

**CHINA METAL PRODUCTS CO., LTD.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**with Independent Auditors' Review Report
For the Three Months Ended March 31, 2022 and 2021**

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

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Independent Auditors' Review Report

To the Board of Directors of China Metal Products Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of China Metal Products Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, and the changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$4,146,854 thousand and \$4,357,397 thousand, constituting 8.38% and 9.59% of the consolidated total assets; and the total liabilities amounting to \$3,149,191 thousand and \$3,595,855 thousand, constituting 9.87% and 12.27% of the consolidated total liabilities as of March 31, 2022 and 2021, respectively, as well as the total comprehensive income (loss) amounting to \$51,239 thousand and \$(8,996) thousand, constituting 6.19% and (7.34)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of the Group in its investee companies of \$883,528 thousand and \$729,750 thousand as of March 31, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$(9,263) thousand and \$(22,455) thousand for the three months ended March 31, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shih-Chin Chih and Kuo-Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)

May 12, 2022

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2022		December 31, 2021		March 31, 2021				March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (Notes 6(a) and (aa))	\$ 4,270,182	9	5,039,645	10	3,696,663	8	2100	Short-term borrowings (Notes 6(n) and (aa))	\$ 10,212,961	21	9,071,826	18	9,294,469	21
1170	Notes and accounts receivable, net (Notes 6(c), (x) and (aa))	4,003,947	8	4,071,069	8	3,875,511	8	2130	Current contract liabilities (Notes 6(x), 7 and 9(a))	3,802,837	8	3,620,534	7	2,918,398	7
1180	Accounts receivable due from related parties, net (Notes 6(aa) and 7)	4,825	-	2,721	-	3,673	-	2170	Notes and accounts payable (Notes 6(aa) and 7)	3,101,202	6	3,394,708	7	2,803,880	6
1200	Other receivables (Note 6(aa))	97,064	-	121,582	-	72,665	-	2180	Accounts payable due to related parties (Notes 6(aa) and 7)	25,507	-	26,827	-	29,883	-
1210	Other receivables due from related parties (Notes 6(aa) and 7)	13,346	-	25,652	-	49,831	-	2200	Other payables (Note 6(aa))	1,628,077	4	1,931,916	4	1,585,605	3
130X	Inventories (Notes 6(d), 8 and 9(a))	19,870,597	40	20,007,434	40	18,876,337	42	2220	Other payables due to related parties (Notes 6(aa) and 7)	38,970	-	30,003	-	198	-
1410	Prepayments (Note 9(a))	224,272	-	328,881	1	275,144	1	2230	Current income tax liabilities	91,129	-	81,833	-	89,849	-
1476	Other current financial assets (Notes 6(aa), 8 and 9(a))	1,998,584	4	2,195,250	4	1,479,111	3	2280	Current lease liabilities (Notes 6(q) and (aa))	190,574	-	179,629	-	182,350	1
1479	Other current assets, others	342,772	1	325,606	1	326,366	1	2322	Long-term borrowings, current portion (Notes 6(o) and (aa))	1,043,153	2	1,612,105	4	642,098	1
1480	Incremental costs of obtaining contracts	335,618	1	313,912	1	298,625	1	2399	Other current liabilities (Note 6(t))	140,658	-	138,402	-	114,050	-
	Total current assets	<u>31,161,207</u>	<u>63</u>	<u>32,431,752</u>	<u>65</u>	<u>28,953,926</u>	<u>64</u>		Total current liabilities	<u>20,275,068</u>	<u>41</u>	<u>20,087,783</u>	<u>40</u>	<u>17,660,780</u>	<u>39</u>
Non-current assets:															
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b) and (aa))	201,499	-	215,295	-	255,364	1	2500	Non-current financial liabilities at fair value through profit or loss(Notes 6(p) and (aa))	4,622	-	-	-	-	-
1550	Investments accounted for using equity method (Note 6(e))	883,528	2	751,056	2	729,750	2	2530	Bonds payable (Notes 6(p) and (aa))	1,583,997	3	-	-	-	-
1600	Property, plant and equipment (Notes 6(h), 8 and 9(a))	10,851,095	22	10,590,049	21	10,326,609	23	2540	Long-term borrowings (Notes 6(o) and (aa))	7,448,079	15	10,536,188	21	8,921,111	20
1755	Right-of-use assets (Note 6(i))	2,015,708	4	2,033,761	4	2,172,054	5	2570	Deferred tax liabilities	493,085	1	498,392	1	600,300	1
1760	Investment property, net (Notes 6(j) and 8)	705,906	2	706,674	2	708,979	1	2580	Non-current lease liabilities (Notes 6(q) and (aa))	1,613,791	3	1,649,203	4	1,768,969	4
1780	Intangible assets (Note 6(k))	412,280	1	400,544	1	398,785	1	2640	Non-current net defined benefit liabilities	23,143	-	25,347	-	28,555	-
1840	Deferred tax assets	40,399	-	34,713	-	36,984	-	2670	Other non-current liabilities, others (Notes 6(r), (aa) and 7)	449,409	1	427,467	1	329,387	1
1975	Non-current net defined benefit assets	14,551	-	14,172	-	13,479	-		Total non-current liabilities	<u>11,616,126</u>	<u>23</u>	<u>13,136,597</u>	<u>27</u>	<u>11,648,322</u>	<u>26</u>
1980	Other non-current financial assets (Notes 6(l), (aa), 7 and 9(a))	686,984	1	687,586	1	683,022	1		Total liabilities	<u>31,891,194</u>	<u>64</u>	<u>33,224,380</u>	<u>67</u>	<u>29,309,102</u>	<u>65</u>
1990	Other non-current assets, others (Notes 6(m), 7, 8 and 9(a))	2,500,988	5	2,106,431	4	1,163,349	2		Equity attributable to owners of parent (Note 6(v)):						
	Total non-current assets	<u>18,312,938</u>	<u>37</u>	<u>17,540,281</u>	<u>35</u>	<u>16,488,375</u>	<u>36</u>	3100	Ordinary share	3,761,221	8	3,761,221	7	3,761,221	8
	Total assets	<u>\$ 49,474,145</u>	<u>100</u>	<u>49,972,033</u>	<u>100</u>	<u>45,442,301</u>	<u>100</u>	3200	Capital surplus(Notes 6(p))	1,536,837	3	1,488,270	3	1,487,802	3
								3300	Retained earnings	7,818,620	16	7,472,339	15	6,824,849	15
								3400	Other equity	343,927	1	52,785	-	44,445	-
									Total equity attributable to owners of parent:	<u>13,460,605</u>	<u>28</u>	<u>12,774,615</u>	<u>25</u>	<u>12,118,317</u>	<u>26</u>
								36XX	Non-controlling interests	4,122,346	8	3,973,038	8	4,014,882	9
									Total equity	<u>17,582,951</u>	<u>36</u>	<u>16,747,653</u>	<u>33</u>	<u>16,133,199</u>	<u>35</u>
									Total liabilities and equity	<u>\$ 49,474,145</u>	<u>100</u>	<u>49,972,033</u>	<u>100</u>	<u>45,442,301</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months Ended March 31, 2022 and 2021

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

		For the Three Months Ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenues (Notes 6(x) and 7)	\$ 4,595,532	100	3,609,713	100
5000	Operating costs (Notes 6(d),(t) and 7)	<u>(3,491,583)</u>	<u>(76)</u>	<u>(2,757,188)</u>	<u>(76)</u>
	Gross profit from operations	<u>1,103,949</u>	<u>24</u>	<u>852,525</u>	<u>24</u>
	Operating expenses (Note 6(t) and 7):				
6100	Selling expenses	(144,427)	(3)	(156,786)	(5)
6200	Administrative expenses (Note 6(y))	(412,709)	(9)	(367,545)	(10)
6300	Research and development expenses	(2,806)	-	(3,625)	-
6450	Expected credit gains (Note 6(c))	101	-	312	-
	Total operating expenses	<u>(559,841)</u>	<u>(12)</u>	<u>(527,644)</u>	<u>(15)</u>
	Net operating income	<u>544,108</u>	<u>12</u>	<u>324,881</u>	<u>9</u>
	Non-operating income and expenses:				
7100	Interest income (Notes 6(z) and 7)	7,791	-	17,464	1
7010	Other income (Notes 6(z) and 7)	22,808	-	22,161	1
7020	Other gains and losses (Notes 6(g), (p) and (z))	19,626	-	(10,779)	-
7050	Finance costs (Note 6(z))	(51,649)	(1)	(55,494)	(2)
7060	Share of loss of associates and joint ventures accounted for using equity method, net (Note 6(e))	<u>(9,263)</u>	<u>-</u>	<u>(22,455)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>(10,687)</u>	<u>(1)</u>	<u>(49,103)</u>	<u>(1)</u>
	Profit from continuing operations before tax	533,421	11	275,778	8
7950	Less: Tax expense (Note 6(u))	<u>(62,035)</u>	<u>(1)</u>	<u>(55,162)</u>	<u>(2)</u>
8200	Net profit	<u>471,386</u>	<u>10</u>	<u>220,616</u>	<u>6</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss:				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(v) and (aa))	(5,796)	-	(2,683)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may not be reclassified subsequently to profit or loss	<u>(5,796)</u>	<u>-</u>	<u>(2,683)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements (Note 6(v))	362,441	8	(95,293)	(3)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>362,441</u>	<u>8</u>	<u>(95,293)</u>	<u>(3)</u>
8300	Other comprehensive income (after tax)	<u>356,645</u>	<u>8</u>	<u>(97,976)</u>	<u>(3)</u>
8500	Comprehensive income	<u>\$ 828,031</u>	<u>18</u>	<u>122,640</u>	<u>3</u>
	Net profit, attributable to:				
8610	Owners of parent	\$ 346,281	7	173,509	5
8620	Non-controlling interests	<u>125,105</u>	<u>3</u>	<u>47,107</u>	<u>1</u>
		<u>\$ 471,386</u>	<u>10</u>	<u>220,616</u>	<u>6</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 637,423	14	91,923	2
8720	Non-controlling interests	<u>190,608</u>	<u>4</u>	<u>30,717</u>	<u>1</u>
		<u>\$ 828,031</u>	<u>18</u>	<u>122,640</u>	<u>3</u>
	Earnings per share (expressed in dollars) (Note 6(w))				
9750	Basic earnings per share	<u>\$ 0.92</u>		<u>0.46</u>	
9850	Diluted earnings per share	<u>\$ 0.92</u>		<u>0.46</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent									
	Share Capital		Retained Earnings			Other Equity				
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total Equity Attributable to Owners of Parent	Non- Controlling Interests	Total Equity
Balance on January 1, 2021	\$ 3,761,221	1,487,802	1,801,169	56,109	4,794,062	32,198	93,833	12,026,394	3,975,678	16,002,072
Profit for the three months ended March 31, 2021	-	-	-	-	173,509	-	-	173,509	47,107	220,616
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	(78,930)	(2,656)	(81,586)	(16,390)	(97,976)
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	173,509	(78,930)	(2,656)	91,923	30,717	122,640
Changes in non-controlling interests	-	-	-	-	-	-	-	-	9,290	9,290
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(803)	(803)
Balance on March 31, 2021	\$ 3,761,221	1,487,802	1,801,169	56,109	4,967,571	(46,732)	91,177	12,118,317	4,014,882	16,133,199
Balance on January 1, 2022	\$ 3,761,221	1,488,270	1,844,008	49,081	5,579,250	(25,292)	78,077	12,774,615	3,973,038	16,747,653
Profit for the three months ended March 31, 2022	-	-	-	-	346,281	-	-	346,281	125,105	471,386
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	296,939	(5,797)	291,142	65,503	356,645
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	346,281	296,939	(5,797)	637,423	190,608	828,031
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5	-	-	-	-	-	5	-	5
Recognition of equity component items from convertible bonds	-	48,562	-	-	-	-	-	48,562	-	48,562
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(87)	(87)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(41,213)	(41,213)
Balance on March 31, 2022	\$ 3,761,221	1,536,837	1,844,008	49,081	5,925,531	271,647	72,280	13,460,605	4,122,346	17,582,951

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 533,421	275,778
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	256,144	254,695
Amortization expense	1,430	1,228
Expected credit gains	(101)	(312)
Net losses on financial assets or liabilities at fair value through profit or loss	330	-
Interest expense	51,649	55,494
Interest income	(7,791)	(17,464)
Share of losses of associates and joint ventures accounted for using equity method	9,263	22,455
Losses on disposal of property, plant and equipment	2,196	223
Property, plant and equipment transferred to expenses	234	50
Losses on disposal of investment accounted for using equity method	-	5,013
Lease modification gains	-	(8)
Effect of exchange rate changes on short-term and long-term borrowings	(5,150)	5,386
Total adjustments to reconcile profit	308,204	326,760
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable, net	194,551	(94,007)
Accounts receivable due from related parties, net	(868)	(3,285)
Other receivables	61,020	199,021
Inventories	236,898	(566,589)
Prepayments	106,077	(30,094)
Other current assets	(13,724)	(58,440)
Other financial assets	199,602	83,547
Incremental costs of obtaining contracts	(21,706)	(75,583)
Total changes in operating assets	761,850	(545,430)
Changes in operating liabilities:		
Notes and accounts payable (including related parties), net	(378,901)	181,968
Other payables	(323,720)	(76,888)
Current contract liabilities	184,604	426,035
Other current liabilities	(6,669)	14,193
Other non-current liabilities	(4,679)	(7,004)
Total changes in operating liabilities	(529,365)	538,304
Total changes in operating assets and liabilities	232,485	(7,126)
Total adjustments	540,689	319,634
Cash inflow generated from operations	1,074,110	595,412
Interest received	4,287	14,017
Dividends received	10,824	324
Interest paid	(72,739)	(68,848)
Income taxes paid	(75,976)	(46,000)
Net cash flows generated from operating activities	940,506	494,905
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(460)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	8,000	-
Acquisition of investments accounted for using equity method	(150,000)	-
Proceeds from disposal of the subsidiary (net effect of cash)	-	3,632
Acquisition of property, plant and equipment	(179,485)	(390,772)
Proceeds from disposal of property, plant and equipment	559	187
Acquisition of intangible assets	-	(737)
Decrease in other financial assets	549	882
Increase in other non-current assets	(430,894)	(385,135)
Net cash flows used in investing activities	(751,271)	(772,403)
Cash flows from financing activities:		
Increase in short-term borrowings	3,797,799	2,977,722
Decrease in short-term borrowings	(2,768,376)	(1,761,898)
Increase in short-term notes and bills payable	39,841	90,056
Proceeds from issuing bonds	1,644,717	-
Proceeds from long-term borrowings	900,000	1,045,920
Repayments of long-term borrowings	(4,602,019)	(2,516,991)
Payment of lease liabilities	(49,133)	(49,601)
Increase in other non-current liabilities	1,066	2,923
Change in non-controlling interests	(96)	-
Net cash flows used in financing activities	(1,036,201)	(211,869)
Effect of exchange rate changes on cash and cash equivalents	77,503	(27,775)
Net decrease in cash and cash equivalents	(769,463)	(517,142)
Cash and cash equivalents at the beginning of the period	5,039,645	4,213,805
Cash and cash equivalents at the end of the period	\$ 4,270,182	3,696,663

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

CHINA METAL PRODUCTS CO., LTD. (the “Company”) was established on September 9, 1972, via Ministry of Economic Affairs’ authorization. The registered office is located at 4F, No. 85, Section 4, Ren’ai Road, Taipei. The major business activities of the Company and its subsidiaries (the “Group”) are iron hardware manufacturing and casting, residents and commercial buildings developing, leasing and selling, international hotel servicing and department store retailing. Please refer to Note 14, for the aforementioned information.

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on May 12, 2022 .

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C.(“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- 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 “Reference to the Conceptual Framework”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- 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”

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to Note 4(c) of the consolidated financial statements for the year ended December 31, 2021.

(i) List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	United Elite Agents Limited (UEA)	Investing	100.00 %	100.00 %	100.00 %	Note 2
The Company and Sunflower Investment	Atrans Precision Industries Co., Ltd. (Atrans Precision)	Vehicle parts processing	85.51 %	85.51 %	85.51 %	Note 1
The Company	Sunflower Investment Co., Ltd. (Sunflower Investment)	Investing	99.01 %	99.00 %	99.00 %	Note 1
The Company	The Hotel National Co., Ltd. (The Hotel National)	International tourist hotel services and other hotel business approved by the Ministry of Transportation and Communications	100.00 %	100.00 %	100.00 %	Note 1
The Company	CHINA METAL AUTOMOTIVE INTERNATIONAL CO., LTD. (CMAI)	Vehicle parts retailing	100.00 %	100.00 %	94.00 %	Note 1
The Company	CMJ CO., LTD. (CMJ) (Note 3)	Cast iron product retailing	83.33 %	83.33 %	83.33 %	Note 1
The Company	National Management Co., Ltd. (National Management)	Management and consulting services	100.00 %	100.00 %	100.00 %	Note 1
The Company and Sunflower Investment	PUJEN Land Development Co., Ltd. (PUJEN Land Development)	Residents, commercial buildings and factories leasing and developing	71.72 %	71.72 %	71.72 %	Note 2
The Company and PUJEN Land Development	Shangrila Tourism Co., Ltd. (Shangrila Tourism)	Amusement park and hotel services	100.00 %	100.00 %	100.00 %	Note 1

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	InterContinental Taichung Co., Ltd. (InterContinental Taichung)	International tourist hotel services	100.00 %	100.00 %	100.00 %	Note 1
The Company	Calligraphy Greenway Plaza Co., Ltd. (Calligraphy Greenway Plaza)	Management and consulting services	100.00 %	100.00 %	100.00 %	Note 1
UEA	China Metal International Holdings Inc. (CMI)	Investing and cast iron product retailing	83.27 %	83.27 %	82.55 %	Note 2
CMI	China Metal International (BVI) Limited (CMI (BVI))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMI	CMW (Cayman Islands) Co., Ltd. (CMW (C.I.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMI	CMB (H.K.) Co., Ltd. (CMB (H.K.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMB (H.K.)	Suzhou CMB Machinery Co., Ltd. (Suzhou CMB)	Cast iron product designing, manufacturing and retailing	100.00 %	100.00 %	100.00 %	Note 2
CMI (BVI)	CMP (H.K.) Industry Co., Ltd. (CMP (H.K.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMP (H.K.)	Tianjin CMT Industry Co., Ltd. (Tianjin CMT)	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMP (H.K.)	Suzhou CMS Machinery Co., Ltd. (Suzhou CMS)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMW (C.I.)	CMW (Tianjin) Industry Co., Ltd. (CMW (Tianjin))	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMW (C.I.)	CMI (Wu Han) Precision Machinery Co., Ltd. (CMH)	Vehicle parts, farm wagon parts, industrial wagon parts, household appliances parts and E&M as-casting and molds developing, manufacturing, selling and the after sales services	100.00 %	100.00 %	100.00 %	Notes 2
CMJ	Qingdao Sourcing Specialists Trading Co., Ltd. (Qingdao Sourcing Specialists)	Cast iron product retailing	100.00 %	100.00 %	100.00 %	Note 1
Atrans Precision	FAR HSING (SAMOA) ENTERPRISE CO., LTD. (FAR HSING (SAMOA))	Investing	100.00 %	100.00 %	100.00 %	Note 1
PUJEN Land Development	CHINGENG Land Development Co., Ltd. (CHINGENG Land Development)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	50.00 %	Note 1
PUJEN Land Development	PUJEN CHENGMEI Land Development Co., Ltd. (PUJEN CHENGMEI Land Development)	Residents, commercial buildings and factories leasing and developing	70.00 %	70.00 %	70.00 %	Note 1
PUJEN Land Development	PUCHIA Land Development Co., Ltd. (PUCHIA Land Development)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	50.00 %	Note 1
CMAI	CMAI Holding, Inc. (CMAI Holding)	Investing	100.00 %	100.00 %	100.00 %	Note 1
CMAI Holding	Pilot Drive LLC (Pilot)	Assets leasing	100.00 %	100.00 %	100.00 %	Note 1
Pilot	CMAI INDUSTRIES, INC. (CMAI N.A.)	Vehicle parts retailing	100.00 %	100.00 %	100.00 %	Note 1

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 1: An non-significant subsidiary, its financial statements have not been reviewed.

Note 2: The financial statements have been reviewed.

Note 3: The former name was “CHINA METAL JAPAN COMPANY LIMITED”.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(c) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate which is forecasted by the management. This should be recognized fully as tax expense for the current period.

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

(d) Employee benefits

The pension cost for the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and be adjusted by the significant market flotation, significant curtailment, settlement or other significant single occasions.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 of the 2021 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 6,937	7,421	6,936
Cash in banks	3,774,464	4,412,238	2,260,755
Time deposits	488,781	619,986	1,428,972
Cash and cash equivalents	<u>\$ 4,270,182</u>	<u>5,039,645</u>	<u>3,696,663</u>

Please refer to Note 6(aa) for the sensitivity analysis of the financial assets.

(b) Non-current financial assets at fair value through other comprehensive income

	March 31, 2022	December 31, 2021	March 31, 2021
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets— Yung Tay Engineering Co., Ltd.	\$ 37,016	36,901	60,540
Stocks unlisted on domestic markets— MEITA Industrial Co., Ltd.	115,049	119,433	135,300
Stocks unlisted on domestic markets— YUHUA Venture Capital Co., Ltd.	194	207	435
Stocks unlisted on domestic markets— FUHUA Venture Capital Co., Ltd.	637	674	1,574
Stocks unlisted on domestic markets— GUANGYUAN Investment Co., Ltd.	31,362	33,824	31,580
Stocks unlisted on domestic markets— DEVELOPMENT Venture Capital Co., Ltd.	17,241	24,256	25,935
Total	<u>\$ 201,499</u>	<u>215,295</u>	<u>255,364</u>

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) The Group holds the equity investments for long-term strategic purposes, rather than transaction purposes. Therefore, the investments are measured at FVOCI.
- (ii) The Group did not dispose the strategic investments during the first quarter of 2022 and 2021. Therefore, the accumulated income and loss was not transferred in equity.
- (iii) Please refer to Note 6(aa) for the information on credit risk (including the impairment of debt instrument investments) and market risk.
- (iv) As of March 31, 2022, December 31 and March 31, 2021, the financial assets were not pledged as collateral.
- (c) Notes and accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable from operating activities	\$ 485,064	472,727	434,563
Accounts receivable measured as amortized cost	<u>3,522,607</u>	<u>3,602,106</u>	<u>3,443,754</u>
Subtotal	4,007,671	4,074,833	3,878,317
Less: Loss allowance	<u>(3,724)</u>	<u>(3,764)</u>	<u>(2,806)</u>
Total	<u>\$ 4,003,947</u>	<u>4,071,069</u>	<u>3,875,511</u>

The Group applies the simplified approach to estimate its expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward-looking information including macroeconomics and relative industries information. The loss allowance provision is determined as follows:

	<u>March 31, 2022</u>		
	<u>Gross Carrying Amount</u>	<u>Weighted Average Loss Rate</u>	<u>Loss Allowance Provision</u>
Current	\$ 3,730,945	0%	-
1 to 30 days past due	158,163	0%	-
31 to 90 days past due	95,684	0%	-
91 to 120 days past due	19,152	0%~13.5%	1,338
121 days to a year past due	2,353	35.48%~43.37%	1,012
Over a year past due	<u>1,374</u>	100%	<u>1,374</u>
	<u>\$ 4,007,671</u>		<u>3,724</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2021		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,891,446	0%	-
1 to 30 days past due	133,925	0%	-
31 to 90 days past due	38,535	0%	-
91 to 120 days past due	6,019	0%~13.5%	807
121 days to a year past due	3,422	35.48%~43.37%	1,471
Over a year past due	<u>1,486</u>	100%	<u>1,486</u>
	<u>\$ 4,074,833</u>		<u>3,764</u>
	March 31, 2021		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,713,687	0%	-
1 to 30 days past due	136,931	0%	-
31 to 90 days past due	20,647	0%~6%	1,204
91 to 120 days past due	5,611	0%~10.54%	561
121 days to a year past due	588	25.08%~32.97%	188
Over a year past due	<u>853</u>	100%	<u>853</u>
	<u>\$ 3,878,317</u>		<u>2,806</u>

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

	For the Three Months Ended March 31	
	2022	2021
Balance on January 1	\$ 3,764	3,120
Impairment recovery recognized	(101)	(312)
Foreign exchange losses	<u>61</u>	<u>(2)</u>
Balance on March 31	<u>\$ 3,724</u>	<u>2,806</u>

The financial assets mentioned above were not pledged as collateral.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	\$ 262,146	227,769	141,602
Work in process	320,329	380,486	270,006
Semi-finished goods	137,350	136,793	125,725
Finished goods	1,656,667	1,535,036	938,906
Merchandise	96,529	90,107	56,681
Land held for development	7,629,110	7,553,256	6,082,711
Properties and land held for sale	398,880	1,367,387	2,035,000
Construction-in-progress	8,902,005	8,268,758	8,738,443
Prepayments for land	253,696	239,924	166,995
Other inventories	213,885	207,918	320,268
	\$ 19,870,597	20,007,434	18,876,337

For the three months ended March 31, 2022 and 2021, the cost of goods sold amounted to \$3,491,583 thousand and \$2,757,188 thousand, respectively. For the three months ended March 31, 2022 and 2021, the reversal gain from the increase in inventories' net realizable value amounted to \$8,813 thousand and \$1,865 thousand, respectively.

For the information on inventories pledged as collateral, as of March 31, 2022, December 31 and March 31, 2021, please refer to Note 8.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Associates	\$ 529,627	537,067	451,958
Joint ventures	353,901	213,989	277,792
	\$ 883,528	751,056	729,750

(i) Associates

Due to the fact that the Group does not have the obligation of assuming the excess losses, it ceased the recognition of the losses from the investment of Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets). For the three months ended March 31, 2022 and 2021, the unrealized investment losses amounted to \$73 thousand and \$71 thousand, respectively; the accumulated unrealized investment losses, as of March 31, 2022 and 2021, amounted to \$57,841 thousand and \$57,479 thousand, respectively.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's financial information for investments accounted for using the equity method that were individually insignificant is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of individually insignificant associates' equity	<u>\$ 529,627</u>	<u>537,067</u>	<u>451,958</u>
	For the Three Months Ended March 31		
	2022	2021	
Attributable to the Group:			
Net income (loss)	\$ 826	(4,265)	
Other comprehensive income	-	-	
Comprehensive income	<u>\$ 826</u>	<u>(4,265)</u>	

(ii) Joint ventures

The Group's financial information for joint ventures accounted for using the equity method that were individually insignificant is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of individually insignificant joint ventures' equity	<u>\$ 353,901</u>	<u>213,989</u>	<u>277,792</u>
	For the Three Months Ended March 31		
	2022	2021	
Attributable to the Group:			
Net loss	\$ (10,089)	(18,190)	
Other comprehensive income	-	-	
Comprehensive income	<u>\$ (10,089)</u>	<u>(18,190)</u>	

(iii) Pledge to secure

As of March 31, 2022, December 31 and March 31, 2021, the investments accounted for using equity method were not pledged as collateral.

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

The investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Changes in a parent's ownership interest in a subsidiary

(i) Acquisition of additional shares interests of subsidiary

For the three months ended March 31, 2022 the Group obtained Sunflower Investment additional equity on \$96 thousand, increasing the percentage ownership from 99.00% to 99.01%.

The information on the influence of subsidiaries' equities variation to the Group's equity is as follows:

	For the Three Months Ended March 31 2022
	Sunflower Investment
Acquisition of non-controlling interests	\$ 101
Payment to non-controlling interests	(96)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	5

(g) Loss of control over a subsidiary

The Group had sold 50% of its shares in Pu Sheng Construction Co., Ltd. wherein the proceeds of \$4,614 thousand on March 31, 2021, resulted in a loss of control over the Pu Sheng Construction and a loss on disposal of investment amounting to \$5,013 thousand.

(h) Property, plant and equipment

The cost and accumulated depreciation of the property, plant equipment of the Group for the three months ended March 31, 2022 and 2021 are as follows:

	Land	Buildings	Machinery	Office Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Prepayments for Equipment and Construction in Progress	Total
Cost:									
Balance on January 1, 2022	\$ 3,118,095	3,840,120	9,750,106	110,803	58,719	187,845	729,889	1,321,500	19,117,077
Additions	1,000	1,092	41,895	2,879	-	1,907	7,673	123,039	179,485
Disposals	-	-	(46,166)	(353)	(333)	(7,863)	(12,905)	-	(67,620)
Reclassification	-	-	60,510	2,107	-	43,935	31,655	(95,960)	42,247
Influence from exchange rates	258	108,899	339,349	2,253	1,329	8,180	15,250	46,103	521,621
Balance on March 31, 2022	\$ 3,119,353	3,950,111	10,145,694	117,689	59,715	234,004	771,562	1,394,682	19,792,810
Balance on January 1, 2021	\$ 3,118,236	3,445,580	9,433,335	110,764	53,189	168,203	700,247	1,202,077	18,231,631
Additions	-	-	23,975	2,077	1,780	25,989	2,471	334,480	390,772
Disposals	-	(1,756)	(12,799)	(1,214)	(924)	(28,328)	(30,277)	-	(75,298)
Reclassification	-	676	5,826	(4,833)	2,816	8,978	3,345	11,496	28,304
Influence from exchange rates	16	(21,082)	(76,302)	(472)	(479)	(1,501)	(3,163)	(13,473)	(116,456)
Balance on March 31, 2021	\$ 3,118,252	3,423,418	9,374,035	106,322	56,382	173,341	672,623	1,534,580	18,458,953

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Leasehold Improvement</u>	<u>Other Equipment</u>	<u>Prepayments for Equipment and Construction in Progress</u>	<u>Total</u>
Accumulated depreciation and impairment loss									
Balance on January 1, 2022	\$ -	1,539,755	6,255,051	85,183	45,545	89,124	512,370	-	8,527,028
Depreciation	-	28,586	142,226	2,606	1,289	9,679	17,893	-	202,279
Disposals	-	-	(44,263)	(337)	(333)	(7,863)	(12,069)	-	(64,865)
Influence from exchange rates	-	37,684	222,016	1,889	1,096	3,516	11,072	-	277,273
Balance on March 31, 2022	<u>\$ -</u>	<u>1,606,025</u>	<u>6,575,030</u>	<u>89,341</u>	<u>47,597</u>	<u>94,456</u>	<u>529,266</u>	<u>-</u>	<u>8,941,715</u>
Balance on January 1, 2021	\$ -	1,448,672	5,881,466	83,577	43,317	91,996	518,040	-	8,067,068
Depreciation	-	25,484	140,849	3,033	1,037	16,275	15,245	-	201,923
Disposals	-	(1,756)	(12,405)	(1,214)	(910)	(28,328)	(30,275)	-	(74,888)
Reclassification	-	-	-	(3,057)	-	3,057	-	-	-
Influence from exchange rates	-	(8,186)	(49,515)	(395)	(424)	(721)	(2,518)	-	(61,759)
Balance on March 31, 2021	<u>\$ -</u>	<u>1,464,214</u>	<u>5,960,395</u>	<u>81,944</u>	<u>43,020</u>	<u>82,279</u>	<u>500,492</u>	<u>-</u>	<u>8,132,344</u>
Carrying value:									
Balance on January 1, 2022	<u>\$ 3,118,095</u>	<u>2,300,365</u>	<u>3,495,055</u>	<u>25,620</u>	<u>13,174</u>	<u>98,721</u>	<u>217,519</u>	<u>1,321,500</u>	<u>10,590,049</u>
Balance on March 31, 2022	<u>\$ 3,119,353</u>	<u>2,344,086</u>	<u>3,570,664</u>	<u>28,348</u>	<u>12,118</u>	<u>139,548</u>	<u>242,296</u>	<u>1,394,682</u>	<u>10,851,095</u>
Balance on January 1, 2021	<u>\$ 3,118,236</u>	<u>1,996,908</u>	<u>3,551,869</u>	<u>27,187</u>	<u>9,872</u>	<u>76,207</u>	<u>182,207</u>	<u>1,202,077</u>	<u>10,164,563</u>
Balance on March 31, 2021	<u>\$ 3,118,252</u>	<u>1,959,204</u>	<u>3,413,640</u>	<u>24,378</u>	<u>13,362</u>	<u>91,062</u>	<u>172,131</u>	<u>1,534,580</u>	<u>10,326,609</u>

As of March 31, 2022, December 31 and March 31, 2021, please refer to Note 8 for the details of property, plant and equipment pledged as collateral for the Group's long-term loan and financing guarantee.

(i) Right-of-use assets

The cost and accumulated depreciation of the right-of-use assets, which includes land, buildings, machinery and transportation equipment rented by the Group, for the three months ended March 31, 2022 and 2021 are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Cost:							
Balance on January 1, 2022	\$ 1,004,772	2,393,697	47,835	23,183	2,046	122,673	3,594,206
Additions	-	8,802	15,593	540	-	-	24,935
Reduction for expiration	-	(420)	(33,868)	-	-	-	(34,288)
Influence from exchange rates	13,244	190	1,114	24	19	-	14,591
Balance on March 31, 2022	<u>\$ 1,018,016</u>	<u>2,402,269</u>	<u>30,674</u>	<u>23,747</u>	<u>2,065</u>	<u>122,673</u>	<u>3,599,444</u>
Balance on January 1, 2021	\$ 1,007,888	2,394,673	48,195	17,318	2,228	122,262	3,592,564
Additions	-	1,092	-	2,645	723	-	4,460
Reduction for expiration	-	(1,091)	-	(1,863)	(866)	-	(3,820)
Influence from exchange rates	(3,116)	-	(359)	1	1	-	(3,473)
Balance on March 31, 2021	<u>\$ 1,004,772</u>	<u>2,394,674</u>	<u>47,836</u>	<u>18,101</u>	<u>2,086</u>	<u>122,262</u>	<u>3,589,731</u>
Accumulated depreciation:							
Balance at January 1, 2022	\$ 177,882	1,317,008	39,869	7,254	966	17,466	1,560,445
Depreciation	5,897	40,690	4,021	1,493	110	886	53,097
Transferred to construction cost	-	210	-	-	-	-	210
Reduction for expiration	-	(420)	(33,868)	-	-	-	(34,288)
Influence from exchange rates	3,579	13	640	25	15	-	4,272
Balance on March 31, 2022	<u>\$ 187,358</u>	<u>1,357,501</u>	<u>10,662</u>	<u>8,772</u>	<u>1,091</u>	<u>18,352</u>	<u>1,583,736</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Balance on January 1, 2021	\$ 155,174	1,158,342	29,119	12,171	1,122	14,117	1,370,045
Depreciation	5,885	40,196	3,531	1,396	109	887	52,004
Transferred to construction cost	-	183	-	-	-	-	183
Reduction for expiration	-	(1,091)	-	(1,863)	(562)	-	(3,516)
Influence from exchange rates	(786)	-	(255)	1	1	-	(1,039)
Balance on March 31, 2021	<u>\$ 160,273</u>	<u>1,197,630</u>	<u>32,395</u>	<u>11,705</u>	<u>670</u>	<u>15,004</u>	<u>1,417,677</u>
Carrying value:							
Balance on January 1, 2022	<u>\$ 826,890</u>	<u>1,076,689</u>	<u>7,966</u>	<u>15,929</u>	<u>1,080</u>	<u>105,207</u>	<u>2,033,761</u>
Balance on March 31, 2022	<u>\$ 830,658</u>	<u>1,044,768</u>	<u>20,012</u>	<u>14,975</u>	<u>974</u>	<u>104,321</u>	<u>2,015,708</u>
Balance on January 1, 2021	<u>\$ 852,714</u>	<u>1,236,331</u>	<u>19,076</u>	<u>5,147</u>	<u>1,106</u>	<u>108,145</u>	<u>2,222,519</u>
Balance on March 31, 2021	<u>\$ 844,499</u>	<u>1,197,044</u>	<u>15,441</u>	<u>6,396</u>	<u>1,416</u>	<u>107,258</u>	<u>2,172,054</u>

(j) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 5 to 10 years. Some leases provide the lessees with options to extend at the end of the term.

For all investment property leases, the rental income is fixed under the contracts, but some leases require the lessee to reimburse the insurance costs of the Group. When this is the case, the amounts of insurance costs are determined annually.

The movements in the investment property is as follows:

	<u>Owned Property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Carrying value:			
Balance on January 1, 2022	<u>\$ 609,567</u>	<u>97,107</u>	<u>706,674</u>
Balance on March 31, 2022	<u>\$ 609,567</u>	<u>96,339</u>	<u>705,906</u>
Balance on January 1, 2021	<u>\$ 593,697</u>	<u>97,459</u>	<u>691,156</u>
Balance on March 31, 2021	<u>\$ 609,567</u>	<u>99,412</u>	<u>708,979</u>

Investment properties comprise a number of commercial properties that are leased to third parties. Each leasing contract includes an original non-cancelable lease term of one to three years, and the lease term of the renewal is available for discussion with the lessee. The contingent rent is not charged in the contract. Please refer to Note 6(s) for the regarding information.

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2022 and 2021. Information on depreciation for the period is discussed in Note 12(c), and for the information on rental revenue and other direct operating expense, please refer to Note 6(s).

The fair value of the investment property was not significantly different from those disclosed in the Note 6(j) of the annual consolidated financial statements for the year ended December 31, 2021.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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As of March 31, 2022, December 31 and March 31, 2021, the details of investment properties pledged as collateral, please refer to Note 8.

(k) Intangible assets

The movements in the costs of intangible assets and amortization of the Group are as follows:

	<u>Goodwill</u>	<u>Patent</u>	<u>Client Relationship</u>	<u>Computer Software</u>	<u>Total</u>
Cost:					
Balance on January 1, 2022	\$ 385,268	63,088	227,751	43,337	719,444
Influence from exchange rates	<u>13,166</u>	<u>2,471</u>	<u>8,921</u>	<u>103</u>	<u>24,661</u>
Balance on March 31, 2022	<u>\$ 398,434</u>	<u>65,559</u>	<u>236,672</u>	<u>43,440</u>	<u>744,105</u>
Balance on January 1, 2021	\$ 390,862	63,669	229,850	32,878	717,259
Acquisitions	-	-	-	737	737
Reclassification	-	-	-	383	383
Influence from exchange rates	<u>(1,870)</u>	<u>(581)</u>	<u>(2,099)</u>	<u>7</u>	<u>(4,543)</u>
Balance on March 31, 2021	<u>\$ 388,992</u>	<u>63,088</u>	<u>227,751</u>	<u>34,005</u>	<u>713,836</u>
Accumulated amortization:					
Balance on January 1, 2022	\$ -	63,088	227,751	28,061	318,900
Amortization	-	-	-	1,430	1,430
Influence from exchange rates	<u>-</u>	<u>2,471</u>	<u>8,921</u>	<u>103</u>	<u>11,495</u>
Balance on March 31, 2022	<u>\$ -</u>	<u>65,559</u>	<u>236,672</u>	<u>29,594</u>	<u>331,825</u>
Balance on January 1, 2021	\$ -	63,669	229,850	22,978	316,497
Amortization	-	-	-	1,228	1,228
Influence from exchange rates	<u>-</u>	<u>(581)</u>	<u>(2,099)</u>	<u>6</u>	<u>(2,674)</u>
Balance on March 31, 2021	<u>\$ -</u>	<u>63,088</u>	<u>227,751</u>	<u>24,212</u>	<u>315,051</u>
Carrying value:					
Balance on January 1, 2022	<u>\$ 385,268</u>	<u>-</u>	<u>-</u>	<u>15,276</u>	<u>400,544</u>
Balance on March 31, 2022	<u>\$ 398,434</u>	<u>-</u>	<u>-</u>	<u>13,846</u>	<u>412,280</u>
Balance on January 1, 2021	<u>\$ 390,862</u>	<u>-</u>	<u>-</u>	<u>9,900</u>	<u>400,762</u>
Balance on March 31, 2021	<u>\$ 388,992</u>	<u>-</u>	<u>-</u>	<u>9,793</u>	<u>398,785</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Other non-current financial assets

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Debt obligation receivable—The Splendor Hospitality International Co., Ltd.	\$ 575,000	575,000	575,000
Debt obligation receivable—Chin Ling Steel Co., Ltd.—Non-guaranteed	23,250	23,250	23,250
Less: Accumulated impairment—Debt obligation receivable—Chin Ling Steel Co., Ltd.	(23,250)	(23,250)	(23,250)
Refundable deposits	<u>111,984</u>	<u>112,586</u>	<u>108,022</u>
	<u>\$ 686,984</u>	<u>687,586</u>	<u>683,022</u>

- (i) In June, 2006, the Group and Prince Housing and Development Co., Ltd. (Prince Housing and Development) entered into an assignment of debt agreement with Amida Trustlink Assets which the Group and Prince Housing and Development each owned half of the obligation. The Group and Prince Housing and Development each injected 50% and obtained the major mortgages, collateral, and the appurtenant rights of Taichung Port Splendor Hospitality International Co., Ltd. (Taichung Port Splendor). The Group and Prince Housing and Development agreed to pay Amida Trustlink Assets the residual debt in the agreement, the related costs and returns when the real right of the underlying is completed. The Group and Prince Housing and Development each injected 50% and cofounded The Splendor Hospitality International Co., Ltd. (The Splendor Hospitality International). In November 2006, The Splendor Hospitality International and Taichung Port Splendor entered into a specific asset transfer agreement and obtained the specific assets of Taichung Port Splendor by assuming its debts. The Group's right of receivables transferred from Taichung Port Splendor to The Splendor Hospitality International. In December 2006, the Group and Prince Housing and Development signed a supplementary agreement with Amida Trustlink Assets which increased the selling price of all debt obligations and canceled the payment of the related cost and return. The verdinglichung obligatorischer rechte was assumed by the Group and Prince Housing and Development equally. The details of total debt obligation receivable and obligation cost after deducted the received amount in 2007 is as follows:

<u>March 31, 2022</u>				
<u>Underlying</u>	<u>Obligation Cost</u>	<u>Obligation Principal</u>	<u>Valuation Assessment</u>	<u>Collateral</u>
The Splendor Hospitality International	\$ <u>575,000</u>	<u>796,845</u>	According to the assessment of Zhonglian Real Estate Appraiser Joint Office, the valuation of mortgage is \$7,674,024 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,857,012 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2021				
Underlying	Obligation Cost	Obligation Principal	Valuation Assessment	Collateral
The Splendor Hospitality International	\$ 575,000	796,845	According to the assessment of Zhonglian Real Estate Appraiser Joint office, the valuation of mortgage is \$7,674,024 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,857,012 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

March 31, 2021				
Underlying	Obligation Cost	Obligation Principal	Valuation Assessment	Collateral
The Splendor Hospitality International	\$ 575,000	796,845	According to the assessment of Jones Lang Lasalle Real Estate Appraiser Joint Office, the valuation of mortgage is \$7,056,000 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,548,000 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

(ii) As of March 31, 2022, December 31 and March 31, 2021, the cost and principal of debt obligation from Chin Ling Steel were \$23,250 thousand and \$118,561 thousand, respectively.

(m) Other non-current assets

The details of other non-current assets are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Construction in progress	\$ 2,218,861	1,964,821	1,033,194
Land	44,299	44,299	44,299
Other	237,828	97,311	85,856
	\$ 2,500,988	2,106,431	1,163,349

(i) The construction in progress is the development of land and shopping mall of the Group, please refer to Note 9(a), (ix) for details.

(ii) The land held by the Group is located at Xinfeng Township Kengzikou and Zaoqiao Township Niulan Lake. According to the laws and regulations, companies cannot be registered as landowners, due to the usage of the land is registered for farming, graveyard and conservation. Therefore, the ownership of the land was passed to individuals and was registered as private personal property. For obtaining the right of land, the Group held the land certificate and entered into an agreement with the registered owner, which specified that the Group retain all rights and obligations of the land, and pledged the land as collateral for the Group.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank borrowings	\$ 4,357,476	3,299,307	2,577,472
Secured bank borrowings	5,330,846	5,287,721	6,177,375
Notes and bills payable	524,639	484,798	539,622
Total	<u>\$ 10,212,961</u>	<u>9,071,826</u>	<u>9,294,469</u>
Unused credit limit	<u>\$ 5,439,917</u>	<u>6,298,655</u>	<u>4,391,224</u>
Range of interest rates	<u>0.52%~4.25%</u>	<u>0.52%~4.00%</u>	<u>0.72%~2.25%</u>

(i) Borrowing and repayment

For the three months ended March 31, 2022 and 2021, the Group obtained from short-term borrowings amounting to \$3,797,799 thousand and \$2,977,722 thousand with an interest rate of 0.52%~4.25% and 0.72%~2.17%; the repayment amounting to \$2,768,376 thousand and \$1,761,898 thousand, respectively. Please refer to Note 6(z) for details of the interest expense.

(ii) Collateral for bank borrowings

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

(o) Long-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured bank borrowings	\$ 1,045,000	3,239,717	2,382,874
Secured bank borrowings	7,446,529	8,909,079	7,180,953
Less: Current portion	(1,043,153)	(1,612,105)	(642,098)
Unamortized long-term borrowings costs	(297)	(503)	(618)
Total	<u>\$ 7,448,079</u>	<u>10,536,188</u>	<u>8,921,111</u>
Unused credit limit	<u>\$ 2,456,365</u>	<u>414,003</u>	<u>789,963</u>
Interest rate range	<u>0.93%~2.05%</u>	<u>0.90%~2.81%</u>	<u>0.40%~3.70%</u>

(i) Borrowing and repayment

For the three months ended March 31, 2022 and 2021, the Group obtained from long-term borrowings amounting to \$900,000 thousand and \$1,045,920 thousand with an interest rate of 1.10%~2.05% and 0.40%~1.90%; the repayment amounting to \$4,602,019 thousand and \$2,516,991 thousand, respectively. Please refer to Note 6(z) for details of the interest expense.

(ii) Collateral for bank borrowings

Please refer to Note 8 for details of the assets pledged as collateral for bank borrowings.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Borrowing covenants

The Group entered into a syndicated loan contract in a total credit of \$3,150,000 thousand with multiple financial institutions on April 23, 2019. According to the contract, during the borrowing repayment periods the Company should file annual and semi-annual consolidated financial statements which were audited and reviewed by CPA and must comply with certain financial covenants, such as the current ratio shall be greater than or equal to 100%, the financial debt ratio shall be less than or equal to 180%, the interest coverage ratio shall be greater than or equal to 5 times, and the tangible net value shall be greater than or equal to \$14,000,000 thousand. The compliance with the aforementioned covenants will be examined semi-annually. As of December 31, 2021, the Group was in compliance with the above borrowing covenants.

The Group entered into a borrowing contract in a total credit of USD43,230 thousand with one financial institution on November 10, 2020. According to the contract, during the repayment periods the Company should file UEA annual non-consolidated and CMI annual consolidated financial statements which were audited by CPA and must comply with certain financial covenants. The financial covenants based on the years of 2021 and 2020 CMI annual consolidated financial statements is EBITDA/(CPLTD+1), which shall be greater than or equal to 1, and of which based on UEA annual non-consolidated and CMI annual consolidated financial statements is debt ratio, which shall be less than or equal to 80%. The compliance with the aforementioned covenants will be examined annually. As of December 31, 2021, the Group was in compliance with the above borrowing covenants.

(p) Bonds payable

The details of the bonds payable is as follows:

	March 31, 2022
Unsecured convertible bonds	\$ 1,500,000
Unamortized premium on bonds payable	<u>83,997</u>
	\$ 1,583,997
Embedded derivative-call option and put option (which is listed under "non-current financial liabilities at FVTPL")	<u>\$ 4,622</u>
Equity component-convertible option (which is listed under "capital surplus-stock option")	<u>\$ 48,562</u>
	For the Three Months Ended March 31 2022
Embedded derivative-losses on remeasurements through fair value (which is listed under "other gains and losses")	<u>\$ (330)</u>
Interest expense	<u>\$ (7,865)</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On January 24, 2022, the Group issued the fourth domestic unsecured convertible corporate bonds amounting to \$1.5 billion with the following conditions:

- 1) Coupon rate: 0%
- 2) Issuance period: Three years (maturing on January 24, 2025)
- 3) Repayment: Unless the bonds had been redeemed before maturity, repurchased and converted, the bonds will be redeemed by the Group upon maturity at par value.
- 4) Redemption: The Group will redeem the bonds from its creditors under the following circumstances:
 - a) The Group would repurchase the bond at par value if the close price of the Group's ordinary share listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price for 30 consecutive days from the day after the bonds have been issued for three months to 40 days before maturity.
 - b) The Group would repurchase the bond at par value if the outstanding balance of bonds is less than 10% of the original issuance value from the day after the bonds have been issued for three months to 40 days before maturity.
- 5) Repurchase:

The holders can require the Group to repurchase the bonds at 100.5% of the par value from the day after the bonds have been issued for two years.
- 6) Conversion:
 - a) The holders can convert the bonds into ordinary shares according to the conversion method from the day after the bonds have been issued for three months to the expiry.
 - b) The conversion price is \$34.2 per share, which is the average close price on the first day, as well as the first three and five operating days, before the base date of the Group's ordinary share listed on the Taiwan Stock Exchange, which was on January 4, 2022, multiply by 104%.

(q) Lease liabilities

The details of the lease liabilities are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Current	\$ <u>190,574</u>	<u>179,629</u>	<u>182,350</u>
Non-current	\$ <u>1,613,791</u>	<u>1,649,203</u>	<u>1,768,969</u>

For the maturing analysis, please refer to Note 6(z).

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss are as follows:

	For the Three Months Ended March 31	
	2022	2021
Interest on lease liabilities	\$ 5,951	4,905
Expenses relating to leases short-term assets	\$ 2,141	4,118
Covid-19-related rent concessions (recognized as deduction of rent expenses)	\$ -	5

The amounts recognized in the statement of cash flows are as follows:

	For the Three Months Ended March 31	
	2022	2021
Total cash outflow for leases	\$ 57,225	58,624

(i) Real estate leases

The Group leases land and buildings for its offices, retail stores and future project development. The leases of offices, typically run for a period of 2 years, retail stores for a period of 15 years, and the land use rights leased for future project development for 40 to 50 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices, or sales that the Group makes at the leased store in the period. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

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

(ii) Other leases

The Group leases equipment and transportation, with lease terms of 2 to 6 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases equipment and machinery, dormitory and company cars with contract terms of one year. These leases are short-term or low-value items which the Group has elected not to recognize right-of-use assets and lease liabilities.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Provisions

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Non-current:			
Financial guarantee contracts	\$ 17,785	21,289	29,822
Legal	<u>236,052</u>	<u>236,052</u>	<u>236,052</u>
Total	<u>\$ 253,837</u>	<u>257,341</u>	<u>265,874</u>

(i) Financial guarantee contracts

The Group assisted the joint venture to obtain the endorsement guarantee for the credit limit from the financial institutions. According to IFRS 9 “ Financial Instruments”, the financial guarantee contracts are measured at fair value.

(ii) Legal

Please refer to Note 9(b) for the information on estimated legal provisions and losses.

(s) Operating leases

The Group leases out investment properties under operating lease which was classified based on not transferring substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset to the lessee. Please refer to Note 6(j) for the regarding information on investment properties.

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

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Less than one year	\$ 9,992	13,122	16,558
One to two years	4,051	5,265	9,861
Two to three years	<u>-</u>	<u>355</u>	<u>4,051</u>
Total undiscounted lease payments	<u>\$ 14,043</u>	<u>18,742</u>	<u>30,470</u>

For the three months ended March 31, 2022 and 2021, rental revenues from investment properties amounted to \$3,417 thousand and \$3,372 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "operating costs") are \$0 thousands.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or no other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

The expenses recognized in profit or loss for the Group are as follows:

	For the Three Months Ended March 31	
	2022	2021
Operating cost	\$ 12	536
Selling expenses	2	101
Administration expenses	19	238
Research and development expenses	-	98
Total	<u>\$ 33</u>	<u>973</u>

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance are as follows:

	For the Three Months Ended March 31	
	2022	2021
Operating cost	\$ 12,270	10,687
Selling expenses	639	645
Administration expenses	7,891	7,495
Research and development expenses	91	87
Total	<u>\$ 20,891</u>	<u>18,914</u>

(iii) Short-term employee benefits

	March 31, 2022	December 31, 2021	March 31, 2021
Paid leave and other liabilities	<u>\$ 9,117</u>	<u>12,095</u>	<u>13,431</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Income tax

(i) Applicated legal tax rates of foreign subsidiaries: China: 10%~25%; Japan: 33.79%; the USA: 21%.

(ii) The income tax expense are as follows:

	For the Three Months Ended March 31	
	2022	2021
Current income tax expense		
Current period incurred	\$ 52,722	47,365
Land value increment taxes	20,173	8,842
Adjustment for prior periods	157	(35)
	73,052	56,172
Deferred tax income		
Origination and reversal of temporary differences	(11,017)	(1,010)
Income tax expense	\$ 62,035	55,162

(iii) The income tax returns of the Company through 2020 (except for 2018), as well as the other domestic consolidated subsidiaries (except for the Hotel National, National Management and Shangrila Tourism) through 2020, had been assessed and approved by the tax authority according to the income tax return filed by the Group. The Company and Sunflower Investment did not agree with the proposed tax adjustments made by the tax authority, and filed the petition of administration. Please refer to Note 9(b) for details.

(v) Share capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2022 and 2021. For the related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2021.

(i) Capital stock

As of March 31, 2022, December 31 and March 31, 2021, the Company's authorized share capital are 5,000,000 thousands, with par value of \$10 per share and the issued capital are \$3,761,221 thousand. All the proceeds from the issued capital have been remitted.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The components of the capital surplus are as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
From issuance of share capital	\$ 611,272	611,272	611,272
Employee stock option of subsidiaries	33,352	33,352	33,352
Stock option of convertible bonds	48,562	-	-
From conversion of convertible bonds	843,035	843,035	843,035
Changes in equity of associates and joint ventures accounted for using equity method	-	-	143
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	<u>616</u>	<u>611</u>	<u>-</u>
	<u>\$ 1,536,837</u>	<u>1,488,270</u>	<u>1,487,802</u>

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation, after-tax earnings and other items in undistributed earnings except from after-tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, as required by its operation or by the government, appropriate for special reserve. The remaining balance of the earnings, if any, may be appropriated according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. If all or part of the aforementioned employees' compensation is distributed in cash, the resolution will be approved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and the distribution shall be submitted to the shareholders' meeting.

The Company is in the growth stage of business cycle and the annual earnings and future cash flow is maintained stable. Considering the Company's significant investment plan for the future, the Company applied "Residual dividend policy" for long-term operating plan and funding needs. The dividend distribution of cash and stock is correlated with annual earning. The Company's stock dividends cannot be higher than 70% of the total dividend.

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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1) Earnings distribution

The amount of cash dividends of appropriations of the Company's 2021 and 2020 earnings was based on the resolutions decided during the meetings of the Board of Directors held on March 30, 2022 and March 30, 2021, respectively.

These earnings are appropriated as follows:

	2021		2020	
	Allotment (NTD)	Amount	Allotment (NTD)	Amount
Common stock dividends per share				
Cash	\$ 2.11	<u><u>793,618</u></u>	1.03	<u><u>387,406</u></u>

(iv) Other equity (net of tax)

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at FVOCI	Non-controlling Interest	Total
Balance on January 1, 2022	\$ (25,292)	78,077	3,973,038	4,025,823
Profit attributable to non-controlling interests	-	-	125,105	125,105
Exchange differences on foreign operations	296,939	-	65,502	362,441
Unrealized (losses) gains on financial assets	-	(5,797)	1	(5,796)
Changes in non-controlling interest	-	-	(87)	(87)
Cash dividends paid to non-controlling interests	-	-	(41,213)	(41,213)
Balance on March 31, 2022	<u><u>\$ 271,647</u></u>	<u><u>72,280</u></u>	<u><u>4,122,346</u></u>	<u><u>4,466,273</u></u>
Balance on January 1, 2021	\$ 32,198	93,833	3,975,678	4,101,709
Profit attributable to non-controlling interests	-	-	47,107	47,107
Exchange differences on foreign operations	(78,930)	-	(16,363)	(95,293)
Unrealized losses on financial assets measured at FVOCI	-	(2,656)	(27)	(2,683)
Changes in non-controlling interest	-	-	9,290	9,290
Cash dividends paid to non-controlling interests	-	-	(803)	(803)
Balance on March 31, 2021	<u><u>\$ (46,732)</u></u>	<u><u>91,177</u></u>	<u><u>4,014,882</u></u>	<u><u>4,059,327</u></u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Earnings per share

The Group's earnings per share are calculated as follows:

	For the Three Months Ended March 31	
	2022	2021
Basic earnings per share		
Profit attributable to owners of the parent	\$ <u>346,281</u>	<u>173,509</u>
Weighted average number of ordinary shares	<u>376,122</u>	<u>376,122</u>
Basic earnings per share	<u>\$ 0.92</u>	<u>0.46</u>
Diluted earnings per share		
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	\$ <u>346,281</u>	<u>173,509</u>
Weighted average number of ordinary shares	376,122	376,122
Effect of potential diluted ordinary shares		
Employee stock option	1,306	679
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	<u>377,428</u>	<u>376,801</u>
Diluted earnings per share	<u>\$ 0.92</u>	<u>0.46</u>

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the Three Months Ended March 31, 2022			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 159,539	1,404,172	163,748	1,727,459
United States	463,229	-	-	463,229
Japan	426,183	-	-	426,183
China	1,527,572	-	-	1,527,572
Europe	119,503	-	-	119,503
South America	163,320	-	-	163,320
Others	168,266	-	-	168,266
	<u>\$ 3,027,612</u>	<u>1,404,172</u>	<u>163,748</u>	<u>4,595,532</u>
Major product/service lines:				
Iron casting hardware	\$ 3,009,606	-	-	3,009,606
Construction	-	1,404,172	-	1,404,172
Counter commissions	-	-	99,055	99,055
Others	18,006	-	64,693	82,699
	<u>\$ 3,027,612</u>	<u>1,404,172</u>	<u>163,748</u>	<u>4,595,532</u>

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the Three Months Ended March 31, 2021				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 165,101	381,110	167,809	714,020
United States	442,828	-	-	442,828
Japan	405,526	-	-	405,526
China	1,661,153	-	-	1,661,153
Europe	93,868	-	-	93,868
South America	190,057	-	-	190,057
Others	102,261	-	-	102,261
	\$ 3,060,794	381,110	167,809	3,609,713
Major product/service lines:				
Iron casting hardware	\$ 3,045,188	-	-	3,045,188
Construction	-	381,110	-	381,110
Counter commissions	-	-	93,051	93,051
Others	15,606	-	74,758	90,364
	\$ 3,060,794	381,110	167,809	3,609,713

(ii) Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Notes and accounts receivable	\$ 4,007,671	4,074,833	3,878,317
Less: Loss allowance	(3,724)	(3,764)	(2,806)
Total	\$ 4,003,947	4,071,069	3,875,511
Contract assets	\$ -	-	-
Contract liabilities—Advance real estate receipts	\$ 3,752,062	3,568,282	2,863,776
Contract liabilities—Advance receipts	\$ 50,775	52,252	54,622

For the details of accounts receivable and loss allowance, please refer to Note 6(c).

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amount of revenue recognized for the three months ended March 31, 2022 and 2021, that were included in the contract liabilities balance at the beginning of the period were \$343,312 thousand and \$61,734 thousand, respectively.

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

(y) Employees' compensation and remuneration of directors

Based on the amended Company's Articles of Incorporation, employees' compensation is appropriated at the rate of no less than 2.5% and remuneration of directors is appropriated no more than 2.5% of profit before tax, respectively. Prior years' accumulated deficit is first offset before any appropriation of profit, then calculate the employees' compensation and remuneration of directors by the appropriate ratio stipulated in the bylaws. The employees to whom the Company distributes employees' compensation, or issued new restricted employee shares, employee stock option certificates, preemptive right of new shares, and transfer of shares include the employees of subsidiaries which are qualified with the requirements stipulated by the Board of Directors.

For the three months ended March 31, 2022 and 2021, appropriated employees' compensation by \$11,054 thousand and \$5,384 thousand, respectively, and appropriated remuneration of directors by \$9,869 thousand and \$4,807 thousand, respectively, which were estimated on the basis of the Company's net profit before tax, excluding employees' compensation and the remuneration of directors of each period, then multiplied by the percentage of remuneration of employees and directors as specified in the Company's Articles of Incorporation. Such amounts were recognized as operating cost or operating expense for the period. The number of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day prior to Board of Directors meeting. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss.

For the years ended December 31, 2021 and 2020, appropriated employees' compensation by \$34,016 thousand and \$16,606 thousand, respectively, and appropriated remuneration of directors by \$30,371 thousand and \$14,826 thousand, respectively. There were no significant difference between employees' compensation and remuneration of directors approved by the Board of Directors meeting and the estimated amount.

Information on the employees' compensation and remuneration of directors approved by the Board of Directors meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Non-operating income and expenses

(i) Interest income

The information on interest income is listed as follows:

	For the Three Months Ended March 31	
	2022	2021
Interest income from bank deposits	\$ 4,287	14,017
Interest income from financial guarantee contracts	3,504	3,447
Total Interest income	<u>\$ 7,791</u>	<u>17,464</u>

(ii) Other income

The information on other income is listed as follows:

	For the Three Months Ended March 31	
	2022	2021
Rental revenue	\$ 4,752	5,287
Others	18,056	16,874
Total other income	<u>\$ 22,808</u>	<u>22,161</u>

(iii) Other gains and losses

The information on other gains and losses is listed as follows:

	For the Three Months Ended March 31	
	2022	2021
Losses on disposal of property, plant and equipment	\$ (2,196)	(223)
Foreign exchange gains (losses)	22,394	(5,096)
Losses on disposal of investment	-	(5,013)
Losses on financial instruments at FVTPL	(330)	-
Other losses	(242)	(447)
Net amount of other gains and losses	<u>\$ 19,626</u>	<u>(10,779)</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

The information on interest costs is listed as follows:

	For the Three Months Ended March 31	
	2022	2021
Bank borrowing interest expense	\$ 53,131	50,164
Lease liability interest expense	5,951	4,905
Bonds interest expense	(7,865)	-
Other finance costs	432	425
Net amount of finance costs	\$ 51,649	55,494

For the three months ended March 31, 2022 and 2021, the capitalized interest costs amounted to \$12,876 thousand and \$14,252 thousand, respectively.

(aa) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(aa) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represent the maximum amount exposed to credit risk.

2) Concentration of credit risk

Since the Group had a large number of unrelated customers, the concentration of the credit risk is limited.

3) Credit risks of receivables and debt securities

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

All of these financial assets mentioned above are considered to be low risk, therefore, the impairment provision recognized during the period was limited to 12 months expected losses. For the allowance of impairment on financial assets for the three months ended March 31, 2022 and 2021, please refer to Note 6(c).

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments, but not the impact of netting agreements.

	<u>Contractual Cash Flow</u>	<u>Within 6 Months</u>	<u>6-12 Months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Over 5 Years</u>
March 31, 2022						
Non-derivative financial liabilities						
Bank borrowings	\$ 19,093,999	5,813,267	1,815,557	7,433,062	4,032,113	-
Bonds payable	1,500,000	-	-	-	1,500,000	-
Lease liabilities	2,026,286	107,345	105,382	206,374	608,908	998,277
Notes and accounts payables (including related parties)	3,126,709	3,126,709	-	-	-	-
Other payables (including related parties)	<u>1,667,047</u>	<u>1,667,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,414,041</u>	<u>10,714,368</u>	<u>1,920,939</u>	<u>7,639,436</u>	<u>6,141,021</u>	<u>998,277</u>
December 31, 2021						
Non-derivative financial liabilities						
Bank borrowings	\$ 21,721,271	4,783,351	2,770,371	9,520,326	4,647,223	-
Lease liabilities	2,055,335	101,795	99,851	199,141	606,370	1,048,178
Notes and accounts payables (including related parties)	3,421,535	3,421,535	-	-	-	-
Notes and accounts payables (including related parties)	<u>1,961,919</u>	<u>1,961,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 29,160,060</u>	<u>10,268,600</u>	<u>2,870,222</u>	<u>9,719,467</u>	<u>5,253,593</u>	<u>1,048,178</u>
March 31, 2021						
Non-derivative financial liabilities						
Bank borrowings	\$ 18,953,088	3,967,571	2,405,928	7,949,056	4,601,131	29,402
Lease liabilities	2,195,491	105,927	100,096	195,249	596,555	1,197,664
Notes and accounts payables (including related parties)	2,833,763	2,833,763	-	-	-	-
Other payables (including related parties)	<u>1,585,803</u>	<u>1,585,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 25,568,145</u>	<u>8,493,064</u>	<u>2,506,024</u>	<u>8,144,305</u>	<u>5,197,686</u>	<u>1,227,066</u>

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

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(iii) Currency risk

Information on the significant exposure to foreign currency risk of the Group is as follows:

	March 31, 2022			December 31, 2021			March 31, 2021			
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD:NTD	\$	20,280	28.63	580,615	20,817	27.68	576,214	16,726	28.54	477,369
USD:CNY		134,517	6.35	3,851,215	135,034	6.38	3,737,747	121,419	6.58	3,465,291
USD:JPY		958	121.67	27,415	836	115.09	23,140	1,158	110.75	33,041
EUR:NTD		1,705	31.92	54,418	1,096	31.32	34,328	1,160	33.48	38,837
EUR:CNY		3,045	7.08	97,201	3,444	7.22	107,860	1,057	7.71	35,378
JPY:NTD		89,139	0.24	20,974	164,138	0.24	39,475	83,793	0.26	21,594
JPY:CNY		132,299	0.05	31,130	174,839	0.06	42,049	123,838	0.06	31,913
HKD:USD		2,392	0.13	8,755	3,729	0.13	13,239	4,994	0.13	18,328
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD:CNY		136,463	6.35	3,906,942	149,967	6.38	4,151,073	127,768	6.58	3,646,485
EUR:CNY		2,690	7.08	85,866	2,880	7.22	90,192	13,770	7.71	461,004
HKD:USD		318,288	0.13	1,164,934	318,288	0.13	1,129,922	335,040	0.13	1,229,597
JPY:CNY		25,469	0.05	5,993	61,021	0.060	14,676	33,948	0.06	8,748

1) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Group's functional currency as of March 31, 2022 and 2021 would have increased (decreased) the after-tax net income for the three months ended March 31, 2022 and 2021 by \$984 thousand and \$2,448 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2022 and 2021, the foreign exchange losses, including both realized and unrealized, amounted to \$22,394 thousand and \$(5,096) thousand, respectively.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(iv) Interest rate risk

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments at the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year at the reporting date.

If the interest rate increases or decreases by 1% the Group's net income will increase /decrease by \$21,106 thousand and \$21,758 thousand for the three months ended March 31, 2022 and 2021, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate bank borrowings.

(v) Other market price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis were based on the same basis, and other variables considered in the analysis remain the same:

	For the Three Months Ended March 31			
	2022		2021	
	Other Comprehensive Income (net of tax)	Net Income (Loss) (net of tax)	Other Comprehensive Income (net of tax)	Net Income (Loss) (net of tax)
Increase 10%	\$ 20,150	(462)	25,536	-
Decrease 10%	\$ (20,150)	462	(25,536)	-

(vi) Fair value of financial instruments

1) Fair value hierarchy

The Group measured its financial assets and liabilities at FVTPL, and financial assets at FVOCI on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy are as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	March 31, 2022				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Non-current financial assets at FVOCI	\$ 201,499	37,016	-	164,483	201,499
Non-current financial liabilities at FVTPL	\$ 4,622	-	-	4,622	4,622

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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		March 31, 2022				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost	\$ 11,053,852	-	-	-	-	
Financial liabilities measured at amortized cost	\$ 26,919,448	-	-	-	-	
		December 31, 2021				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Non-current financial assets at FVOCI	\$ 215,295	36,901	-	178,394	215,295	
Financial assets measured at amortized cost	\$ 12,134,805	-	-	-	-	
Financial liabilities measured at amortized cost	\$ 28,463,417	-	-	-	-	
		March 31, 2021				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Non-current financial assets at FVOCI	\$ 255,364	60,540	-	194,824	255,364	
Financial assets measured at amortized cost	\$ 9,859,168	-	-	-	-	
Financial liabilities measured at amortized cost	\$ 25,248,440	-	-	-	-	

2) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. Market prices quoted from main exchanges and over-the-counter are the basis of fair value of equity instruments and credit instrument traded in active markets.

If the quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

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

- The listed redeemable bonds, listed stocks, drafts and bonds are recognized as financial assets and liabilities traded in active markets by the standards and nature. The fair value is measured at the market quoted price.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

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

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

3) Transfers between Level 1 and Level 2

There were no transfers in either direction for the three months ended March 31, 2022 and 2021.

4) Reconciliation of Level 3 instruments

	Non-current Financial Assets at FVOCI Equity Instrument without Quoted Price
Balance on January 1, 2022	\$ 215,295
Total gains or losses	
Recognized as other comprehensive income	(5,796)
Capital reduction	(8,000)
Balance on March 31, 2022	<u>\$ 201,499</u>
Balance on January 1, 2021	\$ 257,587
Purchase	460
Total gains or losses	
Recognized as other comprehensive income	(2,683)
Balance on March 31, 2021	<u>\$ 255,364</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The total gains or losses is listed under “unrealized gains (losses) on financial assets at FVOCI”. The information regarding assets held as of March 31, 2022 and 2021 is as follows:

	For the Three Months Ended March 31	
	2022	2021
Total gains or losses		
Recognized as other comprehensive income (which is listed under "unrealized losses on financial assets of FVOCI")	\$ (5,796)	(2,683)

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

The Group’s major financial instruments that use Level 3 inputs to measure fair value is “financial assets measured at FVOCI – equity investments”.

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

Quantified information regarding significant unobservable inputs are as follows:

Item	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at FVOCI equity investments without active market	Dividend discount model	<ul style="list-style-type: none"> ·Average expected future dividend income of 5 years (As of March 31, 2022, December 31 and March 31, 2021 were \$14~26,213 thousand, \$14~26,213 thousand and \$18~29,388 thousand, respectively.) ·Weighted average capital cost (As of March 31, 2022, December 31 and March 31, 2021, were 4.68%, 3.48% and 4.61%, respectively.) ·Discounting rate without market liquidity (As of March 31, 2022, December 31 and March 31, 2021, were all 15%) 	<ul style="list-style-type: none"> ·The estimated fair value would increase, if the 5- year average expected future dividend income is increased. ·The estimated fair value would decrease, if the weighted average capital cost is increased. ·The estimated fair value would decrease, if the discounting rate without market liquidity is increased.

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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- 6) Fair value measurements in Level 3-sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Inputs</u>	<u>Fluctuation in Inputs</u>	<u>Other Comprehensive Income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
March 31, 2022				
Financial assets at FVOCI				
Equity investments without an active market	4.68 %	1%	5,958	(5,663)
December 31, 2021				
Financial assets at FVOCI				
Equity investments without an active market	3.48 %	1%	6,671	(6,335)
March 31, 2021				
Financial assets at FVOCI				
Equity investments without an active market	4.61 %	1%	6,931	(6,586)

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

- (ab) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(ab) of the consolidated financial statements for the year ended December 31, 2021.

- (ac) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note6 (ac) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(ad) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended March 31, 2022 and 2021, were as follows:

Reconciliation of assets arising from investing activities were as follows:

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Reclassification</u>	<u>March 31, 2022</u>
Other non-current assets	\$ <u>2,106,431</u>	<u>430,894</u>	<u>(36,337)</u>	<u>2,500,988</u>

	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Reclassification</u>	<u>March 31, 2021</u>
Other non-current assets	\$ <u>907,794</u>	<u>385,135</u>	<u>(129,580)</u>	<u>1,163,349</u>

(7) Related-party transactions:

(a) The ultimate parent company

The company is both the parent company and the ultimate controlling party of the Group.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
The Splendor Hospitality International Co., Ltd. (The Splendor Hospitality)	Joint ventures
CMAAN Health Co., Ltd. (CMAAN Health)	Joint ventures
Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets)	Associates
Keng-Hsin Urban Renewal Co., Ltd. (Keng-Hsin Urban Renewal)	Associate of subsidiaries
ADVANCISION (CAYMAN) Industries Co., Ltd. (ADVANCISION (CAYMAN))	Associate of subsidiaries
Beyond Fitness Co., Ltd. (Beyond Fitness)	Associate of subsidiaries
Fuzhou Aprec Mechanical and Electrical Co., Ltd. (Fuzhou Aprec)	Subsidiaries of subsidiaries' associates
Advancision Corporation (Advancision)	Subsidiaries of subsidiaries' associates
Chain-Yuan Investment Co., Ltd. (Chain-Yuan Investment)	Other related parties
San Lien Technology Corp. (San Lien Technology)	Other related parties
Kemitek Industrial Corp. (Kemitek Industrial)	Other related parties
CMP PUJEN Foundation for Arts and Culture (Foundation)	Other related parties
San Lien Educational Foundation (San Lien Foundation)	Other related parties
Hao Bao Investment Co., Ltd. (Hao Bao Investment)	Other related parties

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Rui Hua Investment Co., Ltd. (Rui Hua Investment)	Other related parties
LEESCO Development Co. Ltd. (LEESCO Development)	Other related parties
Gee Lien Resource Development Corp. (Gee Lien Resource)	Other related parties
Yi-Shi Investment Corporation (Yi-Shi)	Other related parties
Mr. Ming Shiann, Ho	Other related parties
Mr. Ting Fung, Lin	Key Management

(c) Significant transactions with related parties

(i) Sales to related parties

- 1) The amounts of significant sales transactions and outstanding balance between the Group and related parties are as follows:

	<u>Sales</u>		<u>Notes and Accounts Receivables</u>		
	<u>For the Three Months Ended</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>March 31</u>				
	<u>2022</u>	<u>2021</u>			
Associates	\$ 2,730	3,713	4,798	2,690	3,434
Joint ventures	279	342	2	-	227
Other related parties	396	86	25	31	12
	<u>\$ 3,405</u>	<u>4,141</u>	<u>4,825</u>	<u>2,721</u>	<u>3,673</u>

The sales between the Group and related parties approximated the market price.

- 2) The amounts of significant real estate sales transactions and outstanding balance between the Group and related parties are as follows:

	<u>Revenue recognized</u>		<u>Advance real estate receipts</u>		
	<u>For the Three Months Ended</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>March 31</u>				
	<u>2022</u>	<u>2021</u>			
Other related parties	\$ -	-	<u>65,484</u>	<u>59,275</u>	<u>30,070</u>

As of March 31, 2022 and 2021, the total contract price of real estate in contract with related parties mentioned above is \$253,190 thousand (tax included) and \$196,870 thousand (tax included), respectively. The terms and pricing of sales transactions with related parties were not significantly different from those with the third parties.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Purchases from related parties

The amounts of significant purchases transactions and outstanding balances between the Group and related parties are as follows:

	<u>Purchases</u>		<u>Notes and Accounts Payable</u>		
	<u>For the Three Months Ended</u>		<u>March 31,</u>	<u>December</u>	<u>March 31,</u>
	<u>March 31</u>				
	<u>2022</u>	<u>2021</u>			
Associates	\$ 20,559	32,381	24,810	26,129	29,246
Joint ventures	2	-	-	-	-
Other related parties	17	-	1,405	726	661
	<u>\$ 20,578</u>	<u>32,381</u>	<u>26,215</u>	<u>26,855</u>	<u>29,907</u>

The purchases mentioned above could not compare to the market because the Group did not purchase the same items from non-related parties. The payment terms with related parties are not significantly different from those with third parties.

(iii) Leases

1) Rental expenses

The information on office leased by the Group is as follows:

	<u>Rental Expenses</u>	
	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	<u>2022</u>	<u>2021</u>
Joint ventures	\$ -	30
Other related parties:		
Mr. Ming Shiann, Ho	608	608
Others	160	127
	<u>\$ 768</u>	<u>765</u>

	<u>Guarantee Deposit Paid</u>		
	<u>(Recognized under other non-current financial assets)</u>		
	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
Joint ventures	\$ 10	10	-
Other related parties	443	443	443
	<u>\$ 453</u>	<u>453</u>	<u>443</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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2) Rental revenues

The information on office leased to related parties is as follows:

	Rental Revenues	
	For the Three Months Ended	
	March 31	
	2022	2021
Associates	\$ 65	65
Other related parties	321	321
	\$ 386	386

	Guarantee Deposit Received		
	(Recognized under other non-current liabilities)		
	March 31,	December 31,	March 31,
	2022	2021	2021
Associates	\$ 300	300	300

(iv) Providing services to related party

The information on providing management consulting and application services to related parties is as follows:

	Service Revenues	
	For the Three Months Ended	
	March 31	
	2022	2021
Associates	\$ 75	75
Joint ventures	1,145	1,451
	\$ 1,220	1,526

(v) Non-performing receivables

	Total Claims		
	March 31,	December 31,	March 31,
	2022	2021	2021
Joint ventures:			
The Splendor Hospitality	\$ 796,845	796,845	796,845
	Costs of Claims		
	March 31,	December 31,	March 31,
	2022	2021	2021
Joint ventures:			
The Splendor Hospitality	\$ 575,000	575,000	575,000

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The claims mentioned above was recognized in other non-current financial assets, please refer to Note 6(l).

(vi) Guarantees and endorsements

The information on guarantees and endorsements of financing quotas and actual usage is as follows:

	Borrowing Limits		
	March 31, 2022	December 31, 2021	March 31, 2021
Joint ventures:			
The Splendor Hospitality	\$ 2,050,000	1,900,000	2,150,000
Others	45,680	45,680	45,680
	\$ 2,095,680	1,945,680	2,195,680
	Actual Usage Amount		
	March 31, 2022	December 31, 2021	March 31, 2021
Joint ventures:			
The Splendor Hospitality	\$ 1,525,000	1,630,000	1,610,000
Others	24,179	25,456	45,680
	\$ 1,549,179	1,655,456	1,655,680

(vii) Guarantee for bank borrowings

The Group didn't pay any guarantee fee to related parties as a guarantor.

(viii) Property transaction

The information on construction in retention for Taichung development projects to be paid by the Group is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Other related parties	\$ 344	344	318

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Other transactions

- 1) The information on other services or transactions provided by related parties is as follows:

	Other Expenses	
	For the Three Months Ended	
	March 31	
	2022	2021
Associates	\$ 1	-
Joint ventures	181	-
	\$ 182	-

- 2) The amounts on revenues from providing guarantees and endorsements to related parties is as follows:

	Interest Revenues	
	For the Three Months Ended	
	March 31	
	2022	2021
Joint ventures:		
The Splendor Hospitality	\$ 3,440	3,365
Others	64	82
	\$ 3,504	3,447

- 3) Other receivables and advance payments from related parties

	Other Receivables		
	(including advance payments)		
	March 31,	December 31,	March 31,
	2022	2021	2021
Associates:			
Keng-Hsin Urban Renewal	\$ 13,082	24,332	48,810
Others	96	95	420
Joint ventures	83	232	74
Other related parties	85	993	527
	\$ 13,346	25,652	49,831

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Other payables and advance receipts from related parties

	Other Payables (including advance receipts)		
	March 31, 2022	December 31, 2021	March 31, 2021
Associates:			
Keng-Hsin Urban Renewal	\$ 31,966	29,294	158
Joint ventures	20	450	40
Other related parties	6,984	203	-
Key management	-	56	-
	<u>\$ 38,970</u>	<u>30,003</u>	<u>198</u>

(d) Key management transactions

The compensation of key management is as follows:

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 44,791	46,532
Post-employment benefits	428	477
	<u>\$ 45,219</u>	<u>47,009</u>

(8) Pledged assets

The information on pledged assets' carrying value is as follows:

Pledged Assets	Object	March 31, 2022	December 31, 2021	March 31, 2021
Land (including other non-current assets)	The credit limits of long-term and short-term bank borrowings	\$ 1,424,715	1,424,715	1,424,638
Buildings	"	300,284	304,118	315,619
Investment properties	"	634,315	634,883	636,586
Inventories—Land held for development	"	7,258,465	7,246,157	5,790,877
Inventories—Construction in progress	"	6,158,077	5,751,894	6,432,379
Inventories—Buildings and land held for sale	The credit limits of short-term borrowings	90,723	234,639	2,027,811
Other current financial assets	Bank acceptance bills	55,582	51,429	49,760
"	Trusts	1,337,901	1,244,785	893,401
		<u>\$ 17,260,062</u>	<u>16,892,620</u>	<u>17,571,071</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(9) Significant commitments and contingencies

(a) The Group's unrecognized contractual commitments are as follows:

(i) The unused standby letters of credit for purchasing machinery and equipment and raw material are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Unused standby letters of credit	<u>\$ 12</u>	<u>3,494</u>	<u>-</u>

(ii) The unrecognized contractual commitment from contracts of buildings for future operational use, selling and purchasing of equipment, decorating constructions, and engineering constructions entered into by the Group is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Total contract price	<u>\$ 14,304,224</u>	<u>12,660,047</u>	<u>11,536,709</u>
Total amounts paid under contracts (Note)	<u>\$ 8,857,303</u>	<u>6,679,296</u>	<u>4,763,604</u>

Note: Recognized in "prepayments for equipment and construction in progress", "other non-current assets", "inventory- construction in progress" and "administrative expenses".

(iii) The Group's total selling price for presale construction projects is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Total contract price	<u>\$ 16,520,817</u>	<u>16,273,136</u>	<u>16,908,978</u>
Total amounts received under contracts (recognized under current contract liabilities)	<u>\$ 3,752,062</u>	<u>3,568,282</u>	<u>2,863,776</u>

(iv) The Group's purchase contracts of building capacity is as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Total contract price	<u>\$ 168,748</u>	<u>200,944</u>	<u>200,944</u>
Total amounts paid under contracts (recognized under prepayments)	<u>\$ 84,374</u>	<u>116,570</u>	<u>116,570</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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- (v) The Group's security deposits paid to landlords for joint construction projects is as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	\$ <u>309,847</u>	<u>348,617</u>	<u>390,992</u>

- (vi) The Group's security deposits for renting real estates is as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Security deposits (recognized under other current and non-current financial assets)	\$ <u>100,517</u>	<u>99,282</u>	<u>99,289</u>

- (vii) The Group's guarantee notes received for sell and construction is as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Security deposits(recognized under other non-current liabilities)	\$ <u>-</u>	<u>2,520</u>	<u>-</u>

- (viii) The Group's unrecognized contractual commitments for purchasing land is as follows:

	<u>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Total contract price	\$ <u>410,070</u>	<u>348,930</u>	<u>283,842</u>
Total amounts paid under contracts (recognized under inventories—prepayments for land)	\$ <u>253,696</u>	<u>239,924</u>	<u>166,995</u>

- (ix) 1) The Group and The Presbyterian Church in Taiwan entered into an real estate leasing contract, with the contract term of 40 years, commencing the day after the signing date, September 30, 2016. For the development of the leasing real estates, the Group agreed to pay development royalty amounting to \$126,000 thousand. As of March 31, 2022 and 2021, the accumulated royalty payments amounted to \$126,000 thousand, respectively, which was recognized under right-of-use assets.
- 2) The Group leased a parcel of land to construct several buildings for its shopping malls and hotels. The Group agreed that the ownership of the buildings would still be under the title deed of the Presbyterian Church in Taiwan even after the completion of the construction. Upon maturity of the lease period, the Group shall dismantle the buildings and related facilities, and return the land to the Presbyterian Church in Taiwan.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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- 3) The security deposits paid by the Group for land development and leased land and buildings for operating use amounted to \$97,092 thousand, as of March 31, 2022 and 2021.
- (x) The Group entered into various services agreement with InterContinental Hotels Group for its hotel operation, including planning, constructing and building, as well as during the pre-opening phase, and the period from the pre-opening phase to the opening day and fifteen years afterwards. According to the contract, the fees shall either be paid based on the services rendered, or be calculated in accordance with certain ratio of the gross revenue for the fiscal year or each accounting period.
- (b) Contingencies
- (i) Please refer to Note 7 for the Group's guarantees and endorsements for related parties' loans as of March 31, 2022 and 2021.
- (ii) Contingencies for the Company and its subsidiary, Sunflower Investment, regarding the stages of Daguangsan tax petition for real estate transaction and non-performing receivables is as follows:

<u>Litigant</u>	<u>Issue</u>	<u>Current Status</u>
The Company	Filing a petition for the administrative penalty of the value-added tax in the Daguangsan real estate transaction which was approved by National Taxation Bureau of Taipei	National Taxation Bureau of Taipei has approved the additional value-added tax and the regarding penalty amounting to \$38,497 thousand, which the Company had paid \$25,665 thousand in 2012. The Company was dissatisfied with the verdict from the original authority, which has filed the administrative petition. According to the ruling of the Taipei High Administrative Court, the lawsuit has now been suspended.
Sunflower Investment	Since 2011, Sunflower Investment had received several administrative penalties approved by National Tax Bureau of Taipei which arose from the withholding tax, value-added tax, enterprise income tax and undistributed earning tax of the Daguangsan non-performing receivables. Sunflower Investment has sought administrative remedy for the aforementioned verdict.	National Tax Bureau of Taipei reduced the approved value-added tax and the regarding penalties to the total amount of \$564,452 thousand on June 6, 2014, which arose from Daguangsan non-performing receivables. The aforementioned amount had been paid in the amount of \$46,174 thousand. Sunflower Investment was dissatisfied with the verdicts and filed the petitions of the review, appeal and administrative litigation, which are being processed by the authority. The administrative litigation was filed against Taipei High Administrative Court on December 24, 2013. In accordance with the Administrative Regulation Article 177, Section 1 and 2, Taipei High Administrative Court suspended the proceeding of the lawsuit on July 25, 2016. Considering the risk of losing the lawsuit in the future, Sunflower Investment assessed the aforementioned possible losses based on the conservative principle and estimate the contingent liabilities. For details of regarding contingencies, please refer to Note 6(r).

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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(12) Other:

- (a) The Securities and Futures Investors Protection Center (SFIPC) filed a criminal incidental civil action on behalf of the Company against the former chairman of the Company, Mr. Ming Shiann, Ho. The appeal was handed back over to the High Court for reconsideration on August 22, 2019, which is in trial in the Tainan Branch of Taiwan High Court.
- (b) The SFIPC filed a lawsuit against the Company, its directors and supervisors, and certain employees of the Group. On January 2, 2020, Taiwan High Court dismissed the appeal filed by the SFIPC for the second time. On February 5, 2020, the SFIPC filed an appeal to the Supreme Court against the aforementioned conviction, which is now in trial in the Supreme court.
- (c) Employee benefits, depreciation, and amortization are summarized as follows:

By item	By function	For the Three Months Ended March 31					
		2022			2021		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		180,676	174,557	355,233	176,037	156,214	332,251
Labor and health insurance		15,463	13,608	29,071	14,670	12,023	26,693
Pension		12,282	8,642	20,924	11,223	8,664	19,887
Others		16,045	11,136	27,181	16,775	11,981	28,756
Depreciation		180,420	75,724	256,144	181,276	73,419	254,695
Amortization		327	1,103	1,430	439	789	1,228

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Notes to the Consolidated Financial Statements

(13) Other disclosures:**(a) Information on significant transactions:**

The following is the information on significant transactions for the three months ended March 31, 2022, required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of NTD)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance During the Period	Ending Balance (Note 1)	Actual Borrowing Amount	Interest Rate	Nature for Financing (Note 2)	Transaction Amount for Business	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 4)
													Item	Value		
0	The Company	The Hotel National	Accounts receivable due from related parties	Yes	53,000	-	-	1.15%	2	-	Operation requirements	-	-	-	4,038,181	5,384,242
0	The Company	UEA	Accounts receivable due from related parties	Yes	57,260	57,260	-	1.28%	2	-	Operation requirements	-	-	-	4,038,181	5,384,242
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	112,750	112,750	112,750	0.75%	2	-	Operation requirements	-	-	-	331,109	441,479
1	Tianjin CMT	CMH	Accounts receivable due from related parties	Yes	315,700	315,700	315,700	0.75%	2	-	Operation requirements	-	-	-	331,109	441,479
2	Suzhou CMS	CMH	Accounts receivable due from related parties	Yes	676,500	676,500	676,500	0.75%	2	-	Operation requirements	-	-	-	1,317,650	1,756,867
3	CMAI	Pilot	Accounts receivable due from related parties	Yes	41,514	41,514	41,514	0.17%	2	-	Operation requirements	-	Land, buildings and improvement	67,178	41,270	55,027

Note 1: Balance of loan as of the reporting date was within the credit limits approved by the Board of Directors.

Note 2: 1. For business transactions.

2. For the necessity of short-term financing.

Note 3: The lender’s total amount available for lending shall not exceed 30% of its net worth.

Note 4: The lender’s total amount available for lending shall not exceed 40% of its net worth.

Note 5: Pilot repaid part of the payment before April 30, 2022, and as of the reporting date, there had been no overrun.

Note 6: Intra-group transactions have been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In Thousands of NTD)

No.	Name of Guarantor/Endorse	Counter-party of Guarantee and Endorsement		Limitation on Amount of Guarantees and Endorsements for a Specific Enterprise (Note 4)	Highest Balance for Guarantees and Endorsements During the Period	Ending Balance (Note 2)	Actual Borrowing Amount	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amount for Guarantees and Endorsements (Note 5)	Parent Company Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary (Note 3)	Subsidiary Endorsements/ Guarantees to Third Parties on Behalf of Parent Company (Note 3)	Endorsements/ Guarantees to Third Parties on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship with the Company (Note 1)										
0	The Company	Sunflower Investment	1	5,384,242	110,000	110,000	70,000	-	0.82 %	6,730,302	Y	N	N
0	The Company	The Hotel National	1	5,384,242	100,000	100,000	10,000	-	0.74 %	6,730,302	Y	N	N
0	The Company	Shangrila Tourism	1	5,384,242	652,500	652,500	379,000	-	4.85 %	6,730,302	Y	N	N

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No.	Name of Guarantor/Endorse	Counter-party of Guarantee and Endorsement		Limitation on Amount of Guarantees and Endorsements for a Specific Enterprise (Note 4)	Highest Balance for Guarantees and Endorsements During the Period	Ending Balance (Note 2)	Actual Borrowing Amount	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amount for Guarantees and Endorsements (Note 5)	Parent Company Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary (Note 3)	Subsidiary Endorsements/ Guarantees to Third Parties on Behalf of Parent Company (Note 3)	Endorsements/ Guarantees to Third Parties on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship with the Company (Note 1)										
0	The Company	The Splendor Hospitality	2	5,384,242	2,050,000	2,050,000	1,525,000	-	15.23 %	6,730,302	N	N	N
0	The Company	CMAAN Health	2	5,384,242	45,680	45,680	24,179	-	0.34 %	6,730,302	N	N	N
1	CMI	UEA	3	4,148,182	1,164,934	1,164,934	1,164,934	-	11.23 %	5,185,227	N	N	N

Note 1: 1. The Company held directly or indirectly more than 50% of the shares with voting rights.

2. Due to the joint investment relationship, all of the shareholders of the Group endorse the company in accordance with their investment ratio.

3. The company held directly or indirectly more than 50% of the shares with voting rights.

4. The company held directly or indirectly more than 90% of the shares with voting rights.

Note 2: Balance of guarantees and endorsements as of the reporting date was within the credit limit approved by the Board of Directors.

Note 3: The following three situations are filled in Y: the endorsement of the subsidiary by the Company; the endorsement of the Company by the subsidiary and the endorsement to the company located in Mainland China.

Note 4: The guarantor's total amount available for guarantee and endorsement shall not exceed the percentage mentioned below of its net worth: The Company 40% and CMI 40%.

Note 5: The guarantor's total amount available for guarantee and endorsement shall not exceed the percentage mentioned below of its net worth: The Company 50% and CMI 50%.

(iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of NTD)

Name of Holder	Category and Name of Security	Relationship with Issued Company	Account	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	MEITA Industrial Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	1,351,164	115,049	3.12 %	115,049	
The Company	YUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	4,999	194	1.25 %	194	
The Company	FUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	5,000	637	1.67 %	637	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	3,750,000	31,362	3.91 %	31,362	
The Company	DEVELOPMENT Venture Capital Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	3,600,000	17,241	4.00 %	17,241	
The Company	Pacific Electric Wire & Cable Co., Ltd.	-	Current financial assets at FVTPL	81,666	-	0.01 %	-	
Sunflower Investment	YungTay Engineering Co., Ltd.	-	Non-current financial assets at FVOCI	573,000	37,016	0.14 %	37,016	
Sunflower Investment	Fantasyory Inc.	-	Non-current financial assets at FVOCI	1,742,746	-	19.80 %	-	
Sunflower Investment	il. COM, INC	-	Non-current financial assets at FVOCI	100,000	-	0.52 %	-	
The Hotel National	Century National Technology Co., Ltd.	-	Non-current financial assets at FVOCI	35,600	-	2.34 %	-	
Atrains Precision	Acore Material Technology Co., Ltd.	-	Non-current financial assets at FVOCI	42,466	-	2.12 %	-	

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

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (v) Information on the acquisition of real estate exceeding NT\$300 million or 20% of the share capital: None.
- (vi) Information on the disposal of real estate exceeding of NT\$300 million or 20% of the share capital: None.
- (vii) Information regarding related-party transactions for purchases and sales exceeding NT\$300 million or 20% of the share capital:

(In Thousands of NTD)

Name of Company	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)	
Suzhou CMS	CMI	Subsidiaries	Sale	297,521	43.13 %	180 days	-	-	1,895,838	80.26%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	336,554	30.90 %	180 days	-	-	1,920,965	57.66%	

Note : Intra-group transactions have been eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the share capital:

(In Thousands of NTD/In CNY)

Name of Company	Counter-party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
CMI	CMB (H.K.)	Parent company	Accounts receivable due from related parties, other 204,129	-	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 2,302,975	-	-	-	CNY 20,000,000	-
CMP (H.K.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 361,911	-	-	-	-	-
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 1,920,965	0.69	-	-	CNY 21,234,570	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 269,447	-	-	-	-	-
Tianjin CMT	CMH	Affiliates	Accounts receivable due from related parties, other 315,700	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 112,750	-	-	-	-	-
Suzhou CMB	CMI	Subsidiaries	Accounts receivable due from related parties 169,210	-	-	-	-	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,895,838	0.63	-	-	CNY 26,337,195	-
Suzhou CMS	CMH	Affiliates	Accounts receivable due from related parties, other 676,500	-	-	-	-	-

Note : Intra-group transactions have been eliminated in the consolidated financial statements.

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

(In Thousands of NTD)

No. (Note 1)	Name of Company	Name of Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions (Note 3)			
				Account	Amount	Trading Terms	Percentage of the Total Consolidated Revenue or Total Assets (Note 4)
0	China Metal Products	Atrans Precision	1	Operating revenue	16,999	60~90 days	0.37%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	336,554	180 days	7.32%
3	Suzhou CMS	CMI	2	Operating revenue	297,521	180 days	6.47%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	23,443	90 days	0.51%
4	Suzhou CMB	CMI	2	Operating revenue	56,972	180 days	1.24%
4	Suzhou CMB	CMB(H.K.)	2	Operating revenue	10,430	180 days	0.23%
5	National Management	China Metal Products	2	Operating revenue	20,153	OA25 days	0.44%
13	CMH	CMW (Tianjin)	3	Operating revenue	35,570	90 days	0.77%
12	CMAI(N.A.)	CMAI	2	Operating revenue	14,368	90~120 days	0.31%
0	China Metal Products	Atrans Precision	1	Accounts receivable due from related parties	22,844	60~90 days	0.05%
1	CMW (Tianjin)	CMW(C.I.)	2	Accounts receivable due from related parties	1,920,965	180 days	3.88%
2	Tanjin CMT	CMI	2	Accounts receivable due from related parties	269,447	180 days	0.54%

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No. (Note 1)	Name of Company	Name of Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions (Note 3)			
				Account	Amount	Trading Terms	Percentage of the Total Consolidated Revenue or Total Assets (Note 4)
2	Tianjin CMT	CMW (Tianjin)	3	Accounts receivable due from related parties	44,853	90 days	0.09%
13	CMH	CMW (Tianjin)	3	Accounts receivable due from related parties	32,913	90 days	0.07%
13	CMH	Suzhou CMB	3	Accounts receivable due from related parties	17,599	90 days	0.04%
13	CMH	Suzhou CMS	3	Accounts receivable due from related parties	12,926	90 days	0.03%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,895,838	180 days	3.83%
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related parties	43,527	180 days	0.09%
4	Suzhou CMB	CMI	2	Accounts receivable due from related parties	169,210	180 days	0.34%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related parties	30,509	90 days	0.06%
7	CMW(C.I.)	CMAI	3	Accounts receivable due from related parties	12,951	90 days	0.03%
0	China Metal Products	CMJ	1	Other receivables due from related parties	12,190	-	0.02%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,751	-	0.02%
2	Tianjin CMT	Suzhou CMB	3	Other receivables due from related parties	112,750	-	0.23%
2	Tianjin CMT	CMH	3	Other receivables due from related parties	315,700	-	0.64%
3	Suzhou CMS	CMH	3	Other receivables due from related parties	676,500	-	1.37%
6	CMI	CMB (H.K.)	1	Other receivables due from related parties	204,129	-	0.41%
6	CMI	CMH	1	Other receivables due from related parties	23,581	-	0.05%
7	CMW (C.I.)	CMW (Tianjin)	1	Other receivables due from related parties	47,957	-	0.10%
7	CMW (C.I.)	CMI	2	Other receivables due from related parties	2,302,975	-	4.65%
9	CMP (H.K.)	CMI	2	Other receivables due from related parties	361,911	-	0.73%
11	CMAI	Pilot	1	Other receivables due from related parties	41,549	-	0.08%
11	CMAI	CMAI (N.A.)	1	Other receivables due from related parties	27,703	-	0.06%
10	CHINGENG Land Development	PUJEN	2	Other receivables due from related parties	10,878	-	0.02%
14	PUJEN	CHINGENG Land Development	1	Other receivables due from related parties	31,966	-	0.06%
8	CMB (H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	24,908	-	0.05%

Note 1: For the inter-company business relationship and transaction condition in the “Number” column, the labeling method is as follows:

1. Parent company - 0.
2. Subsidiaries – In sequence from 1.

Note 2: Relationship is classified into three types:

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

Note 3: The Group only disclosed the information on sales and accounts receivable with subsidiary and did not give unnecessary details of opposite purchases and accounts payables in this part.

Note 4: The transaction amount is divided by the consolidated operating revenue or the consolidated total assets.

Note 5: Intra-group transactions have been eliminated in the consolidated financial statements.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

(In Thousands of NTD/In USD and CNY)

Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of March 31, 2022			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
The Company	UEA	British Virgin Islands	Investing in CMI	865,286	865,286	667,820	100.00 %	7,618,930	113,477	113,477	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,096	99,000	67,013,057	99.01 %	1,006,986	51,210	50,698	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	247,218	247,218	25,782,134	72.24 %	415,605	22,526	15,431	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	96,829	11,194	9,328	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	24,036	24,036	1,000,000	100.00 %	140,841	3,198	3,198	Subsidiaries
The Company	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	2,003,067	2,003,067	158,877,643	56.65 %	4,607,697	333,785	183,046	Subsidiaries
The Company	Amida Trustlink Assets	Taiwan	Real estate developing, leasing and financial claims acquiring from financial institutions	44,576	44,576	16,763,726	35.21 %	(21,760)	(154)	-	Investees accounted for using equity method
The Company	The Hotel National	Taiwan	International tourist hotel services	1,515,952	1,515,952	5,000,000	100.00 %	909,851	(1,947)	(2,420)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	16,593	2,585	4,860	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	1,125,000	975,000	32,500,000	50.00 %	304,676	(15,679)	(11,279)	Joint ventures accounted for using equity method
The Company	Shangrila Tourism	Taiwan	Amusement park and hotel services	559,470	559,470	22,131,840	97.65 %	417,474	(3,361)	(1,351)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	43,932	2,522	1,197	Joint ventures accounted for using equity method
The Company	InterContinental Taichung	Taiwan	International tourist hotel services	88,800	88,800	8,880,000	100.00 %	88,627	(10)	(10)	Subsidiaries
The Company	Calligraphy Greenway Plaza Co., Ltd	Taiwan	Management and consulting services	59,000	59,000	5,900,000	100.00 %	59,036	4,212	1,936	Subsidiaries
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	280,768	280,768	42,269,213	15.07 %	1,190,824	333,785	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,836	77,836	4,737,380	13.27 %	76,001	22,526	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Amida Trustlink Assets	Taiwan	Real estate developing, leasing and financial claims acquiring from financial institutions	-	-	5,951,619	12.50 %	(7,727)	(154)	Exempt from disclosure	Investees accounted for using equity method
Sunflower Investment	ADVANCISION (CAYMAN)	Cayman Islands	Investing and cast iron product retailing	29,154	29,154	1,871,288	4.46 %	25,722	(715)	Exempt from disclosure	Investee accounted for using equity method
UEA	CMI	Cayman Islands	Investing in CMI (BVI) and cast iron product retailing	USD 136,536,250	USD 136,536,250	823,281,475	83.27 %	USD 306,016,274	USD 5,022,524	Exempt from disclosure	Subsidiaries of UEA
CMI	CMI (BVI)	British Virgin Islands	Investing in CMP (H.K.)	USD 280,426	USD 280,426	161	100.00 %	CNY 1,295,651,646	CNY 12,392,561	Exempt from disclosure	Subsidiaries of CMI
CMI	CMW (C.I.)	Cayman Islands	Investing in CMW (Tianjin) and CMH	USD 75,156,500	USD 75,156,500	50,000,000	100.00 %	CNY 1,840,923,399	CNY 14,970,314	Exempt from disclosure	Subsidiaries of CMI
CMI	CMB (H.K.)	Hong Kong	Investing in Suzhou CMB	USD 85,820,000	USD 85,820,000	82,000,000	100.00 %	CNY 553,863,809	CNY (3,129,825)	Exempt from disclosure	Subsidiaries of CMI
CMI(BVI)	CMP (H.K.)	Hong Kong	Investing in Tianjin CMT and Suzhou CMS	USD 21,000,000	USD 21,000,000	21,000,000	100.00 %	CNY 1,299,480,068	CNY 12,392,561	Exempt from disclosure	Subsidiaries of CMI(BVI)
CMAI	CMAI Holding	USA	Investing	USD 8,328,644	USD 8,328,644	10,000	100.00 %	USD 2,409,166	USD (116,003)	Exempt from disclosure	Subsidiaries of CMAI
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	-	100.00 %	USD 2,409,166	USD (116,003)	Exempt from disclosure	Subsidiaries of CMAI Holding
Pilot	CMAI (N.A.)	USA	Vehicle parts retailing	USD 7,792,972	USD 7,792,972	10,000	100.00 %	USD 1,404,090	USD (142,870)	Exempt from disclosure	Subsidiaries of Pilot
Atrans Precision	FAR HSING (SAMOA)	SAMOA	Investing	USD 3,922,055	USD 3,922,055	3,922,055	100.00 %	120,872	(153)	Exempt from disclosure	Subsidiaries of Atrans Precision
FAR HSING (SAMOA)	ADVANCISION (CAYMAN)	Cayman Islands	Investing and cast iron product retailing	USD 4,959,029	USD 4,959,029	9,068,414	21.59 %	USD 3,761,253	USD (25,560)	Exempt from disclosure	Investees of FAR HSING (SAMOA) accounted for using equity method
PUJEN Land Development	Keng-Hsin Urban Renewal	Taiwan	Residents, commercial buildings and factories leasing and developing	250,928	250,928	32,864,188	30.00 %	423,397	3,481	Exempt from disclosure	Investees of PUJEN Land Development accounted for using equity method
PUJEN Land Development	CHINGENG Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	1,500	1,500	150,000	50.00 %	8,982	7,162	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUJEN CHENGMEI Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	94,500	94,500	9,450,000	70.00 %	68,927	(44)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUCHIA Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	50	50	5,000	50.00 %	1,828	(81)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	Shangrila Tourism	Taiwan	Amusement park and hotel services	89,867	89,867	532,960	2.35 %	10,050	(3,361)	Exempt from disclosure	Subsidiaries of the Company

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of March 31, 2022			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Value			
PUJEN Land Development	Hua-Pu Development	Taiwan	Residents, commercial buildings and factories leasing and developing	5,000	5,000	500,000	50.00 %	5,293	(14)	Exempt from disclosure	Joint ventures of PUJEN Land Development accounted for using equity method
PUJEN Land Development	Beyond Fitness	Taiwan	Sport training and other consulting service	4,050	4,050	494,333	36.82 %	2,309	(89)	Exempt from disclosure	Investees of PUJEN Land Development accounted for using equity method

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of NTD, CNY, USD and JPY)

Name of Investee	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Net Income (Losses) of the Investee	Percentage of Ownership	Investment Income (Losses) (Notes 2,3)	Book Value (Note 3)	Accumulated Remittance of Earnings in Current Period (Note 5)
					Outflow	Inflow						
Tianjin CMT	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	858,900 (USD30,000)	2	388,238	-	-	388,238	(4,538) (CNY1,029)	83.27%	(3,779) (CNY857)	1,103,698 (CNY244,722)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	687,120 (USD24,000)	2	423,406	-	-	423,406	59,771 (CNY13,554)	83.27%	49,744 (CNY11,280)	4,392,896 (CNY974,035)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,347,660 (USD82,000)	2	-	-	-	-	(8,880) (CNY2,014)	83.27%	(7,394) (CNY1,677)	2,693,560 (CNY597,242)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	916,160 (USD32,000)	2	-	-	-	-	81,712 (CNY18,529)	83.27%	82,349 (CNY18,673)	5,376,748 (CNY1,192,184)	-
CMH	Vehicle parts, farm wagon parts, industrial wagon parts household appliances parts and E&M as-casting and molds developing, manufacturing, selling and after sales services	916,160 (USD32,000)	2	-	-	-	-	(17,374) (CNY3,940)	83.27%	(14,467) (CNY3,281)	929,215 (CNY206,034)	-
Qingdao Sourcing Specialists	Cast iron product retailing	2,863 (USD100)	2	-	-	-	-	695 (JPY2,885)	83.33%	579 (JPY2,404)	48,976 (JPY208,143)	-

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
811,644	5,972,819 (USD 208,621)	-

Note 1: Method of investment is classified into three types:

1. Directly invested in Mainland China.
2. Indirectly invested in Mainland China through the third region.
3. Other methods.

Note 2: The recognition basis of the investment income and losses is the financial report audited by an international accounting firm which is in partnership with the accounting firm in the R.O.C.

Note 3: The amount stated is the investment income and losses and the book value of the investment at the end of the period which is recognized by the subsidiaries established through the investment in the third region.

Note 4: The Company complies with the amended Permit 9704604680 ‘Investment or technical cooperation review principal in China’, which obtained the certified documents of the operational scope of the headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, with the valid period from March 3, 2020 to March 2, 2023. The restriction on the cumulative investment amount or proportion in China is not applicable.

Note 5: As of March 31, 2022, the company had obtained a surplus of \$3,024,627 thousand (USD100,455 thousand) from the investment companies set up in the third region. The surplus was remitted to the companies by the subsidiaries which was invested indirectly in China and then was remitted to Taiwan. It was impossible to distinguish the remittance from the company in China.

Note 6: The aforementioned investments have been eliminated in the consolidated financial statements.

Note 7: The amount in the table is translated by the spot rate on the financial reporting date.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chain-Yuan Investment Co., Ltd.		53,678,965	14.27 %
Fubon Life Assurance Co., Ltd.		27,944,000	7.42 %
Mr. Ming Shiann, Ho		26,312,540	6.99 %

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Group's operating segment information and reconciliation are as follows:

	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Reconciliation and Elimination	Total
For the Three Months Ended March 31, 2022					
Revenue from external customers	\$ 3,027,612	1,404,172	163,748	-	4,595,532
Intersegment revenues	<u>843,284</u>	<u>849</u>	<u>21,620</u>	<u>(865,753)</u>	<u>-</u>
Total revenue	<u>\$ 3,870,896</u>	<u>1,405,021</u>	<u>185,368</u>	<u>(865,753)</u>	<u>4,595,532</u>
Reportable segment profit or loss	<u>\$ 229,848</u>	<u>408,696</u>	<u>17,611</u>	<u>(122,734)</u>	<u>533,421</u>
For the Three Months Ended March 31, 2021					
Revenue from external customers	\$ 3,060,794	381,110	167,809	-	3,609,713
Intersegment revenues	<u>876,377</u>	<u>850</u>	<u>23,611</u>	<u>(900,838)</u>	<u>-</u>
Total revenue	<u>\$ 3,937,171</u>	<u>381,960</u>	<u>191,420</u>	<u>(900,838)</u>	<u>3,609,713</u>
Reportable segment profit or loss	<u>\$ 264,125</u>	<u>93,930</u>	<u>9,875</u>	<u>(92,152)</u>	<u>275,778</u>

Note: The amount of assets and liabilities of the Group's reportable segments was not provided to the management. It is not required for disclosure.