,276,277	**(26,849,309)**

4. Financial costs

The details of the Company's financial costs for the year ended December 31, 2022 and 2021 are as follows:

	2022	2021
Interest expense - interest on bank borrowings	$ (73,038,759)	(56,353,471)
Financing credit setting fee, etc.	(4,950,080)	-
	$ (77,988,839)	(56,353,471)

(XXV) Financial instruments

1. Credit risk

(1) Risk exposure of credit risk

For financial assets, the book value represents the maximum credit risk exposure.

(2) Concentration of credit risk

There was no significant concentration of sales to any single customer and the Company sells its products to diversified locations. As a result, there was no significant concentration of credit risk in accounts and notes receivable. The Company also monitors customers' financial position on a regular basis as a means to reduce credit risk.

(3) Credit risk of receivables

Please refer to Note 6 (4) for information on credit risk exposure of notes receivable and accounts receivable. Other financial assets measured at amortized cost are restricted bank deposits, other notes receivable, other account receivables and refundable deposits.

The table below shows the allowance loss for financial assets measured at the amortized cost and whether there is any credit impairment according to the 12-month expected credit losses or the expected credit loss during the duration.

	2022.12.31			
	At cost after amortization			
	12-month expected losses	Expected losses over duration - not impaired	Expected losses over duration - impaired	Total
Restricted bank deposits	$ -	20,022,848	-	20,022,848
Other notes and accounts receivable	-	8,810,709	470,460	9,281,169
Guarantee deposits paid	4,536,500	-	-	4,536,500
Loss provisions	-	-	(470,460)	(470,460)
Cost after amortization	$ 4,536,500	28,833,557	-	33,370,057
Book value	$ 4,536,500	28,833,557	-	33,370,057

	2021.12.31

	At cost after amortization			
	12-month expected losses	Expected losses over duration - not impaired	Expected losses over duration - impaired	Total
Other notes and accounts receivable	$ -	28,822,534	470,460	29,292,994
Guarantee deposits paid	5,830,867	-	-	5,830,867
Loss provisions	-	-	(470,460)	(470,460)
Cost after amortization	**$ 5,830,867**	**28,822,534**	**-**	**34,653,401**
Book value	**$ 5,830,867**	**28,822,534**	**-**	**34,653,401**

Changes in loss provision on financial assets carried at cost after amortization are explained below:

	2022			
	12- month expected credit losses	Credit loss over duration - not credit-impaired	Credit loss over duration - credit-impaired	Total
Opening balance	$ -	-	470,460	470,460
Closing balance	**$ -**	**-**	**470,460**	**470,460**

	2021			
	12-month expected credit losses	Credit loss over duration - not credit-impaired	Credit loss over duration - credit-impaired	Total
Opening balance	$ -	-	470,460	470,460
Closing balance	**$ -**	**-**	**470,460**	**470,460**

2. Liquidity risk

The following shows the expiry dates of financial liabilities, including estimated interest but excluding the effect of net agreements.

	Book value	Contractual cash flow	within 6 months	6-12 months	1-2 years	2-5 years	over 5 years
December 31, 2022							
Non-derivative instruments							
Short-term notes and bills payable	$ 124,699,972	(125,000,000)	(125,000,000)	-	-	-	-
Short-term loans (floating rate)	3,205,071,179	(3,248,325,663)	(1,010,476,074)	(2,237,849,589)	-	-	-
Notes payable (non-interest bearing)	40,289,760	(40,289,760)	(40,289,760)	-	-	-	-
Other notes payable (non-interest bearing)	11,432,681	(11,432,681)	(11,432,681)	-	-	-	-
Accounts payable (non-interest bearing)	25,944,160	(25,944,160)	(25,944,160)	-	-	-	-
Other payables (non-interest bearing)	74,080,712	(74,080,712)	(74,040,712)	(40,000)	-	-	-
Guarantee deposits paid (non-interest bearing)	5,000,000	(5,000,000)	-	-	-	(5,000,000)	-
Long-term loan (floating rate)	700,000,000	(772,841,261)	(8,487,500)	(40,946,948)	(112,774,275)	(324,111,196)	(286,521,342)
	$ 4,186,518,464	(4,302,914,237)	(1,295,670,887)	(2,278,836,537)	(112,774,275)	(329,111,196)	(286,521,342)
December 31, 2021							
Non-derivative instruments							
Short-term loans (floating rate)	$ 3,232,340,870	(3,260,779,069)	(1,236,654,959)	(2,024,124,110)	-	-	-
Notes payable (non-interest bearing)	28,383,843	(28,383,843)	(28,383,843)	-	-	-	-
Other notes payable (non-interest bearing)	12,878,056	(12,878,056)	(12,878,056)	-	-	-	-
Accounts payable (non-interest bearing)	39,757,973	(39,757,973)	(39,757,973)	-	-	-	-
Other payables (non-interest bearing)	56,738,395	(56,738,395)	(56,738,395)	-	-	-	-
Guarantee deposits paid (non-interest bearing)	5,040,000	(5,040,000)	-	(40,000)	-	(5,000,000)	-
Long-term loan (floating rate)	700,000,000	(766,668,009)	(6,300,000)	(6,300,000)	(45,084,884)	(321,373,260)	(387,609,865)
	$ 4,075,139,137	(4,170,245,345)	(1,380,713,226)	(2,030,464,110)	(45,084,884)	(326,373,260)	(387,609,865)

The Company does not expect that the cash flow from maturity analysis will be significantly earlier, or the actual amount will be significantly different.

3. Exchange rate risk

(1) The exposure risk of exchange risk

The Company had the following financial assets and liabilities that were exposed to significant foreign currency/exchange rate risk:

	2022.12.31			2021.12.31		
	Foreign currency (NTD)	**Exchange rate**	**NTD**	**Foreign currency (NTD)**	**Exchange rate**	**NTD**
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	$ 2,225,702.92	30.71	68,351,337	887,077.45	27.68	24,277,504
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	-	-	-	343,657.74	27.68	9,512,446

(2) Sensitivity analysis

The Company's exchange rate risk arises primarily from the conversion of cash, cash equivalents, accounts receivable, and loans denominated in foreign currencies. Conversion of foreign currency-denominated amounts gives rise to gains/losses on exchange. For the year ended December 31, 2022 and 2021, when the NT dollar depreciates or appreciates by 4% to the US dollar, and all other factors remain unchanged, the net profit after tax for the year ended December 31, 2022 will decrease or increase NT$2,187,242, and the net profit after tax for the year ended December 31, 2021 will decrease or increase NT$472,482. The two-period analysis is based on the same basis. Since the Company's functional currency is NT dollars, the profits and losses (including realized and unrealized) from foreign currency exchange for the year of December 31, 2022 and 2021 are NT$7,769,283 and NT$823,503 respectively.

4. Interest rate analysis

Interest rate risk exposure concerning the Company's financial liabilities has been explained as part of liquidity risk in this footnote.

The following sensitivity analysis has been prepared based on interest rate risk exposures of non-derivatives as at the reporting date. For liabilities that bear floating interests, the analysis is conducted by assuming that the amount of liabilities outstanding as at the reporting date remained outstanding throughout the entire year. The rate of change used by the Company's management when reporting interest rates internally is a 50 basis point increase or decrease in interest rates, which also represents management's assessment of the range of reasonably possible changes in interest rates.

If the interest rate increases or decreases by 50 basis points, and all other variables remain unchanged, the net profit after tax for the year ended December 31, 2022 will decrease or increase NT$15,620,285, and the net profit after tax for the year ended December 31, 2021 will decrease or increase NT$15,729,363, mainly due to the company's variable interest rate loans.

5. Other price risk

If the price of equity securities of domestic listed companies changes on the reporting date (the analysis across 2 periods uses the same basis, and assumes that other factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

	2022		**2021**	
Price of security on reporting date	**Other comprehensive income after tax**	**After-tax profit/loss**	**Other comprehensive income after tax**	**After-tax profit/loss**
Rise10%	$ 98,433,710	-	80,407,435	-
Drop10%	$ (98,433,710)	-	(80,407,435)	-

6. Information of fair value

(1) Types and fair values of financial instruments

Financial liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. Book value and fair value of financial assets and liabilities are shown below (categorized by level of fair value input; however, the Company is not required to disclose fair value for financial instruments that are not subject to fair value assessment and where the book value resembles the fair value):

	2022.12.31				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
TWSE/TPEx listed shares	$ 984,337,100	984,377,100	-	-	984,377,100
Non-listed domestic and foreign shares	955,656,283	-	-	955,656,283	955,656,283
	$ 1,939,993,383				
Financial assets carried at cost after amortization					
Cash and cash equivalents	$ 214,173,158	-	-	-	-
Restricted bank deposits	20,022,848	-	-	-	-
Notes and accounts receivables	107,548,541	-	-	-	-
Other notes and accounts receivable	8,810,709	-	-	-	-
Guarantee deposits paid	4,536,500	-	-	-	-
	$ 355,091,756				
Financial liabilities carried at cost after amortization					
Short term notes and bills payable	$ 124,699,972	-	-	-	-
Bank loan	3,905,071,179	-	-	-	-
Notes and accounts receivables	66,233,920	-	-	-	-
Other notes and accounts payable	85,513,393	-	-	-	-
Guarantee deposits received	5,000,000	-	-	-	-
	$ 4,186,518,464				

	2021.12.31				
		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
TWSE/TPEx listed shares	$ 804,074,350	804,074,350	-	-	804,074,350
Non-listed domestic and foreign shares	973,059,079	-	-	973,059,079	973,059,079
	$ 1,777,133,429				
Financial assets carried at cost after amortization					
Cash and cash equivalents	$ 559,241,492	-	-	-	-
Accounts receivable	96,356,522	-	-	-	-
Other notes and accounts receivable	28,822,534	-	-	-	-
Guarantee deposits paid	5,830,867	-	-	-	-
	$ 690,251,415				
Financial liabilities carried at cost after amortization					
Bank loan	$ 3,932,340,870	-	-	-	-
Notes and accounts receivable	68,141,816	-	-	-	-
Other notes and accounts payable	69,616,451	-	-	-	-
Guarantee deposits received	5,040,000	-	-	-	-
	$ 4,075,139,137				

(2) When the Company measures its assets and liabilities, we tried our best to use inputs which are observable in the market. Levels of fair value assessment are classified based on the types of input used:

Level 1: Open market quotation (unadjusted) for the same asset or liability.

Level 2: Other than quoted prices included in level 1, the inputs to the asset or liability are directly (that is, prices) or indirectly (that is, derived from prices) observable.

Level 3: Market inputs/parameters that are not observable (non-observable parameters).

(3) Fair value evaluation techniques for financial instruments that are not measured at fair value

The Company is of the opinion that financial instruments not measured at fair value either are close to maturity or have future payments/receipts that closely resemble the book value. For this reason, their fair values are estimated using book value as at the balance sheet date.

(4) Fair value evaluation techniques for financial instruments that are measured at fair value

(4.1) Non-derivative financial instruments

Financial instruments that are openly quoted in an active market shall have fair value determined at the openly quoted price. Market prices published on major exchange are used to determine the fair value of public-listed/OTC-traded equity instruments, while market prices of actively traded government bonds published by TPEx are used to determine the fair value of debt instruments that are openly quoted on an active market.

A financial instrument is deemed to be openly quoted on an active market if reliable quotations (that resemble transactions actually and frequently taking place in a fair market) can be obtained from stock exchange, brokers, underwriters, industry associations, pricing institutions, or the authority on a timely and frequent basis. A market is deemed inactive if it fails to satisfy the above conditions. In general, increasing or excessive bid-ask spread and lack of transaction volume are considered signs of inactive market.

Public listed and OTC-traded shares are deemed to have satisfied the standard conditions and hence treated as financial assets with active market. Their fair values are determined based on market quotations.

Fair value of equity instruments without public quotation held on hand is estimated using the market comparable company approach, which takes into account an investee's net equity and price-to-book multiple of comparable TWSE/TPEx listed company inferred from market quotation. This estimate has already been adjusted and discounted for equity security's lack of marketability.

(4.2) Derivative financial instruments

Fair values are determined using pricing models that are widely accepted among market participants, such as the discounted cash flow model and the options pricing model. Forward exchange contracts and currency swap contracts are generally valued based on counterparties' market quotations.

(5) Transfer between level 1 and level 2.

For the year ended December 31, 2022 and 2021, the Company evaluated the level of the fair value of financial instruments, and there were no transfers.

(6) Schedule of changes for level 3.

	At fair value through other comprehensive income	
	Equity instruments without open quotation	
Balance on January 1, 2022	$	973,059,079
Recognized in other comprehensive income		(20,902,796)
Purchase		3,500,000
Balance on December 31, 2022	**$**	**955,656,283**
Balance on January 1, 2021	$	982,020,430
Recognized in other comprehensive income		(8,961,351)
Balance on December 31, 2021	**$**	**973,059,079**

(7) Quantitative information for fair value measurement of material unobservable inputs (level 3)

Assets that involve the use of level 3 fair value input are financial assets at fair value through other comprehensive income - equity securities.

Assets that have been classified as level 3 fair value input only use one significant and unobservable input.

Quantitative information of significant and unobservable inputs:

Item	Valuation technique	Significant and unobservable input	Relationship between fair value and significant and unobservable input
Financial assets at fair value through other comprehensive income - equity instruments without active market	Market approach	· Discount due to lack of marketability (both are 17.5% on 2022.12.31 and 2021.12.31)	·The higher discount for lack of liquidity, the lower the fair value

(8) For the fair value measurement of level 3, the sensitivity analysis of fair value to reasonably possible alternative assumptions

The Company considers its fair value assessment approach of financial instruments to be reasonable, but uses of different valuation model or parameter may lead to different results. For financial instruments classified as level 3 input, impacts to other comprehensive income in the event of a change in valuation parameter are explained below:

Through other comprehensive income			Fair value changes reflected in other comprehensive income	
Financial assets measured at fair value	**Input**	**Up or down Changes**	**Favorable variation**	**Adverse variation**
2022.12.31				
Equity instruments without active market	Discount for lack of marketability17.5%	1%	$ 11,583,569	(11,583,569)
2021.12.31				
Equity instruments without active market	Discount for lack of marketability 17.5%	1%	$ 11,794,118	(11,794,118)

Favorable and adverse variations are determined by how they affect fair value. Fair value is calculated using appropriate valuation technique while incorporating different levels of unobservable input and parameter.

(XXVI) Financial risk management

1. Summary

Use of financial instrument exposes the Company to the following risks:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

This footnote discloses exposure, assessment, and management goals, policies, and procedures for the abovementioned risks. For further quantitative disclosures, please see notes to the financial statement.

2. Risk Management Framework

The Company's Treasury Department and Administrative Department are responsible for establishing risk management policies for various business activities. Both the scope and severity of risk exposures are analyzed to facilitate supervision and management of financial risks associated with the Company's operations. Internal auditors, too, play a supervisory role.

The Company's risk management policy has been established to facilitate identification and analysis of the risks encountered. The policy introduces appropriate risk limits and controls, along with risk supervision practices and compliance requirements. The risk management policy is regularly revised to reflect changes in market condition and the Company's operations.

3. Credit risk

Credit risk is the risk of financial loss caused by the Company’s customers or counterparties of financial instruments who cannot perform contractual obligations, mainly from the Company’s accounts receivable from customers and bank deposits.

(1) Accounts and other receivables

Credit risk exposure of the aforementioned accounts varies from customer to customer. The management also takes into consideration common factors including default risk of customers' industries and countries, as these risks are also likely to affect credit risk. There was no significant concentration of sales to few customers, and the Company was not susceptible to any significant concentration of credit risk.

The Company has established its own credit policy, which requires every new customer to have credit rating analyzed before being awarded standard payment and delivery terms and payment. Sales limits are assigned on a customer-by-customer basis. The limit represents the maximum amount of uncollected sales proceeds one customer may accumulate without additional approval from the Company, and is regularly reviewed. To mitigate credit risk, the Company requires most of its overseas customers to issue letters of credit.

The Company maintains a doubtful debt account that reflects its estimate of possible losses on notes, accounts, and other receivables. The doubtful debt account is used primarily to account for losses arising from the possibility of debts becoming unrecoverable due to financial distress or business-related dispute of certain customers.

(2) Bank deposit

Credit risks associated with bank deposit are assessed and monitored by the Company's Treasury Department. The Company transacts and deals only with banks of strong credit standing, hence there is no material concern in terms of contract fulfillment or credit risk exposure.

4. Liquidity risk

Liquidity risk is the risk that cannot deliver cash or other financial assets to pay off financial liabilities, and cannot perform related obligations. The Company supervises the financing amount in the bank through management personnel to ensure sufficient funds and compliance with the terms of the loan contract. Meanwhile, it also conducts financing negotiations with financial institutions to maintain a certain credit amount and reduce liquidity risks. On December 31, 2022 and 2021, the Company’s unused financing amount in the bank were NT$2,749,928,821 and NT$217,659,130, respectively.

5. Market risk

Market risk refers to the effect a change of market price may have on the income or value of financial instruments held on hand, whether it is an exchange rate instrument, interest rate instrument, equity instrument or otherwise. The goal of market risk management is to control market risk exposure within a tolerable range while optimizing investment returns.

(1) Currency risk

The Company is exposed to exchange rate risks arising from sales, purchases, and loans that are denominated in non-functional currencies. NTD represents the Company's main functional currency. The main denomination currencies of these transactions are the New Taiwan dollar and the US dollar.

Furthermore, the Company adopts natural hedge as a general guideline, and hedges foreign currency capital requirements and net positions (being the difference between foreign currency assets and liabilities) depending on the state of the foreign currency market. Currency swaps are among the most common hedging instruments used, and all of which have maturity shorter than one year.

Loan interests accrue in the same currency as the principals borrowed. Generally speaking, the currency of the loan is the same as the currency of the cash flow generated by the Company’s operations, mainly in NT dollars, but also in US dollars. This practice provides effective hedge without use of derivative instruments, hence no hedge accounting is required.

(2) Interest Rate Risk

Capital borrowed by the Company may give rise to fair value or cash flow volatility due to exchange rate changes. The Company adopts a policy that monitors changes in the borrowing rate against trends of the market interest rate. It manages interest rate risk by borrowing capital through an appropriate combination of floating rate and fixed rate sources.

(3) Price Risk of Equity Instrument

Equity instrument price risk refers to future price uncertainty associated with the equity instruments held on hand. The Company manages equity instrument price risk through diversification of investment portfolio and regular update of issuers' financial position.

(XXVII) Capital management

Objectives of the Company's capital management practices are to ensure the ability to sustain operations, deliver shareholder returns, and perform in line with the interests of other stakeholders while maintaining optimal capital structure for minimal funding cost. The Company may maintain or adjust its capital structure by changing the amounts of dividend paid, reducing and refunding share capital back to shareholders, issuing new shares, or liquidating assets against liabilities.

The Company manages capital using debt-to-capital ratio as the primary form of measurement. This ratio is calculated by dividing net liabilities with gross capital. Net liabilities are calculated by deducting cash and cash equivalents from total liabilities, as shown in the balance sheet. Total capital is all the components of equity (i.e. share capital, capital reserves, retained earnings and other interests) plus net debt.

The debt-to-capital ratios for 31 December 2022 and 2021 are as follows:

	2022.12.31	2021.12.31
Total liabilities	$ 4,444,188,551	4,357,239,542
Less: Cash and cash equivalents	214,173,158	559,241,492
Net liabilities	**$ 4,230,015,393**	**3,797,998,050**
Total equity interest	**$ 2,815,629,237**	**2,969,640,169**
Gross capital	**$ 7,045,644,630**	**6,767,638,219**
Debt-to-capital ratio	**60.04%**	**56.12%**

As at 31 December 2022, there was no change for the Company's capital management approach.

(XXVIII) Investment and financing activities in non-cash transactions

Reconciliation of liabilities associated with financing activities is explained below:

	2022.1.1	Cash flow	Changes without cash effect: Exchange rate changes	Changes without cash effect: Interest amortization	2022.12.31
Short-term notes and bills payable	$ -	125,000,000	-	(300,028)	124,699,972
Short-term loan	3,232,340,870	(27,269,691)	-	-	3,205,071,179
Long term borrowings	700,000,000	-	-	-	700,000,000
Total liabilities from financing activities	**$ 3,932,340,870**	**97,730,309**	**-**	**(300,028)**	**4,029,771,151**

	2021.1.1	Cash flow	Changes without cash effect: Exchange rate changes	2021.12.31
Short-term loan	$ 2,822,722,585	409,688,391	(70,106)	3,232,340,870
Long term borrowings	700,000,000	-	-	700,000,000

Total liabilities from financing activities	$ 3,522,722,585	409,688,391	(70,106)	3,932,340,870

VII. Related party transactions

(I) Name and relationship of related parties

Transactions with related parties during the reporting period of the financial statements are as follows:

Name of related parties	Relationship with the Company
Kao Hsing Chang Iron & Steel Corp. Employee Welfare Committee	Employee welfare committee of the Company
Kao Hsing Smelting & Chemical Fiber Co., Ltd.	A company managed by key management personnel
ENRESTEC Inc.	A company managed by key management personnel
Sunward Refractories Co., Ltd.	Associated companies of the Company

(II) Material transactions with related parties

1. Revenue from sales and scraps

	2022	2021
Kao Hsing Smelting & Chemical Fiber Co., Ltd.	$ 13,507,217	11,099,741

Proceeds on scraps sold to related parties are collected 10 days after month-end via promissory note; proceeds on sale of scraps to non-related parties are collected either within 10 days after month-end or in advance before shipment.

2. Lease

(1) The company leases the office for the head office from the Employees' Welfare Committee of Kao Hsing Chang Iron & Steel Corp. The lease period is from January 1, 2015 to December 31, 2024, and the payment method is paying off all the rent during the lease period when signing the contract.

The rental deposits for the aforementioned leases on December 31, 2022 and 2021 are both NT$4,000,000. The balance of right-of-use assets as of December 31, 2022 and 2021 is NT$6,580,560 and NT$9,870,840, respectively.

(2) In November 2020, the Company leased the plant in Zhuyuan Section, Renwu District, Kaohsiung City to SUNWARD REFRACTORIES CO. LTD. The lease period is from November 2020 to November 2023. The rental deposits collected for the aforementioned

leases on December 31, 2022 and 2021 are both NT$5,000,000. Both the rent revenue recognized for the year ended December 31, 2022 and 2021 are NT$28,608,567, which are reported in the operating income of the consolidated income statement. As of December 31, 2022 and 2021, the receivables generated from the aforementioned transactions are received.

3. Receivables from related parties

Details of related party receivables are shown below:

Account category	Type of related party	2022.12.31	2021.12.31
Other receivables	A company managed by key management personnel	$ 499,474	499,036

4. Other

(1) In 2021, the Company increased the cash capital NT$45,200,000 for SUNWARD REFRACTORIES CO. LTD., and the relevant change procedures have been completed.

(2) As of December 31, 2022 and 2021, the bank loans, short-term notes and bills payable, and the available financing amount are jointly guaranteed by the key management personnel of the Company.

(III) Key management personnel transaction.

Compensation to key management personnel includes the following:

	2022	2021
Short-term employee benefits	$ 10,282,245	10,078,080
Retirement benefits	63,072	60,630
	$ 10,345,317	10,138,710

In addition, the Company also provides automobiles for management personnel. On December 31, 2022 and 2021, the undepreciated balance of such automobile equipment was NT$939,154 (cost: NT$11,270,000, less accumulated depreciation: NT$10,330,846) and NT$1,314,826 (cost: NT$11,270,000, less accumulated depreciation: NT$9,955,174).The depreciation expenses for 2022 and 2021 are both NT$375,672. The Chairman has been assigned a driver, whose salary is determined according to the Company's Employee Salary Policy.

8. Assets as collateral

Book value of assets pledged by the Company is explained below:

Name of asset	Underlying assets pledged for collateral	2022.12.31	2021.12.31
Restricted bank deposits	Short-term loan	$ 20,022,848	-
Non-current Assets Held for Sale	Short-term loan	113,333,469	-
Property, plant and equipment	Short-term loans and long-term loans	944,394,238	959,595,740
Investment property	Short-term loans and long-term loans	1,996,070,599	1,765,680,183
		$ 3,073,821,154	2,725,275,923

IX. Major contingent liabilities and unrecognized contractual commitments

(I) On December 31, 2022 and 2021, the guaranteed notes payable issued by the Company for purchasing the goods are NT$41,820,000 and NT$12,820,000, respectively.

(II) As of December 31, 2022 and 2021, the unused balances of the letters of credit issued by the Company were NT$63,288,938 and NT$40,655,135, respectively.

(III) On December 31, 2022 and 2021, the Company has signed sales contract commitments of NT$4,498,632 and NT$25,226,040 respectively, and provided NT$530,000 and NT$1,624,367 as performance bonds, reported refundable deposit in the financial report. If the delivery is not made as committed, a fine of 1/1000 to 3/1000 of the purchased price of the undelivered goods shall be imposed every day.

X. Losses from major disasters: None.

XI. Significant subsequent events.

The Company's board of directors made a resolution on March 7, 2023. In order to maintain the company's credit and shareholders' rights and interests, it is expected to buy 10,000,000 treasury shares.

XII. Others

(I) The functions of employee benefits, depreciation and amortization expenses are summarized as follows:

Function / By nature	2022 Presented as operating cost	2022 Presented as operating expense	2022 Total	2021 Presented as operating cost	2021 Presented as operating expense	2021 Total
Employee benefit expenses						
Salary expenses	87,782,725	35,145,329	122,928,054	80,212,162	31,793,220	112,005,382
Labor/health insurance premium	9,808,246	3,667,074	13,475,320	9,492,919	3,547,712	13,040,631
Pension expense	4,315,120	1,617,345	5,932,465	4,147,376	1,526,353	5,673,729
Directors' compensation	-	4,338,000	4,338,000	-	4,638,000	4,638,000
Other employee benefit expenses	8,018,082	3,029,845	11,047,927	5,630,512	2,029,614	7,660,126
Depreciation	49,155,469	6,616,704	55,772,173	48,096,048	6,388,926	54,484,974
Amortization	-	-	-	-	-	-

The number of the Company’s employees for the year ended on December 31, 2022 and 2021, and additional information on employee benefit expenses are as follows:

	2022	2021
Number of employees	214	215
No. of directors without concurrent position as employee	6	6
Average employee benefit expenses	$ 737,422	662,105
Average employee salary expenses	$ 591,000	535,911
Adjustments to average employee salary expenses	10.28 %	
Supervisor remuneration	$ -	-

Information on the Company’s salary and remuneration policies (including for directors, managers and employees) is as follows:

I. Employees’ compensation mainly includes basic compensation (including salary and special environmental allowance), year-end bonus and performance incentives, etc.

1. The payment standard of the compensation refers to the market condition of the salary, the Company’s operating conditions and organizational structure. Furthermore, it will be adjusted in due course according to market salary dynamics, changes in the overall economy and industrial climate and governmental laws and regulations.
2. Employees’ compensation and remuneration are based on their academic backgrounds, experiences, professional knowledge and skills, experiences in professional fields, and personal performances, and do not differ due to age, gender, race, religion, political position, marital status, or union.

3. Bonuses are offered according to the company's operating performance and the personal performance of employees.
4. The starting salary standard for inexperienced and foreign workers complies with government regulations.
5. According to the Articles of Incorporation of the Company, if the Company makes profits in the year, no less than 0.5% should be set aside as employees' compensation. However, profits must first be taken to offset against cumulative losses if any.

II. The remuneration of managers is in accordance with factors such as the company's business strategy, profit status, performance, and job contribution, and refers to the salary level in the market, including salary, job bonus, severance pay, various bonuses, incentives, and various allowances. In addition, according to the company's Articles of Incorporation, if the Company makes profits in the year, no less than 0.5% shall be set aside as employees' compensation. However, profits must first be taken to offset against cumulative losses if any.

III. For the directors' remuneration, in addition to receiving a fixed amount every month for the travel expenses for conducting the business, the remuneration of the chair of the directors also includes salary, various bonuses, incentives, etc. In addition, according to the Company's Articles of Incorporation, if the company makes profits in the year, no less than 5% shall be set aside for the director's remuneration. However, profits must first be taken to offset against cumulative losses if any.

XIII. Other disclosures

(I) Information on material transactions

For the year ended December 31, 2022, in accordance with the regulations of the preparation of standards, the Company should re-disclose the related information on material transactions as follows:

1.Lending funds to other parties: none。

2. Endorsement/Guarantees: none

3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures):

Holder	Name and type of securities	Relationship with the securities issuer	Account category	Closing amount				Remarks
				Shares	Book value	Shareholding percentage	Fair value	
The Company	Stock/HIWIN TECHNOLOGIES CORP.	-	Financial assets at fair value through other comprehensive income - current	104,000	18,980,000	0.03%	18,980,000	
The Company	Stock/Sino-American Silicon Products Inc.	-	Financial assets at fair value through other comprehensive income - current	100,000	13,950,000	0.02%	13,950,000	
The Company	Share/China Steel Chemical	-	Financial assets at fair value through other comprehensive income - current	500,000	52,750,000	0.21%	52,750,000	
The Company	Stocks/ ASE Technology Holding	-	Financial assets at fair value through other comprehensive income - current	800,000	75,120,000	0.02%	75,120,000	
The Company	Stock/GENIUS ELECTRONIC OPTICAL CO., LTD.	-	Financial assets at fair value through other comprehensive income - current	50,000	16,775,000	0.04%	16,775,000	
The Company	Stock/DELTA ELECTRONICS, INC.	-	Financial assets at fair value through other comprehensive income - current	100,000	28,650,000	-	28,650,000	
The Company	Stocks/Taiwan Semiconductor Manufacturing	-	Financial assets at fair value through other comprehensive income - current	350,000	156,975,000	-	156,975,000	
The Company	Stock/Cleanaway Company Limited	-	Financial assets at fair value through other comprehensive income - current	300,000	54,000,000	0.28%	54,000,000	
The Company	Share/ChainQui Construction Development	-	Financial assets at fair value through other comprehensive income - current	93,000	1,367,100	0.04%	1,367,100	
The Company	Share/Asia Pacific Telecom	-	Financial assets at fair value through other comprehensive income - current	6,000,000	36,600,000	0.14%	36,600,000	
The Company	Stocks/Asia Optical	-	Financial assets at fair value through other comprehensive income - current	300,000	18,150,000	0.11%	18,150,000	

Notes to Financial Statements of Kao Hsing Chang Iron & Steel Corp. (continued)

Holder	Name and type of securities	Relationship with the securities issuer	Account category	Closing amount				Remarks
				Shares	Book value	Shareholding percentage	Fair value	
The Company	Stock/VisEra Technologies Company Limited.	-	Financial assets at fair value through other comprehensive income - current	100,000	19,350,000	0.03%	19,350,000	
The Company	Stock/Universal Microwave Technology, Inc.	-	Financial assets at fair value through other comprehensive income - current	120,000	16,140,000	0.19%	16,140,000	
The Company	Stocks/Eternal Materials	-	Financial assets at fair value through other comprehensive income - current	500,000	15,625,000	0.04%	15,625,000	
The Company	Stock/GUDENG PRECISION INDUSTRIAL CO., LTD.	-	Financial assets at fair value through other comprehensive income - current	100,000	26,500,000	0.12%	26,500,000	
The Company	Share/Yageo	-	Financial assets at fair value through other comprehensive income - current	360,000	162,360,000	0.09%	162,360,000	
The Company	Stock/KAIMEI ELECTRONIC CORP.	-	Financial assets at fair value through other comprehensive income - current	900,000	48,150,000	0.83%	48,150,000	
The Company	Stock/China Airlines.	-	Financial assets at fair value through other comprehensive income - current	500,000	9,500,000	0.01%	9,500,000	
The Company	Stock/WALSIN LIHWA CORPORATION	-	Financial assets at fair value through other comprehensive income - current	200,000	9,440,000	0.01%	9,440,000	
The Company	Stocks/CHPT	-	Financial assets at fair value through other comprehensive income - current	110,000	51,205,000	0.34%	51,205,000	
The Company	Stock/Episil Holding Inc.	-	Financial assets at fair value through other comprehensive income - current	200,000	16,920,000	0.06%	16,920,000	
The Company	Share/Sunspring Metal	-	Financial assets at fair value through other comprehensive income - current	300,000	6,780,000	0.15%	6,780,000	
The Company	Stock/Zhen Ding Technology Holding Limited. – KY	-	Financial assets at fair value through other comprehensive income - current	40,000	4,200,000	-	4,200,000	
The Company	Stock/Hon Hai Precision Industry	-	Financial assets at fair value through other comprehensive income - current	400,000	39,960,000	-	39,960,000	
The Company	Stock/FOXCONN TECHNOLOGY CO., LTD.	-	Financial assets at fair value through other comprehensive income - current	400,000	20,760,000	0.03%	20,760,000	
The Company	Stock/NOVATEK MICROELECTRONICS CORP.	-	Financial assets at fair value through other comprehensive income - current	160,000	50,480,000	0.03%	50,480,000	
The Company	Share/Win Semiconductors	-	Financial assets at fair value through	100,000	13,650,000	0.02%	13,650,000	

Holder	Name and type of securities	Relationship with the securities issuer	Account category	Closing amount Shares	Book value	Shareholding percentage	Fair value	Remarks
			other comprehensive income - current					
The Company	Share/Chunghwa Picture Tubes	-	Financial assets at fair value through other comprehensive income - non-current	71,210	-	-	-	
The Company	Share/CSGT Metals Vietnam Joint Stock Company	-	Financial assets at fair value through other comprehensive income - non-current	1,328,940	56,496,230	6.00%	56,496,230	
The Company	Share/Universal Venture Capital Investment Crop.	-	Financial assets at fair value through other comprehensive income - non-current	1,400,000	10,990,000	1.16%	10,990,000	
The Company	Share/KHH Arena Corporation	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	61,091,250	2.00%	61,091,250	
The Company	Stock/Southern Air Transport, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	350,000	3,500,000	1%	3,500,000	
The Company	Stocks/ENRESTEC Inc.	The Company is a director of the securities issuer	Financial assets at fair value through other comprehensive income - non-current	19,101,651	263,015,408	1%	263,015,408	
The Company	Share/How Weih Holding (Cayman) Co. Ltd.	The Company is a director of the securities issuer	Financial assets at fair value through other comprehensive income - non-current	12,700,000	560,563,395	1%	560,563,395	

4. Aggregate purchases or sales of the same securities reaching NT$300 million or 20 percent of paid-in capital or more: None

5. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None.

6. Disposal of real estate reaching NT$300 million or 20 percent of paid-in capital or more: None

Disposal of real estate companies	Name of property	Date of occurrence	Original acquisition date	Book value	Transaction amount	Price receiving situation	Disposal of profit and loss	Transaction parties	Relations	Purpose of disposal	Supporting materials of reference for price determination	Other stipulated matters
The Company	Land (reported in non-current assets held for sale)	Signing date 2022.12.16	September 1987	113,333,469	452,373,000	(Note1)	(Note2)	Individual	Unrelated Parties	Replenishing operating capital	Appraisal report	-

Note1: The buyer and the seller jointly appointed LAND BANK OF TAIWAN CO., LTD. (Land Bank) to handle the escrow of the purchasing price. As of March 7, 2023, the buyer has deposited NT$169,644,000 in a special trust account under the Land Bank.
Note2: The disposition benefit is about NT$300 million, and is expected to be transferred to the account after handover in the second quarter of 2023.

7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more: None

8. Accounts receivable from related parties reaching NT$100 million or 20 percent of paid-in capital or more: None

9. Trading in derivative instruments: None

(II) Information on reinvestments:

The Company's reinvestment business information for the year ended December 31, 2022 is as follows (excluding investee companies in mainland China):

Name of investor	Investee Company Designation	Location	Main business items	Sum of initial investment: End of current period	Sum of initial investment: End of previous year	Period-end holding position: Shares	Period-end holding position: Ratio	Period-end holding position: Book value	Current period profit/loss of the investee	Investment gains/losses recognized in the current period	Remarks
The Company	KHC Steel International Corp.	Gushan District, Kaohsiung City	Trading of steel pipes and steel sheets	105,800,000	105,800,000	7,280,000	38.32%	128,274,407	(2,952,304)	(1,131,323)	-
The Company	Hsieh Chang Hsing Trading Co., Ltd.	Gushan District, Kaohsiung City	Holding of various production and banking businesses	171,728,510	171,728,510	17,172,851	45.79%	212,975,236	(126,596)	(57,968)	-
The Company	Sunward Refractories Co., Ltd.	Renwu District, Kaohsiung City	Ceramic products and refractory material manufacturing	107,906,001	107,906,001	4,588,600	20.00%	72,544,231	17,195,444	3,439,089	-
The Company	Smartway Ark Alliance Co., Ltd.	Gushan District, Kaohsiung City	Real estate construction industry	99,000,000	-	9,900,000	45.00%	99,030,271	67,268	30,271	-

(III) Information on investments in the Mainland Area: None

(IV) Information on major shareholders: None

Unit: Shares

Shares / Name	Number of shares held	Percentage of shareholding
Huida Investment Co., Ltd.	40,999,312	20.41%
TAI-RONG LU	27,551,329	13.71%
Hsieh Chang Hsing Trading Co., Ltd.	26,007,915	12.94%
KHC Steel International Corp.	18,574,000	9.24%
Lu Ho-Lin	16,426,010	8.17%

The Company has applied to Taiwan Depository and Clearing Corporation to obtain the information listed in this table to explain the following matters:

(1) The major shareholders' information was derived from the data that the Company issued common shares (including treasury shares) in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. As for the share capital recorded in the Company's financial statements and the Company's actual completed non-physical registration of the number of shares delivered, there may be differences or discrepancies due to different calculation bases.

(2) If the aforementioned data contains shares which are kept in trust by the shareholders,

the data is disclosed as a separate account of the client which was set by the trustee As for shareholders' declarations of insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, such shareholdings include personal shareholdings plus the shares delivered to a trust and have the right to use the trust property, and so on. For information on insider equity declarations, please refer to the Market Observation Post System.

XIV. Segment information

(I) Information on profit and loss, assets, liabilities, and their measurement basis and reconciliation of the reportable segment.

The management allocates resources and evaluates segment performance based on pre-tax segment profits (excluding extraordinary gains/losses and exchange gains/losses), as shown on internal management reports verified by the main operational decision maker. Due to the fact that income tax, extraordinary gains/losses, and exchange gains/losses are managed at the group level, the Company does not allocate income tax expenses (benefits), extraordinary gains/losses, and exchange gains/losses to reporting segments. The reported amounts are consistent with the amounts used by the management for decision-making.

Accounting policies adopted by various operating segments are consistent with those described in Note IV - "Summary of significant accounting policies."

Disclosure and reconciliation of segment information:

2022	Steel Pipe Department	Others	Reconciliation and elimination	Total
Revenues:				
Revenues from external customers	$ 2,122,479,408	93,575,250	-	2,216,054,658
Inter-segment revenues	-	-	-	-
Total revenues	$ 2,122,479,408	93,575,250	-	2,216,054,658
Interest expenses	$ -	-	(73,038,759)	(73,038,759)
Depreciation and amortization	$ 40,703,715	5,110,637	9,957,821	55,772,173
Share of equity-accounted associated companies	$ -	-	2,280,069	2,280,069
Profit/loss of reported segment	$ 135,305,200	(17,376,718)	1,630,640	119,559,122
Assets:				
Equity-accounted investments	$ -	-	512,824,145	512,824,145
Capital spending for non-current assets	$ 38,012,158	1,955,000	7,416,980	47,384,138
Assets of reported segment	$ 1,679,370,650	20,021,533	5,560,425,605	7,259,817,788

2021	Steel Pipe Department	Others	Reconciliation and elimination	Total
Revenues:				
Revenues from external customers	$ 1,325,565,856	225,058,405	-	1,550,624,261
Inter-segment revenues	-	-	-	-
Total revenues	$ 1,325,565,856	225,058,405	-	1,550,624,261
Interest expenses	$ -	-	(56,353,471)	(56,353,471)
Depreciation and amortization	$ 43,988,415	746,034	9,750,525	54,484,974
Share of equity-accounted associated companies	$ -	-	8,422,659	8,422,659
Profit/loss of reported segment	$ 89,336,269	(13,548,044)	(13,219,425)	62,568,800
Assets:				
Equity-accounted investments	$ -	-	448,776,883	448,776,883
Capital spending for non-current assets	$ 24,617,700	2,672,764	150,000	27,440,464
Assets of reported segment	$ 1,681,258,978	18,949,773	5,626,670,960	7,326,879,711

Significant reconciliation of information between the reporting segments mentioned above:

1. Unallocated profit or loss of reportable segment:

	2022	2021
Disposal of property, plant and equipment losses	$ (892,224)	(29,955)
Financial cost – interest expense	(73,038,759)	(56,353,471)
Others	75,561,623	43,164,001
Total	$ 1,630,640	(13,219,425)

2. Assets that are not in reportable segments:

	2022	2021
Cash and bank deposits	$ 214,083,158	559,151,492
Equity-accounted investments	512,824,145	448,776,883
Non-current Assets Held for Sale	113,333,469	-
Property, plant and equipment	619,729,429	619,205,853
Right-of-use asset	6,580,560	9,870,840
Investment property	2,027,466,093	2,141,001,859
Financial assets at fair value through other comprehensive income	1,939,993,383	1,777,133,429
Other financial assets	20,022,848	-
Others	106,392,520	71,530,604
Total	$ 5,560,425,605	5,626,670,960

(II) Regional information

Disclosure of regional information is as follows. Income location is determined based on customers' geographic presence, whereas location of non-current assets is determined based on the asset's physical presence.

Location	**2022**	**2021**
Revenues from external customers:		
Taiwan	$ 1,557,333,227	1,488,453,206
United States	657,960,034	61,086,427
Japan	761,397	1,084,628
	$ 2,216,054,658	1,550,624,261

Location	**111.12.31**	**110.12.31**
Non-current assets:		
Taiwan	$ 3,548,088,914	3,670,702,642

Non-current assets include property, plant, and equipment, investment property, and right-of-use asset, but exclude non-current financial instruments.

(III) Information of main customers

Customer	2022	2021
Nakosin Enterprise Co., Ltd.	$ 613,502,013	395,054,118
Duferco Participations Holding SA	253,774,731	4,159,299
Thyssenkrupp Materials Trading	224,945,828	-
Long An Hardware Co., Ltd.	175,974,266	227,015,649
Gir Gai Trading Co., Ltd.	218,536,382	185,756,351
	$ 1,486,733,220	**811,985,417**

Kao Hsing Chang Iron & Steel Corp.

Schedule of cash and cash equivalents

December 31. 2022 **Unit: NTD**

Item	Summary	Amount
Cash dividends	Reserve cash	$ 404,692
Cash in banks	Check deposit	26,559,388
	Demand deposit	118,857,741
	Foreign currency deposit (USD 2,225,702.92, exchange rate 30.71)	68,351,337
Total		**$ 214,173,158**

Kao Hsing Chang Iron & Steel Corp.

Schedule of financial assets at fair value through other comprehensive income - current

December 31, 2022 **Unit: NTD**

Financial instrument designations	Summary	Number of shares/number of units	Face value	Total	Acquisition cost	Fair value Unit price	Fair value Total	Provision of guarantee or collateral
HIWIN	Listed shares	104,000	$ 10	1,040,000	29,231,295	182.50	18,980,000	None
Sino-American Silicon Products Inc.	TPEx listed shares	100,000	10	1,000,000	19,307,470	139.50	13,950,000	None
China Steel Chemical	Listed shares	500,000	10	5,000,000	54,477,209	105.50	52,750,000	None
ASE Technology Holding	Listed shares	800,000	10	8,000,000	84,796,397	93.90	75,120,000	None
GENIUS ELECTRONIC OPTICAL CO.,LTD.	Listed shares	50,000	10	500,000	25,645,008	335.50	16,775,000	None
DELTA ELECTRONICS,INC.	Listed shares	100,000	10	1,000,000	27,367,930	286.50	28,650,000	None
Taiwan Semiconductor Manufacturing	Listed shares	350,000	10	3,500,000	180,572,211	448.50	156,975,000	None
Cleanaway Company Limited	Listed shares	300,000	10	3,000,000	64,774,162	180.00	54,000,000	None
ChainQui Construction Development	Listed shares	93,000	10	930,000	3,352,906	14.70	1,367,100	None
Asia Pacific Telecom	Listed shares	6,000,000	10	60,000,000	73,339,914	6.10	36,600,000	None
Asia Optical	Listed shares	300,000	10	3,000,000	23,871,407	60.50	18,150,000	None
VisEra Technologies Company Limited.	Listed shares	100,000	10	1,000,000	21,949,905	193.50	19,350,000	None
Universal Microwave Technology, Inc	TPEx listed shares	120,000	10	1,200,000	18,251,969	134.50	16,140,000	None
Eternal Materials	Listed shares	500,000	10	5,000,000	19,151,710	31.25	15,625,000	None
GUDENG PRECISION INDUSTRIAL CO., LTD.	TPEx listed shares	100,000	10	1,000,000	32,606,389	265.00	26,500,000	None
Yageo	Listed shares	360,000	10	3,600,000	192,208,033	451.00	162,360,000	None
KAIMEI ELECTRONIC CORP.	Listed shares	900,000	10	9,000,000	101,106,949	53.50	48,150,000	None
China Airlines.	Listed shares	500,000	10	5,000,000	11,136,696	19.00	9,500,000	None
WALSIN LIHWA CORPORATION	Listed shares	200,000	10	2,000,000	9,357,931	47.20	9,440,000	None
CHPT	TPEx listed shares	110,000	10	1,100,000	63,966,755	465.50	51,205,000	None
Episil Holding Inc.	TPEx listed shares	200,000	10	2,000,000	18,583,288	84.60	16,920,000	None
Sunspring Metal	Listed shares	300,000	10	3,000,000	14,272,864	22.60	6,780,000	None
Zhen Ding Technology	Listed shares	40,000	10	400,000	4,236,026	105.00	4,200,000	None

Holding-KY								
Hon Hai Precision Industry	Listed shares	400,000	10	4,000,000	45,597,083	99.90	39,960,000	None
FOXCONN TECHNOLOGY CO., LTD.	Listed shares	400,000	10	4,000,000	28,887,194	51.90	20,760,000	None
NOVATEK MICROELECTRONICS CORP.	Listed shares	160,000	10	1,600,000	61,647,716	315.50	50,480,000	None
Win Semiconductors	TPEx listed shares	100,000	10	1,000,000	35,417,015	136.50	13,650,000	None
Total					**$ 1,265,113,432**		**984,337,100**	

Other Financial Assets – Current assets Schedule

Please refer to Note 6 (3) for other financial assets- current assets related information.

Kao Hsing Chang Iron & Steel Corp.

Notes receivable schedule

December 31, 2022

Unit: NTD

counter party	Summary	Amount
Gir Gai Trading Co., Ltd.	Business	$ 4,291,169

Schedule of other notes receivable

counter party	Summary	Amount
Mr. Hsu Pei-Kai	Rental income	$ 200,000

Schedule of net accounts receivable

Customer name	Summary	Amount
Gir Gai Trading Co., Ltd.	Business	$ 17,245,585
Nakosin Enterprise Co., Ltd.	Business	37,692,618
Kiin's Corporation	Business	18,195,060
Others (if the balance of each account is less than 5% of accounts receivable, it shall be reported together)	Business	30,124,109
Total		$ 103,257,372

Kao Hsing Chang Iron & Steel Corp.

Schedule of other net receivables

December 31, 2022 **Unit: NTD**

Item	Summary	Amount
Related party:		
Income receivable from sale of scrap		$ 499,474
Non-related party:		
Income receivable from sale of scrap		1,627,004
Receivables from sale of shares		4,766,316
Income from dividends receivable		1,307,500
Receivable purchase discounts		252,134
Receivables from scaffolding		470,460
Others		158,281
Total		9,081,169
Less: Allowance for bad debts		470,460
Net		**$ 8,610,709**

Kao Hsing Chang Iron & Steel Corp.

Schedule of inventories

December 31, 2022

Unit: NTD

Item	Amount	
	Cost	Net realizable value
Finished goods	$ 251,312,164	282,448,302
Less: loss provisions	15,902,115	
Subtotal	235,410,049	
Work-in-progress	105,033,753	116,396,841
Less: loss provisions	849,284	
Subtotal	104,184,469	
Raw materials	291,901,180	426,299,093
Less: loss provisions	13,790	
Subtotal	291,887,390	
Materials	109,765,459	105,055,441
Less: loss provisions	4,741,972	
Subtotal	105,023,487	
Inventory in transit	1,586,388	1,586,388
Scraps	112,492	112,492
Total	**$ 738,204,275**	

Schedule of non-current assets held to be sold

Please refer to Note 6(7) for information about non-current assets held to be sold.

Schedule of other current assets

Please refer to Note 6 (12) for information about other current assets

Kao Hsing Chang Iron & Steel Corp.

Financial assets measured at fair value through other comprehensive gains and losses - schedule of non-current changes

December 31, 2022

Unit: NTD

Designation	Beginning of period: Shares	Beginning of period: Fair value	Increase in the period: Shares	Increase in the period: Amount		Decrease in the period: Shares	Decrease in the period: Amount		Closing amount: Shares	Closing amount: Fair value	Provision of guarantee or pledge
Universal Venture Capital Investment Corporation	1,400,000	$ 10,778,424	-	211,576	(Note 1)	-	-		1,400,000	10,990,000	None
Hanwei Arena Development Co., Ltd.	5,000,000	68,557,500	-	-		-	7,466,250	(Note 1)	5,000,000	61,091,250	None
CSGT Metals Vietnam Joint Stock Company	1,328,940	54,802,550	-	1,693,680	(Note 1)	-	-		1,328,940	56,496,230	None
ENRESTEC Inc.	19,101,651	268,373,422	-	-		-	5,358,014	(Note 1)	19,101,651	263,015,408	None
How Weih Holding (Cayman) Co. Ltd.	12,700,000	570,547,183	-	-		-	9,983,788	(Note 1)	12,700,000	560,563,395	None
Apex Logistic CO., LTD.	-	-	350,000	3,500,000	(Note 2)	-	-		350,000	3,500,000	None
Chunghwa Picture Tubes	71,210	-	-	-		-	-		71,210	-	None
Total		$ 973,059,079		5,405,256			22,808,052			955,656,283	

Note 1: This is the number of changes in the evaluation of the current period.

Note2: It is the equity purchased in the current period NT$3,500,000

Kao Hsing Chang Iron & Steel Corp.

Schedule of changes in investments accounted for using equity method

January 1 to December 31, 2022

Unit: NTD

	Balance at the beginning of the period		Increase in the current period		Decrease in the current period		Balance at the end of period			Market price or net equity value		
Designation	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Percentage of shareholding**	**Amount**	**Unit price**	**Total price**	**Provision of guarantee or pledge**
C Steel International Corp.	7,280,000	$ 141,629,586	-	-	-	13,355,179 (Note 1)	7,280,000	38.32%	128,274,407	17.62	128,274,407	None
eh Chang Hsing Trading Co., Ltd.	17,172,851	238,042,155	-	-	-	25,066,919 (Note 2)	17,172,851	45.79%	212,975,236	12.40	212,975,236	None
ıward Refractories Co., Ltd.	4,588,600	69,105,142	-	3,439,089 (Note 3)	-	-	4,588,600	20.00%	72,544,231	15.81	72,544,231	None
artway Ark Alliance Co., Ltd.	-	-	9,900,000	99,030,271 (Note 4)	-	-	9,900,000	45.00%	99,030,271	10.00	99,030,271	None
Total		$ 448,776,883		102,469,360		38,422,098			512,824,145		512,824,145	

Note1: This is the investment loss recognized in the current period: NT$(1,131,323) , unrealized loss of financial assets of investee companies recognized in proportion: NT$(11,581,721) , and loss on disposal of stocks: NT$(642,135).

Note2: This is the investment loss recognized in the current period: NT$(57,968) unrealized loss of financial assets of investee companies recognized in proportion: NT$(25,008,951).

Note3: This is the investment benefit recognized in the current period: NT$3,439,089.

Note 4: This is the investment benefit recognized in the current period: NT$30,271, and cash capital increase: NT$99,000,000.

Kao Hsing Chang Iron & Steel Corp.

Schedule of changes in property, plant, and equipment

January 1 to December 31, 2022 **Unit: NTD**

Please refer to Note 6 (9) for information on changes in property, plant and equipment.

Schedule of changes in accumulated depreciation of property, plant and equipment

Q	Opening balance	Increase in the period	Decrease in the period	Closing balance
Buildings	$ 977,194,247	17,848,966	-	995,043,213
Machinery	1,324,861,044	27,039,167	713,776	1,351,186,435
Others	140,842,334	3,824,483	-	144,666,817
Total	$ 2,442,897,625	48,712,616	713,776	2,490,896,465

Schedule of accumulated impairment changes of property, plant and equipment

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
Buildings	$ 164,221,155	-	-	164,221,155
Machinery	815,467,960	-	-	815,467,960
Others	97,140,483	-	-	97,140,483
Total	$ 1,076,829,598	-	-	1,076,829,598

Kao Hsing Chang Iron & Steel Corp.

Schedule of Changes in Right-of-Use Assets

January 1 to December 31, 2022 **Unit: NTD**

Please refer to Note 6 (10) for information on changes in right-of-use assets.

Schedule of Changes in Accumulated Depreciation of Right-of-Use Assets

Please refer to Note 6 (10) for relevant information on changes in accumulated depreciation of right-of-use assets.

Kao Hsing Chang Iron & Steel Corp.

Schedule of changes in invested real estate

January 1 to December 31, 2022 **Unit: NTD**

Please refer to Note 6 (11) for relevant information on changes in investment property.

Schedule of changes in accumulated depreciation of invested real estate

Please refer to Note 6 (11) for relevant information on changes in accumulated depreciation of investment property.

Schedule of guarantee deposits paid

December 31, 2022

Item	Summary	Amount
Guarantee deposits paid	Performance bonds (transferred and reported from bid bond)	$ 530,000
	rental deposit	4,000,000
	Others	6,500
Total		**$ 4,536,500**

Kao Hsing Chang Iron & Steel Corp.

Schedule of short-term notes and bills payable

December 31, 2022

Unit: NTD

Item	Guarantee and acceptance agency	Contract period	Interest rate range	Amount			Remarks
				Issuing price	Unamortized discount on commercial notes payable	Book value	
commercial paper payable	Mega bills, Kaohsiung branch office	Within one year	2.2537%	$ 50,000,000	123,493	49,876,507	
Commercial paper payable	China bills finance corporation, Kaohsiung branch	Within one year	2.1480%	75,000,000	176,535	74,823,465	
				$ 125,000,000	300,028	124,699,972	

Schedule of short-term loans

Loan type	Explanation	Closing balance	Contract period	Interest rate range	Financing amount		Mortgage or collateral
Loans under L/C	Changhua Bank	$ 341,853,238	Within one year	1.97%~2.095%	Total amount	1,900,000,000	Land
Loans under L/C	Huatai Bank	24,931,841	Within one year	1.95%	Total amount	1,380,000,000	Land
Loans under L/C	Bank of Taiwan	28,286,100	Within one year	2.01%	Total amount	150,000,000	Land
Secured loans	Huatai Bank	1,300,000,000	Within one year	2.075%	Total amount	1,380,000,000	Land
Secured loans	Changhua Bank	900,000,000	Within one year	2.00%	Total amount	1,900,000,000	Land
Secured loans	O-Bank Co., Ltd	50,000,000	Within one year	2.5135%	Total amount	100,000,000	Land
Secured loans	JihSun Bank	460,000,000	Within one year	2.1636%	Total amount	520,000,000	Land
Secured loans	Bank of Taiwan	100,000,000	Within one year	2.01%~2.135%	Total amount	150,000,000	Land
Total		$ 3,205,071,179					

Kao Hsing Chang Iron & Steel Corp.

Schedule of bills payable

December 31, 2022 **Unit: NTD**

Supplier	Summary	Amount
I Hong Hot-Galvanization Industrial Co., Ltd.	Business	$ 16,265,788
Weitai Industrial Inspection Co., Ltd.	Business	4,292,022
Perfect Engineering Co., Ltd.	Business	2,190,451
Others (if the balance of each account is less than 5% of notes payable, it shall be reported together)	Business	17,541,499
Total		**$ 40,289,760**

Schedule of other bills payable

Payment counterparty	Summary	Amount
Each shareholder	Capital reduction and refund of shares	$ 5,721,776
Yude Industrial Co., Ltd. (查不到英文)	Funds for equipment	1,620,150
GUOR LUNG MACHINE CO., LTD.	Funds for equipment	1,417,500
Perfect Engineering Co., Ltd.	Funds for equipment	1,155,000
Others (if the balance of each account is less than 5% of other notes payable, it shall be reported together)		1,518,255
Total		**$ 11,432,681**

Kao Hsing Chang Iron & Steel Corp.
Schedule of accounts payable
December 31, 2022

Unit: NTD

Supplier	Summary	Amount
I Hong Hot-Galvanization Industrial Co., Ltd.	Business	$ 11,278,644
Shang Chen Steel Co., Ltd.	Business	7,782,403
Kounan Steel Co., Ltd.	Business	4,723,373
Others (if the balance of each account is less than 5% of accounts payable, it shall be reported together)	Business	2,159,740
Total		**$ 25,944,160**

Schedule of other payables

Item	Summary	Amount
Salary and bonus		$ 13,738,609
Paid leave		7,490,200
Utility bills		2,761,268
Tax		2,885,220
Stock delivery payment		11,426,257
Freight and customs declaration fee		3,466,985
Cargo allowance		1,787,213
Funds for equipment		5,477,525
Pension		819,163
Repair costs		3,107,532
Labor health insurance		1,154,513
Guarantee deposits – current		40,000
Interest		3,548,831
Other		16,377,396
Total		**$ 74,080,712**

Kao Hsing Chang Iron & Steel Corp.

Schedule of other current liabilities

December 31, 2022

Unit: NTD

Please refer to Note 6 (15) for information about other current liabilities schedule.

Schedule of long-term loans

Creditor	Summary	Amount			Contract period	Interest rate	Mortgage or guarantee
		Due within one year	Due after one year or more	Total			
Changhua Bank	Secured loans	$ 32,558,140	667,441,860	700,000,000	109.10.23~119.10.23	2.43%	Land

Please refer to Note 6 (16) for the relevant information of the long-term loan schedule.

Schedule of deferred income tax liabilities

Item	Summary	Amount
Land revaluation value-added tax provision	Property, plant and equipment－ Land	$ 138,600,366
	Investment property	57,559,607
	Non-current assets held for sale	14,472,357
Total		$ 210,632,330

Kao Hsing Chang Iron & Steel Corp.

Schedule of guarantee deposits received

December 31, 2022

Unit: NTD

Item	Summary	Amount
Guarantee deposits received	Land lease deposit	$ 5,000,000

Schedule of net operating income

January 1 to December 31, 2022

Item	quantity (KG)	Amount
Steel pipes	49,396,835	$ 2,095,543,865
Hot rolled steel coil	2,546,065	56,243,979
Zinc products	320,853	26,862,448
Others	110,605	3,407,411
Rental income		33,996,955
Total		$ 2,216,054,658

Kao Hsing Chang Iron & Steel Corp.
Schedule of operating costs
January 1 to December 31, 2022

Unit: NTD

Item	Amount
Direct raw materials	
Beginning stock	$ 287,195,589
Plus: Feedstock this period	1,311,988,580
less: private use	(285,009)
Inventory at the end of period	(291,901,180)
Direct raw materials consumed in this period	1,306,997,980
Direct labor	72,200,626
Manufacturing expenses	330,524,653
Unallocated manufacturing overheads	(34,194,019)
Manufacturing costs	1,675,529,240
Work in progress at the beginning of the period	141,228,540
Plus: Outsourcing	19,223,448
inventory profit	11,504
less: private use	(234,169)
Work in progress at the end of the period	(105,033,753)
Cost of finished goods for the current period	1,730,724,810
Finished goods at beginning of period	241,400,289
Plus: Outsourcing	128,903,753
inventory profit	120,717
Other	506,758
less: private use	(88,488)
Finished goods at end of period	(251,312,164)
Cost of goods sold before adjustment	1,850,255,675
Cost of goods sold plus (minus) adjustment	
Income from sale of scrap	(28,680,589)
Net inventory profit	(132,221)
Inactive Inventory and Falling Price Loss	10,488,997
Unallocated manufacturing overheads	34,194,019
Others	10,373,422
Adjusted cost of goods sold	1,876,499,303
Processing costs	57,477
Leasing costs	12,366,414
Operating costs	**$ 1,888,923,194**

Kao Hsing Chang Iron & Steel Corp.

Schedule of selling expenses

January 1 to December 31, 2022 **Unit: NTD**

Item	Summary	Amount
Salary	Employee salary and bonus	$ 8,907,584
Shipping expense	Sales freight expense	94,940,597
Warehouse rent and assembling and dissembling expense	Warehouse rent at customs, etc.	7,136,541
Others	Rent, utilities, pension, labor and health insurance, entertainment expenses, etc.	9,887,615
Total		**$ 120,872,337**

Schedule of management expenses

Item	Summary	Amount
Salary	Employee salary, overtime pay and bonus	$ 29,442,545
Entertainment expenses	Entertainment expenses	9,109,368
Labor expenses	Public expenses for services such as lawyers and accountants	2,111,800
Utility bills	Utility bills for office premises	1,283,806
Tax	Housing tax and land value tax, etc.	4,520,340
Pension	Employee pensions	1,129,427
Others	Stationery printing, training expenses, post and telecommunications expenses, travel expenses and repair expenses, etc.	20,187,732
Total		**$ 67,785,018**

Schedule of non-operating income and expenses

Please refer to Note 6 (24) for information on non-operating income and expenses