

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

CONSOLIDATED FINANCIAL STATEMENTS

with Independent Auditors' Review Report
For the Nine Months Ended September 30, 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 September 30, 2022 and 2021, and the related consolidated statements of comprehensive income, for the three months and nine months ended September 30, 2022 and 2021, and the changes in equity and cash flows for the nine months ended September 30, 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 \$3,176,660 thousand and \$4,594,680 thousand, constituting 6.38% and 9.42% of the consolidated total assets; and the total liabilities amounting to \$1,707,264 thousand and \$3,450,363 thousand, constituting 5.15% and 10.51% of the consolidated total liabilities as of September 30, 2022 and 2021, respectively, as well as the total comprehensive income (loss) amounting to \$71,126 thousand, \$63,875 thousand, \$166,434 thousand and \$41,329 thousand, constituting 29.71%, 13.56%, 17.74% and 6.65% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of the Group in its investee companies of \$724,714 thousand and \$670,223 thousand as of September 30, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of \$(12,662) thousand, \$(20,191) thousand, \$(47,275) thousand and \$(81,610) thousand for the three months and nine months ended September 30, 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, and its consolidated cash flows for the nine months ended September 30, 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)
November 11, 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 September 30, 2022 and 2021

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2022		December 31, 2021		September 30, 2021				September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (Notes 6(a) and (aa))	\$ 3,636,733	7	5,039,645	10	4,082,796	8	2100	Short-term borrowings (Notes 6(n) and (aa))	\$ 11,350,463	23	9,071,826	18	10,707,640	22
1170	Notes and accounts receivable, net (Notes 6(c), (x) and (aa))	4,103,536	8	4,071,069	8	3,838,915	8	2130	Current contract liabilities (Notes 6(x), 7 and 9(a))	4,567,406	10	3,620,534	7	3,766,073	8
1180	Accounts receivable due from related parties, net (Notes 6(aa) and 7)	3,679	-	2,721	-	6,104	-	2170	Notes and accounts payable (Notes 6(aa) and 7)	3,014,042	6	3,394,708	7	3,043,139	6
1200	Other receivables (Note 6(aa))	70,615	-	121,582	-	113,119	-	2180	Accounts payable due to related parties (Notes 6(aa) and 7)	33,548	-	26,827	-	31,532	-
1210	Other receivables due from related parties (Notes 6(aa) and 7)	14,965	-	25,652	-	28,983	-	2200	Other payables (Note 6(aa))	1,480,035	3	1,931,916	4	1,623,431	3
130X	Inventories (Notes 6(d), 8 and 9(a))	21,383,465	43	20,007,434	40	20,594,464	42	2220	Other payables due to related parties (Notes 6(aa) and 7)	3,113	-	30,003	-	140,051	-
1410	Prepayments (Note 9(a))	218,857	-	328,881	1	346,106	1	2230	Current income tax liabilities	45,690	-	81,833	-	82,743	-
1476	Other current financial assets (Notes 6(aa), 8 and 9(a))	1,304,713	3	2,195,250	4	1,814,725	4	2280	Current lease liabilities (Notes 6(q) and (aa))	187,024	-	179,629	-	178,030	-
1479	Other current assets, others	337,641	1	325,606	1	537,016	1	2322	Long-term borrowings, current portion (Notes 6(o) and (aa))	417,911	1	1,612,105	4	1,325,224	3
1480	Incremental costs of obtaining contracts	421,378	1	313,912	1	314,890	1	2399	Other current liabilities (Note 6(t))	195,826	-	138,402	-	221,266	1
	Total current assets	<u>31,495,582</u>	<u>63</u>	<u>32,431,752</u>	<u>65</u>	<u>31,677,118</u>	<u>65</u>		Total current liabilities	<u>21,295,058</u>	<u>43</u>	<u>20,087,783</u>	<u>40</u>	<u>21,119,129</u>	<u>43</u>
Non-current assets:															
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b) and (aa))	177,098	-	215,295	-	210,945	1	2500	Non-current financial liabilities at fair value through profit or loss (Notes 6(p) and (aa))	8,583	-	-	-	-	-
1550	Investments accounted for using equity method (Note 6(e))	724,714	2	751,056	2	670,223	1	2530	Bonds payable (Notes 6(p) and (aa))	1,568,383	3	-	-	-	-
1600	Property, plant and equipment (Notes 6(h), 8 and 9(a))	10,864,212	22	10,590,049	21	10,346,729	21	2540	Long-term borrowings (Notes 6(o) and (aa))	7,801,161	16	10,536,188	21	9,107,058	19
1755	Right-of-use assets (Note 6(i))	1,912,575	4	2,033,761	4	2,074,621	4	2570	Deferred tax liabilities	479,476	1	498,392	1	580,285	1
1760	Investment property, net (Notes 6(j) and 8)	664,007	1	706,674	2	707,443	2	2580	Non-current lease liabilities (Notes 6(q) and (aa))	1,525,685	3	1,649,203	4	1,688,535	3
1780	Intangible assets (Note 6(k))	422,852	1	400,544	1	399,397	1	2640	Non-current net defined benefit liabilities	22,112	-	25,347	-	27,831	-
1840	Deferred tax assets	100,523	-	34,713	-	33,947	-	2670	Other non-current liabilities, others (Notes 6(r), (aa) and 7)	474,329	1	427,467	1	314,917	1
1975	Non-current net defined benefit assets	13,151	-	14,172	-	13,265	-		Total non-current liabilities	<u>11,879,729</u>	<u>24</u>	<u>13,136,597</u>	<u>27</u>	<u>11,718,626</u>	<u>24</u>
1980	Other non-current financial assets (Notes 6(l), (aa), 7 and 9(a))	686,716	1	687,586	1	683,509	1		Total liabilities	<u>33,174,787</u>	<u>67</u>	<u>33,224,380</u>	<u>67</u>	<u>32,837,755</u>	<u>67</u>
1990	Other non-current assets, others (Notes 6(m), 7, 8 and 9(a))	2,754,437	6	2,106,431	4	1,954,087	4		Equity attributable to owners of parent (Note 6(v)):						
	Total non-current assets	<u>18,320,285</u>	<u>37</u>	<u>17,540,281</u>	<u>35</u>	<u>17,094,166</u>	<u>35</u>	3100	Ordinary share	3,761,221	8	3,761,221	7	3,761,221	8
	Total assets	<u>\$ 49,815,867</u>	<u>100</u>	<u>49,972,033</u>	<u>100</u>	<u>48,771,284</u>	<u>100</u>	3200	Capital surplus (Note 6(p))	1,542,166	3	1,488,270	3	1,488,063	3
								3300	Retained earnings	7,309,019	14	7,472,339	15	6,804,948	14
								3400	Other equity	160,403	-	52,785	-	(10,274)	-
									Total equity attributable to owners of parent:	<u>12,772,809</u>	<u>25</u>	<u>12,774,615</u>	<u>25</u>	<u>12,043,958</u>	<u>25</u>
								36XX	Non-controlling interests	3,868,271	8	3,973,038	8	3,889,571	8
									Total equity	<u>16,641,080</u>	<u>33</u>	<u>16,747,653</u>	<u>33</u>	<u>15,933,529</u>	<u>33</u>
									Total liabilities and equity	<u>\$ 49,815,867</u>	<u>100</u>	<u>49,972,033</u>	<u>100</u>	<u>48,771,284</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 and Nine Months Ended September 30, 2022 and 2021

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (Notes 6(x) and 7)								
	\$ 3,482,906	100	5,578,372	100	11,118,831	100	12,496,888	100	
5000	Operating costs (Notes 6(d), (t) and 7)								
	<u>(2,718,312)</u>	<u>(78)</u>	<u>(4,388,406)</u>	<u>(79)</u>	<u>(8,698,591)</u>	<u>(78)</u>	<u>(9,771,776)</u>	<u>(78)</u>	
	Gross profit from operations								
	<u>764,594</u>	<u>22</u>	<u>1,189,966</u>	<u>21</u>	<u>2,420,240</u>	<u>22</u>	<u>2,725,112</u>	<u>22</u>	
	Operating expenses (Notes 6(t) and 7):								
6100	Selling expenses	(137,579)	(4)	(207,913)	(4)	(425,930)	(4)	(515,386)	(4)
6200	Administrative expenses (Note 6(y))	(435,874)	(13)	(414,734)	(7)	(1,215,252)	(11)	(1,143,810)	(10)
6300	Research and development expenses	(4,837)	-	(2,606)	-	(16,431)	-	(8,912)	-
6450	Expected credit losses (Note 6(c))	<u>(2,914)</u>	<u>-</u>	<u>(1,757)</u>	<u>-</u>	<u>(4,286)</u>	<u>-</u>	<u>(1,630)</u>	<u>-</u>
	Total operating expenses	<u>(581,204)</u>	<u>(17)</u>	<u>(627,010)</u>	<u>(11)</u>	<u>(1,661,899)</u>	<u>(15)</u>	<u>(1,669,738)</u>	<u>(14)</u>
	Net operating income	<u>183,390</u>	<u>5</u>	<u>562,956</u>	<u>10</u>	<u>758,341</u>	<u>7</u>	<u>1,055,374</u>	<u>8</u>
	Non-operating income and expenses:								
7100	Interest income (Notes 6(z) and 7)	8,313	-	16,944	-	24,272	-	45,976	-
7010	Other income (Notes 6(z) and 7)	28,299	1	56,973	1	91,389	1	121,745	1
7020	Other gains and losses (Notes 6(g), (p) and (z))	82,702	2	(8,625)	-	125,648	1	(33,527)	-
7050	Finance costs (Note 6(z))	(68,530)	(2)	(70,728)	(1)	(182,316)	(2)	(189,885)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method, net (Note 6(e))	<u>(12,662)</u>	<u>-</u>	<u>(20,191)</u>	<u>-</u>	<u>(47,275)</u>	<u>-</u>	<u>(81,610)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>38,122</u>	<u>1</u>	<u>(25,627)</u>	<u>-</u>	<u>11,718</u>	<u>-</u>	<u>(137,301)</u>	<u>(1)</u>
	Profit from continuing operations before tax	<u>221,512</u>	<u>6</u>	<u>537,329</u>	<u>10</u>	<u>770,059</u>	<u>7</u>	<u>918,073</u>	<u>7</u>
7950	Less: Tax benefit (expense) (Note 6(u))	<u>(415)</u>	<u>-</u>	<u>(57,891)</u>	<u>(1)</u>	<u>13,006</u>	<u>-</u>	<u>(132,509)</u>	<u>(1)</u>
8200	Net profit	<u>221,097</u>	<u>6</u>	<u>479,438</u>	<u>9</u>	<u>783,065</u>	<u>7</u>	<u>785,564</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))	(5,244)	-	(4,782)	-	(23,009)	-	(16,971)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	<u>(5,244)</u>	<u>-</u>	<u>(4,782)</u>	<u>-</u>	<u>(23,009)</u>	<u>-</u>	<u>(16,971)</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))	23,524	1	(3,464)	-	178,161	1	(147,292)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>23,524</u>	<u>1</u>	<u>(3,464)</u>	<u>-</u>	<u>178,161</u>	<u>1</u>	<u>(147,292)</u>	<u>(1)</u>
8300	Other comprehensive income (after tax)	<u>18,280</u>	<u>1</u>	<u>(8,246)</u>	<u>-</u>	<u>155,152</u>	<u>1</u>	<u>(164,263)</u>	<u>(1)</u>
8500	Comprehensive income	<u>\$ 239,377</u>	<u>7</u>	<u>471,192</u>	<u>9</u>	<u>938,217</u>	<u>8</u>	<u>621,301</u>	<u>5</u>
	Net profit, attributable to:								
8610	Owners of parent	\$ 195,205	5	300,479	6	633,918	6	531,794	4
8620	Non-controlling interests	<u>25,892</u>	<u>1</u>	<u>178,959</u>	<u>3</u>	<u>149,147</u>	<u>1</u>	<u>253,770</u>	<u>2</u>
		<u>\$ 221,097</u>	<u>6</u>	<u>479,438</u>	<u>9</u>	<u>783,065</u>	<u>7</u>	<u>785,564</u>	<u>6</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 200,506	6	293,008	6	741,709	6	398,595	3
8720	Non-controlling interests	<u>38,871</u>	<u>1</u>	<u>178,184</u>	<u>3</u>	<u>196,508</u>	<u>2</u>	<u>222,706</u>	<u>2</u>
		<u>\$ 239,377</u>	<u>7</u>	<u>471,192</u>	<u>9</u>	<u>938,217</u>	<u>8</u>	<u>621,301</u>	<u>5</u>
	Earnings per share (expressed in dollars) (Note 6(w))								
9750	Basic earnings per share	<u>\$ 0.52</u>		<u>0.80</u>		<u>1.69</u>		<u>1.41</u>	
9850	Diluted earnings per share	<u>\$ 0.45</u>		<u>0.80</u>		<u>1.46</u>		<u>1.41</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 Nine Months Ended September 30, 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 nine months ended September 30, 2021	-	-	-	-	531,794	-	-	531,794	253,770	785,564
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	(116,198)	(17,001)	(133,199)	(31,064)	(164,263)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	531,794	(116,198)	(17,001)	398,595	222,706	621,301
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	42,839	-	(42,839)	-	-	-	-	-
Cash dividends	-	-	-	-	(387,406)	-	-	(387,406)	-	(387,406)
Reversal of special reserve	-	-	-	(7,028)	7,028	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	404	-	-	-	-	-	404	(404)	-
Changes in equity of associates and joint ventures accounted for using equity method	-	(143)	-	-	6,114	-	-	5,971	842	6,813
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(66,576)	(66,576)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(242,675)	(242,675)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	3,106	-	(3,106)	-	-	-
Balance on September 30, 2021	\$ 3,761,221	1,488,063	1,844,008	49,081	4,911,859	(84,000)	73,726	12,043,958	3,889,571	15,933,529
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 nine months ended September 30, 2022	-	-	-	-	633,918	-	-	633,918	149,147	783,065
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	130,801	(23,010)	107,791	47,361	155,152
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	633,918	130,801	(23,010)	741,709	196,508	938,217
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	120,840	-	(120,840)	-	-	-	-	-
Cash dividends	-	-	-	-	(793,618)	-	-	(793,618)	-	(793,618)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5,334	-	-	-	-	-	5,334	-	5,334
Recognition of equity component items from convertible bonds	-	48,562	-	-	-	-	-	48,562	-	48,562
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(3,793)	-	-	(3,793)	-	(3,793)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	13,398	13,398
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(314,673)	(314,673)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	173	-	(173)	-	-	-
Balance on September 30, 2022	\$ 3,761,221	1,542,166	1,964,848	49,081	5,295,090	105,509	54,894	12,772,809	3,868,271	16,641,080

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 Nine Months Ended September 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2022	2021
Cash flows from operating activities:		
Profit before tax	\$ 770,059	918,073
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	797,073	720,447
Amortization expense	4,181	3,717
Expected credit losses	4,286	1,630
Net losses on financial assets or liabilities at fair value through profit or loss	4,292	-
Interest expense	182,316	189,885
Interest income	(24,272)	(45,976)
Dividend income	(16,341)	(14,600)
Share of losses of associates and joint ventures accounted for using equity method	47,275	81,610
Losses on disposal of property, plant and equipment	5,701	4,659
Property, plant and equipment transferred to expenses	9,208	164
Losses on disposal of investment accounted for using equity method	-	5,013
Lease modification gains	(23)	(28)
Other losses	-	3,486
Effect of exchange rate changes on short-term and long-term borrowings	69,228	(15,067)
Total adjustments to reconcile profit	1,082,924	934,940
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable, net	62,276	(84,127)
Accounts receivable due from related parties, net	(13,228)	(6,057)
Other receivables	58,022	(25,792)
Inventories	(1,215,160)	(2,368,408)
Prepayments	111,702	(101,259)
Other current assets	(10,384)	(274,466)
Other financial assets	354,631	(251,271)
Incremental costs of obtaining contracts	(107,466)	(91,848)
Total changes in operating assets	(759,607)	(3,203,228)
Changes in operating liabilities:		
Notes and accounts payable (including related parties), net	(449,623)	579,832
Other payables	(381,448)	189,222
Current contract liabilities	946,987	1,274,551
Other current liabilities	45,324	124,844
Other non-current liabilities	(26,741)	(20,071)
Total changes in operating liabilities	134,499	2,148,378
Total changes in operating assets and liabilities	(625,108)	(1,054,850)
Total adjustments	457,816	(119,910)
Cash inflow generated from operations	1,227,875	798,163
Interest received	13,691	35,550
Dividends received	130,341	14,653
Interest paid	(253,357)	(224,447)
Income taxes paid	(98,852)	(171,921)
Net cash flows generated from operating activities	1,019,698	451,998
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(30,000)	(460)
Proceeds from disposal of financial assets at fair value through other comprehensive income	37,190	29,297
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	8,000	834
Acquisition of investments accounted for using equity method	(150,015)	-
Proceeds from disposal of the subsidiary (net effect of cash)	-	3,632
Proceeds from capital reduction of investments accounted for using equity method	16,432	-
Acquisition of property, plant and equipment	(616,127)	(829,164)
Proceeds from disposal of property, plant and equipment	4,073	3,414
Acquisition of intangible assets	(1,481)	(4,595)
Decrease in other financial assets	538,955	371
Increase in other non-current assets	(763,142)	(1,072,667)
Net cash flows used in investing activities	(956,115)	(1,869,338)
Cash flows from financing activities:		
Increase in short-term borrowings	8,587,638	8,393,889
Decrease in short-term borrowings	(6,220,454)	(5,789,236)
(Decrease) increase in short-term notes and bills payable	(229,827)	85,003
Proceeds from issuing bonds	1,644,717	-
Proceeds from long-term borrowings	4,050,000	3,946,147
Repayments of long-term borrowings	(8,124,238)	(4,456,558)
Payment of lease liabilities	(145,410)	(142,382)
Increase in other non-current liabilities	2,398	4,631
Cash dividends paid	(793,618)	(387,406)
Cash dividends paid to non-controlling interests	(314,673)	(242,675)
Change in non-controlling interests	14,904	(68,552)
Net cash flows (used in) generated from financing activities	(1,528,563)	1,342,861
Effect of exchange rate changes on cash and cash equivalents	62,068	(56,530)
Net decrease in cash and cash equivalents	(1,402,912)	(131,009)
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	\$ 3,636,733	4,082,796

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 Nine Months Ended September 30, 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 November 11, 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 the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- 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

- (c) 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”

(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.

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

(i) List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 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 3
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)	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
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 %	82.74 %	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

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
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

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

Note 2: The financial statements have been reviewed.

Note 3: The financial statements have been reviewed for the nine months ended September 30, 2022; the financial statements have not been reviewed for the nine months ended September 30, 2021.

(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.

(Continued)

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

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 fluctuation, 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.

(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

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 6,631	7,421	6,565
Cash in banks	2,596,244	4,412,238	3,153,591
Time deposits	1,033,858	619,986	922,640
Cash and cash equivalents	<u>\$ 3,636,733</u>	<u>5,039,645</u>	<u>4,082,796</u>

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

(Continued)

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

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

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets— Yung Tay Engineering Co., Ltd. (Note 1)	\$ -	36,901	36,901
Stocks unlisted on domestic markets— MEITA Industrial Co., Ltd.	101,180	119,433	116,122
Stocks unlisted on domestic markets— YUHUA Venture Capital Co., Ltd. (Note 2)	-	207	215
Stocks unlisted on domestic markets— FUHUA Venture Capital Co., Ltd. (Note 3)	-	674	754
Stocks unlisted on domestic markets— GUANGYUAN Investment Co., Ltd.	29,631	33,824	32,749
Stocks unlisted on domestic markets— DEVELOPMENT Venture Capital Co., Ltd.	16,287	24,256	24,204
Stocks unlisted on domestic markets— Asia World Engineering & Construction Co., Ltd.	<u>30,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 177,098</u>	<u>215,295</u>	<u>210,945</u>

Note 1: Yung Tay Engineering Co., Ltd. had been delisted on March 9, 2022, and changed its name to Hitachi Yungtay Elevator Co., Ltd. on May 30, 2022.

Note 2: YUHUA Venture Capital Co., Ltd. had completed its liquidation registration procedures on June 13, 2022.

Note 3: FUHUA Venture Capital Co., Ltd. had completed its liquidation registration procedures on June 10, 2022.

- (i) The Group holds the equity investments for long-term strategic purposes, rather than transaction purposes. Therefore, the investments are measured at FVOCI.
- (ii) For the three months and nine months ended September 30, 2022 and 2021, the Group received dividend income amounting to \$0 thousand, \$1,088 thousand, \$16,341 thousand and \$14,600 thousand, respectively, from the above investments measured at FVOCI.

(Continued)

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

- (iii) In the second quarter of 2022 and 2021, the Group has sold its shares of Yung Tay Engineering Co., Ltd., as a result of a takeover offer for cash. The shares sold had a fair value of \$37,190 thousand and \$29,297 thousand, and disposal gain of \$175 thousand and \$3,137 thousand, which was reclassified from other comprehensive income to retained earnings.
- (iv) Please refer to Note 6(aa) for the information on credit risk (including the impairment of debt instrument investments) and market risk.
- (v) As of September 30, 2022, December 31 and September 30, 2021, the financial assets were not pledged as collateral.
- (c) Notes and accounts receivable

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable from operating activities	\$ 464,131	472,727	459,834
Accounts receivable measured as amortized cost	<u>3,647,606</u>	<u>3,602,106</u>	<u>3,383,797</u>
Subtotal	4,111,737	4,074,833	3,843,631
Less: Loss allowance	<u>(8,201)</u>	<u>(3,764)</u>	<u>(4,716)</u>
Total	<u>\$ 4,103,536</u>	<u>4,071,069</u>	<u>3,838,915</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:

	September 30, 2022		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,837,193	0%	-
1 to 30 days past due	131,890	0%	-
31 to 90 days past due	100,837	0%	-
91 to 120 days past due	15,008	0%~13.5%	769
121 days to a year past due	24,233	20%~43.37%	4,856
Over a year past due	<u>2,576</u>	100%	<u>2,576</u>
	<u>\$ 4,111,737</u>		<u>8,201</u>

(Continued)

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	1,486	100%	1,486
	\$ 4,074,833		3,764
	September 30, 2021		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,702,108	0%	-
1 to 30 days past due	107,550	0%	-
31 to 90 days past due	20,000	0%~6%	258
91 to 120 days past due	7,263	0%~10.54%	726
121 days to a year past due	4,254	25.08%~32.97%	1,276
Over a year past due	2,456	100%	2,456
	\$ 3,843,631		4,716

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

	For the Nine Months Ended September 30	
	2022	2021
Balance on January 1	\$ 3,764	3,120
Impairment losses recognized	4,286	1,630
Foreign exchange losses (gains)	151	(34)
Balance on September 30	\$ 8,201	4,716

The financial assets mentioned above were not pledged as collateral.

(Continued)

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

(d) Inventories

	September 30, 2022	December 31, 2021	September 30, 2021
Raw materials	\$ 259,223	227,769	230,023
Work in process	285,495	380,486	258,473
Semi-finished goods	135,832	136,793	114,078
Finished goods	1,562,493	1,535,036	1,219,441
Merchandise	112,616	90,107	82,481
Land held for development	8,156,457	7,553,256	7,346,655
Properties and land held for sale	309,865	1,367,387	2,001,284
Construction-in-progress	10,279,289	8,268,758	8,954,481
Prepayments for land	64,570	239,924	180,245
Other inventories	217,625	207,918	207,303
	<u>\$ 21,383,465</u>	<u>20,007,434</u>	<u>20,594,464</u>

For the three months and nine months ended September 30, 2022 and 2021, the cost of goods sold amounted to \$2,718,312 thousand, \$4,388,406 thousand, \$8,698,591 thousand and \$9,771,776 thousand, respectively. For the three months and nine months ended September 30, 2022 and 2021, the reversal gain (loss for inventory obsolescence) from the increase (decrease) in inventories' net realizable value amounted to \$4,451 thousand, \$(18,353) thousand, \$(2,530) thousand and \$(18,773) thousand, respectively.

For the information on inventories pledged as collateral, as of September 30, 2022, December 31 and September 30, 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	\$ 399,656	537,067	452,285
Joint ventures	325,058	213,989	217,938
	<u>\$ 724,714</u>	<u>751,056</u>	<u>670,223</u>

(Continued)

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

(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 and nine months ended September 30, 2022 and 2021, the unrealized investment losses amounted to \$69 thousand, \$73 thousand, \$213 thousand and \$217 thousand, respectively; the accumulated unrealized investment losses, as of September 30, 2022 and 2021, amounted to \$57,981 thousand and \$57,626 thousand, respectively.

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

	September 30, 2022	December 31, 2021	September 30, 2021	
Carrying amount of individually insignificant associates' equity	<u>\$ 399,656</u>	<u>537,067</u>	<u>452,285</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Attributable to the Group:				
Net (loss) income	\$ (10,297)	6,895	(6,628)	(1,670)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (10,297)</u>	<u>6,895</u>	<u>(6,628)</u>	<u>(1,670)</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:

	September 30, 2022	December 31, 2021	September 30, 2021	
Carrying amount of individually insignificant joint ventures' equity	<u>\$ 325,058</u>	<u>213,989</u>	<u>217,938</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Attributable to the Group:				
Net loss	\$ (2,365)	(27,086)	(40,647)	(79,940)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (2,365)</u>	<u>(27,086)</u>	<u>(40,647)</u>	<u>(79,940)</u>

(Continued)

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

(iii) Pledge to secure

As of September 30, 2022, December 31 and September 30, 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.

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

(i) Acquisition of additional shares interests of subsidiary

For the nine months ended September 30, 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 Nine Months Ended September 30 2022
	Sunflower Investment
Acquisition of non-controlling interests	\$ 97
Payment to non-controlling interests	(96)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	\$ 1

(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.

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

(h) Property, plant and equipment

The cost and accumulated depreciation of the property, plant equipment of the Group for the nine months ended September 30, 2022 and 2021 are as follows:

	<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>Construction in Progress</u>	<u>Total</u>
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	10,637	2,657	98,640	12,268	-	28,613	14,161	449,151	616,127
Disposals	-	-	(167,113)	(2,139)	(2,524)	(13,337)	(15,015)	-	(200,128)
Reclassification	-	160,295	151,269	53,513	2,081	50,602	62,719	(368,139)	112,340
Influence from exchange rates	1,109	92,792	260,114	2,476	806	7,171	11,851	34,699	411,018
Balance on September 30, 2022	\$ <u>3,129,841</u>	<u>4,095,864</u>	<u>10,093,016</u>	<u>176,921</u>	<u>59,082</u>	<u>260,894</u>	<u>803,605</u>	<u>1,437,211</u>	<u>20,056,434</u>
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	77	-	68,936	9,641	4,108	42,850	17,947	685,605	829,164
Disposals	-	(1,756)	(59,235)	(5,792)	(1,960)	(54,928)	(54,123)	-	(177,794)
Reclassification	-	677	194,981	(4,119)	2,937	-	23,534	(198,201)	19,809
Influence from exchange rates	(172)	(38,669)	(134,694)	(1,007)	(842)	(2,654)	(5,637)	(21,151)	(204,826)
Balance on September 30, 2021	\$ <u>3,118,141</u>	<u>3,405,832</u>	<u>9,503,323</u>	<u>109,487</u>	<u>57,432</u>	<u>153,471</u>	<u>681,968</u>	<u>1,668,330</u>	<u>18,697,984</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	-	89,914	444,667	12,816	3,621	30,525	55,390	-	636,933
Disposals	-	-	(158,506)	(1,939)	(2,514)	(13,337)	(14,058)	-	(190,354)
Reclassification	-	-	-	-	2,081	-	199	-	2,280
Influence from exchange rates	-	30,250	171,473	2,119	665	3,237	8,591	-	216,335
Balance on September 30, 2022	\$ <u>-</u>	<u>1,659,919</u>	<u>6,712,685</u>	<u>98,179</u>	<u>49,398</u>	<u>109,549</u>	<u>562,492</u>	<u>-</u>	<u>9,192,222</u>
Balance on January 1, 2021	\$ -	1,448,672	5,881,466	83,577	43,317	91,996	518,040	-	8,067,068
Depreciation	-	75,928	400,874	8,860	3,330	29,346	44,505	-	562,843
Disposals	-	(1,756)	(53,894)	(5,288)	(1,943)	(54,928)	(51,912)	-	(169,721)
Reclassification	-	-	3,029	(3,029)	-	-	-	-	-
Influence from exchange rates	-	(14,612)	(87,050)	(840)	(699)	(1,313)	(4,421)	-	(108,935)
Balance on September 30, 2021	\$ <u>-</u>	<u>1,508,232</u>	<u>6,144,425</u>	<u>83,280</u>	<u>44,005</u>	<u>65,101</u>	<u>506,212</u>	<u>-</u>	<u>8,351,255</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 September 30, 2022	\$ <u>3,129,841</u>	<u>2,435,945</u>	<u>3,380,331</u>	<u>78,742</u>	<u>9,684</u>	<u>151,345</u>	<u>241,113</u>	<u>1,437,211</u>	<u>10,864,212</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 September 30, 2021	\$ <u>3,118,141</u>	<u>1,897,600</u>	<u>3,358,898</u>	<u>26,207</u>	<u>13,427</u>	<u>88,370</u>	<u>175,756</u>	<u>1,668,330</u>	<u>10,346,729</u>

As of September 30, 2022, December 31 and September 30, 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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(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 nine months ended September 30, 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	-	10,695	17,588	1,792	-	-	30,075
Reduction for expiration	-	(3,126)	(34,022)	(3,120)	(344)	-	(40,612)
Influence from exchange rates	10,128	76	1,020	126	81	-	11,431
Balance on September 30, 2022	<u>\$ 1,014,900</u>	<u>2,401,342</u>	<u>32,421</u>	<u>21,981</u>	<u>1,783</u>	<u>122,673</u>	<u>3,595,100</u>
Balance on January 1, 2021	\$ 1,007,888	2,394,673	48,195	17,318	2,228	122,262	3,592,564
Additions	-	1,896	-	9,542	723	607	12,768
Reduction for expiration	-	(2,872)	-	(7,355)	(888)	(196)	(11,311)
Influence from exchange rates	(5,453)	-	(629)	(17)	(13)	-	(6,112)
Balance on September 30, 2021	<u>\$ 1,002,435</u>	<u>2,393,697</u>	<u>47,566</u>	<u>19,488</u>	<u>2,050</u>	<u>122,673</u>	<u>3,587,909</u>
Accumulated depreciation:							
Balance on January 1, 2022	\$ 177,882	1,317,008	39,869	7,254	966	17,466	1,560,445
Depreciation	17,714	122,357	10,602	4,490	309	2,658	158,130
Transferred to construction cost	-	631	-	-	-	-	631
Reduction for expiration	-	(2,879)	(34,022)	(3,120)	(344)	-	(40,365)
Influence from exchange rates	2,755	17	791	54	67	-	3,684
Balance on September 30, 2022	<u>\$ 198,351</u>	<u>1,437,134</u>	<u>17,240</u>	<u>8,678</u>	<u>998</u>	<u>20,124</u>	<u>1,682,525</u>
Balance on January 1, 2021	\$ 155,174	1,158,342	29,119	12,171	1,122	14,117	1,370,045
Depreciation	17,608	120,552	10,066	4,084	330	2,659	155,299
Transferred to construction cost	-	615	-	-	-	-	615
Reduction for expiration	-	(2,854)	-	(7,172)	(586)	(195)	(10,807)
Influence from exchange rates	(1,383)	-	(458)	(16)	(7)	-	(1,864)
Balance on September 30, 2021	<u>\$ 171,399</u>	<u>1,276,655</u>	<u>38,727</u>	<u>9,067</u>	<u>859</u>	<u>16,581</u>	<u>1,513,288</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 September 30, 2022	<u>\$ 816,549</u>	<u>964,208</u>	<u>15,181</u>	<u>13,303</u>	<u>785</u>	<u>102,549</u>	<u>1,912,575</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 September 30, 2021	<u>\$ 831,036</u>	<u>1,117,042</u>	<u>8,839</u>	<u>10,421</u>	<u>1,191</u>	<u>106,092</u>	<u>2,074,621</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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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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 September 30, 2022	\$ <u>596,723</u>	<u>67,284</u>	<u>664,007</u>
Balance on January 1, 2021	\$ <u>593,697</u>	<u>97,459</u>	<u>691,156</u>
Balance on September 30, 2021	\$ <u>609,567</u>	<u>97,876</u>	<u>707,443</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 nine months ended September 30, 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.

As of September 30, 2022, December 31 and September 30, 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
Acquisitions	-	-	-	1,481	1,481
Reclassification	-	-	-	461	461
Influence from exchange rates	<u>24,547</u>	<u>1,890</u>	<u>6,822</u>	<u>439</u>	<u>33,698</u>
Balance on September 30, 2022	\$ <u>409,815</u>	<u>64,978</u>	<u>234,573</u>	<u>45,718</u>	<u>755,084</u>
Balance on January 1, 2021	\$ 390,862	63,669	229,850	32,878	717,259
Acquisitions	-	-	-	4,595	4,595
Reclassification	-	-	-	4,212	4,212
Influence from exchange rates	<u>(6,456)</u>	<u>(1,017)</u>	<u>(3,673)</u>	<u>(68)</u>	<u>(11,214)</u>
Balance on September 30, 2021	\$ <u>384,406</u>	<u>62,652</u>	<u>226,177</u>	<u>41,617</u>	<u>714,852</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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	<u>Goodwill</u>	<u>Patent</u>	<u>Client Relationship</u>	<u>Computer Software</u>	<u>Total</u>
Accumulated amortization:					
Balance on January 1, 2022	\$ -	63,088	227,751	28,061	318,900
Amortization	-	-	-	4,181	4,181
Influence from exchange rates	-	1,890	6,822	439	9,151
Balance on September 30, 2022	<u>\$ -</u>	<u>64,978</u>	<u>234,573</u>	<u>32,681</u>	<u>332,232</u>
Balance on January 1, 2021	\$ -	63,669	229,850	22,978	316,497
Amortization	-	-	-	3,717	3,717
Influence from exchange rates	-	(1,017)	(3,673)	(69)	(4,759)
Balance on September 30, 2021	<u>\$ -</u>	<u>62,652</u>	<u>226,177</u>	<u>26,626</u>	<u>315,455</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 September 30, 2022	<u>\$ 409,815</u>	<u>-</u>	<u>-</u>	<u>13,037</u>	<u>422,852</u>
Balance on January 1, 2021	<u>\$ 390,862</u>	<u>-</u>	<u>-</u>	<u>9,900</u>	<u>400,762</u>
Balance on September 30, 2021	<u>\$ 384,406</u>	<u>-</u>	<u>-</u>	<u>14,991</u>	<u>399,397</u>

(l) Other non-current financial assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 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	111,716	112,586	108,509
	<u>\$ 686,716</u>	<u>687,586</u>	<u>683,509</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

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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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:

September 30, 2022				
<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 \$8,132,816 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$2,086,408 thousand.	The building of The Splendor Hospitality International (the 2 nd security)
December 31, 2021				
<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)
September 30, 2021				
<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)

- (ii) As of September 30, 2022, December 31 and September 30, 2021, the cost and principal of debt obligation from Chin Ling Steel were \$23,250 thousand and \$118,561 thousand, respectively.

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

(m) Other non-current assets

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Construction in progress	\$ 2,575,338	1,964,821	1,749,326
Land	44,299	44,299	44,299
Other	134,800	97,311	160,462
	<u>\$ 2,754,437</u>	<u>2,106,431</u>	<u>1,954,087</u>

- (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.

(n) Short-term borrowings

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unsecured bank borrowings	\$ 5,781,866	3,299,307	3,270,403
Secured bank borrowings	5,313,626	5,287,721	6,902,668
Notes and bills payable	254,971	484,798	534,569
Total	<u>\$ 11,350,463</u>	<u>9,071,826</u>	<u>10,707,640</u>
Unused credit limit	<u>\$ 6,256,129</u>	<u>6,298,655</u>	<u>4,149,163</u>
Range of interest rates	<u>0.63%~4.65%</u>	<u>0.52%~4.00%</u>	<u>0.52%~2.25%</u>

(i) Borrowing and repayment

For the nine months ended September 30, 2022 and 2021, the Group obtained from short-term borrowings amounting to \$8,587,638 thousand and \$8,393,889 thousand with an interest rate of 0.52%~4.65% and 0.52%~3.72%; the repayment amounting to \$6,220,454 thousand and \$5,789,236 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

(o) Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank borrowings	\$ 1,300,000	3,239,717	2,849,040
Secured bank borrowings	6,919,143	8,909,079	7,583,704
Less: Current portion	(417,911)	(1,612,105)	(1,325,224)
Unamortized long-term borrowings costs	(71)	(503)	(462)
Total	\$ 7,801,161	10,536,188	9,107,058
Unused credit limit	\$ 2,362,633	414,003	832,120
Interest rate range	1.19%~3.32%	0.90%~2.81%	0.93%~2.81%

(i) Borrowing and repayment

For the nine months ended September 30, 2022 and 2021, the Group obtained from long-term borrowings amounting to \$4,050,000 thousand and \$3,946,147 thousand with an interest rate of 1.02%~2.30% and 0.90%~1.90%; the repayment amounting to \$8,124,238 thousand and \$4,456,558 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.

(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 June 30, 2022, 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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(p) Bonds payable

The details of the bonds payable is as follows:

		September 30, 2022
Unsecured convertible bonds	\$	1,500,000
Unamortized premium on bonds payable		<u>68,383</u>
	\$	<u>1,568,383</u>
Embedded derivative-call option and put option (which is listed under "non-current financial liabilities at FVTPL")	\$	<u>8,583</u>
Equity component-convertible option (which is listed under "capital surplus-stock option")	\$	<u>48,562</u>
	For the Three Months Ended September 30 2022	For the Nine Months Ended September 30 2022
Embedded derivative-losses on remeasurements through fair value (which is listed under "other gains and losses")	\$	<u>(1,651)</u>
Interest expense	\$	<u>(7,788)</u>

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

- (i) Coupon rate: 0%
- (ii) Issuance period: Three years (maturing on January 24, 2025)
- (iii) 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.
- (iv) Redemption: The Group will redeem the bonds from its creditors under the following circumstances:
 - 1) 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.
 - 2) 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.

(Continued)

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

(v) 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.

(vi) Conversion:

- 1) 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.
- 2) 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%. To cooperate with the ex-dividend work in 2022, The conversion price had been adjusted to \$32.0 per share on July 20, 2022 (ex-dividends date).

(q) Lease liabilities

The details of the lease liabilities are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Current	<u>\$ 187,024</u>	<u>179,629</u>	<u>178,030</u>
Non-current	<u>\$ 1,525,685</u>	<u>1,649,203</u>	<u>1,688,535</u>

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

The amounts recognized in profit or loss are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest on lease liabilities	<u>\$ 5,624</u>	<u>6,015</u>	<u>17,436</u>	<u>18,531</u>
Expenses relating to leases short-term assets	<u>\$ 2,532</u>	<u>2,583</u>	<u>6,742</u>	<u>9,741</u>
Covid-19-related rent concessions (recognized as deduction of rent expenses)	<u>\$ -</u>	<u>4,222</u>	<u>-</u>	<u>4,227</u>

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

	For the Nine Months Ended September 30	
	2022	2021
Total cash outflow for leases	<u>\$ 169,588</u>	<u>170,654</u>

(Continued)

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

(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 leasee 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.

(r) Provisions

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Non-current:			
Financial guarantee contracts	\$ 12,648	21,289	24,792
Legal	<u>236,052</u>	<u>236,052</u>	<u>236,052</u>
Total	<u>\$ 248,700</u>	<u>257,341</u>	<u>260,844</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.

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

(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:

	September 30, 2022	December 31, 2021	September 30, 2021
Less than one year	\$ 13,307	13,122	16,347
One to two years	7,160	5,265	8,049
Two to three years	-	355	2,483
Total undiscounted lease payments	<u>\$ 20,467</u>	<u>18,742</u>	<u>26,879</u>

For the three months and nine months ended September 30, 2022 and 2021, rental revenues from investment properties amounted to \$3,239 thousand, \$3,477 thousand, \$9,912 thousand and \$10,309 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "operating costs") are \$0 thousands.

(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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Operating cost	\$ -	533	25	1,612
Selling expenses	-	102	5	301
Administration expenses	4	245	44	720
Research and development expenses	-	93	-	286
Total	<u>\$ 4</u>	<u>973</u>	<u>74</u>	<u>2,919</u>

(Continued)

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

(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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Operating cost	\$ 12,417	11,272	37,088	32,670
Selling expenses	649	583	1,950	1,836
Administration expenses	8,085	8,286	23,969	22,889
Research and development expenses	81	83	263	256
Total	<u>\$ 21,232</u>	<u>20,224</u>	<u>63,270</u>	<u>57,651</u>

(iii) Short-term employee benefits

	September 30, 2022	December 31, 2021	September 30, 2021
Paid leave and other liabilities	<u>\$ 9,166</u>	<u>12,095</u>	<u>13,366</u>

(u) Income tax

(i) Applied 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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current income tax expense				
Current period incurred	\$ 31,412	47,179	75,851	124,056
Land value increment taxes	3	15,659	21,925	29,360
Undistributed profit tax	-	8,257	14,697	8,257
Adjustment for prior periods	(40,840)	(5,622)	(41,306)	(10,881)
	<u>(9,425)</u>	<u>65,473</u>	<u>71,167</u>	<u>150,792</u>
Deferred tax income				
Origination and reversal of temporary differences	9,840	(7,582)	(41,923)	(18,283)
Recognition of previously unrecognized tax losses	-	-	(42,250)	-
Income tax expense (benefit)	<u>\$ 415</u>	<u>57,891</u>	<u>(13,006)</u>	<u>132,509</u>

(Continued)

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

(iii) The income tax returns of the Company through 2020 (except for 2018), as well as the other domestic consolidated subsidiaries (except for the 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 nine months ended September 30, 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 September 30, 2022, December 31 and September 30, 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.

(ii) Capital surplus

The components of the capital surplus are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 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
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	<u>5,945</u>	<u>611</u>	<u>404</u>
	<u><u>\$ 1,542,166</u></u>	<u><u>1,488,270</u></u>	<u><u>1,488,063</u></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.

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

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.

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>793,618</u>	1.03	<u>387,406</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	-	-	149,147	149,147
Exchange differences on foreign operations	130,801	-	47,360	178,161
Unrealized (losses) gains on financial assets	-	(23,010)	1	(23,009)
Changes in non-controlling interest	-	-	13,398	13,398
Cash dividends paid to non-controlling interests	-	-	(314,673)	(314,673)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(173)	-	(173)
Balance on September 30, 2022	<u>\$ 105,509</u>	<u>54,894</u>	<u>3,868,271</u>	<u>4,028,674</u>
Balance on January 1, 2021	\$ 32,198	93,833	3,975,678	4,101,709
Profit attributable to non-controlling interests	-	-	253,770	253,770
Exchange differences on foreign operations	(116,198)	-	(31,094)	(147,292)
Unrealized (losses) gains on financial assets measured at FVOCI	-	(17,001)	30	(16,971)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	(404)	(404)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	842	842
Changes in non-controlling interest	-	-	(66,576)	(66,576)
Cash dividends paid to non-controlling interests	-	-	(242,675)	(242,675)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(3,106)	-	(3,106)
Balance on September 30, 2021	<u>\$ (84,000)</u>	<u>73,726</u>	<u>3,889,571</u>	<u>3,879,297</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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share				
Profit attributable to owners of the parent	\$ <u>195,205</u>	<u>300,479</u>	<u>633,918</u>	<u>531,794</u>
Weighted average number of ordinary shares	<u>376,122</u>	<u>376,122</u>	<u>376,122</u>	<u>376,122</u>
Basic earnings per share	\$ <u>0.52</u>	<u>0.80</u>	<u>1.69</u>	<u>1.41</u>
Diluted earnings per share				
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	\$ 195,205	300,479	633,918	531,794
Effect of potential diluted ordinary shares				
Convertible bonds	(4,579)	-	(14,492)	-
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	\$ <u>190,626</u>	<u>300,479</u>	<u>619,426</u>	<u>531,794</u>
Weighted average number of ordinary shares	376,122	376,122	376,122	376,122
Effect of potential diluted ordinary shares				
Employee stock option	557	519	881	688
Convertible bonds	46,360	-	46,360	-
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	<u>423,039</u>	<u>376,641</u>	<u>423,363</u>	<u>376,810</u>
Diluted earnings per share	\$ <u>0.45</u>	<u>0.80</u>	<u>1.46</u>	<u>1.41</u>

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

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the Three Months Ended September 30, 2022			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 105,280	5,795	171,520	282,595
United States	545,666	-	-	545,666
Japan	468,631	-	-	468,631
China	1,655,486	-	-	1,655,486
Europe	140,406	-	-	140,406
South America	183,727	-	-	183,727
Others	206,395	-	-	206,395
	<u>\$ 3,305,591</u>	<u>5,795</u>	<u>171,520</u>	<u>3,482,906</u>
Major product/service lines:				
Iron casting hardware	\$ 3,286,068	-	-	3,286,068
Construction	-	560	-	560
Counter commissions	-	-	105,512	105,512
Others	19,523	5,235	66,008	90,766
	<u>\$ 3,305,591</u>	<u>5,795</u>	<u>171,520</u>	<u>3,482,906</u>
For the Three Months Ended September 30, 2021				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 197,664	2,311,720	102,366	2,611,750
United States	479,361	-	-	479,361
Japan	410,896	-	-	410,896
China	1,655,595	-	-	1,655,595
Europe	117,744	-	-	117,744
South America	132,780	-	-	132,780
Others	170,246	-	-	170,246
	<u>\$ 3,164,286</u>	<u>2,311,720</u>	<u>102,366</u>	<u>5,578,372</u>

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

For the Three Months Ended September 30, 2021				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major product/service lines:				
Iron casting hardware	\$ 3,120,511	-	-	3,120,511
Construction	-	2,307,616	-	2,307,616
Counter commissions	-	-	76,773	76,773
Others	43,775	4,104	25,593	73,472
	\$ 3,164,286	2,311,720	102,366	5,578,372
For the Nine Months Ended September 30, 2022				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 402,847	1,572,420	462,635	2,437,902
United States	1,492,913	-	-	1,492,913
Japan	1,329,803	-	-	1,329,803
China	4,410,606	-	-	4,410,606
Europe	415,142	-	-	415,142
South America	510,211	-	-	510,211
Others	522,254	-	-	522,254
	\$ 9,083,776	1,572,420	462,635	11,118,831
Major product/service lines:				
Iron casting hardware	\$ 9,028,378	-	-	9,028,378
Construction	-	1,559,551	-	1,559,551
Counter commissions	-	-	286,742	286,742
Others	55,398	12,869	175,893	244,160
	\$ 9,083,776	1,572,420	462,635	11,118,831

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

	For the Nine Months Ended September 30, 2021			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 574,259	2,888,401	366,378	3,829,038
United States	1,357,472	-	-	1,357,472
Japan	1,221,480	-	-	1,221,480
China	4,905,819	-	-	4,905,819
Europe	326,464	-	-	326,464
South America	487,778	-	-	487,778
Others	368,837	-	-	368,837
	<u>\$ 9,242,109</u>	<u>2,888,401</u>	<u>366,378</u>	<u>12,496,888</u>
Major product/service lines:				
Iron casting hardware	\$ 9,172,028	-	-	9,172,028
Construction	-	2,876,624	-	2,876,624
Counter commissions	-	-	227,378	227,378
Others	70,081	11,777	139,000	220,858
	<u>\$ 9,242,109</u>	<u>2,888,401</u>	<u>366,378</u>	<u>12,496,888</u>

(ii) Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Notes and accounts receivable	\$ 4,111,737	4,074,833	3,843,631
Less: Loss allowance	(8,201)	(3,764)	(4,716)
Total	<u>\$ 4,103,536</u>	<u>4,071,069</u>	<u>3,838,915</u>
Contract assets	<u>\$ -</u>	<u>-</u>	<u>-</u>
Contract liabilities—Advance real estate receipts	<u>\$ 4,519,236</u>	<u>3,568,282</u>	<u>3,719,099</u>
Contract liabilities—Advance receipts	<u>\$ 48,170</u>	<u>52,252</u>	<u>46,974</u>

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

The amount of revenue recognized for the nine months ended September 30, 2022 and 2021, that were included in the contract liabilities balance at the beginning of the period were \$346,556 thousand and \$486,769 thousand, respectively.

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

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 and nine months ended September 30, 2022 and 2021, appropriated employees' compensation by \$5,005 thousand, \$9,546 thousand, \$16,391 thousand and \$16,415 thousand, respectively, and appropriated remuneration of directors by \$4,469 thousand, \$8,524 thousand, \$14,635 thousand and \$14,657 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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest income from bank deposits	\$ 4,780	13,432	13,723	35,550
Interest income from financial guarantee contracts	3,533	3,512	10,549	10,426
Total Interest income	\$ 8,313	16,944	24,272	45,976

(ii) Other income

The information on other income is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Dividend income	\$ -	1,088	16,341	14,600
Rental revenue	5,375	4,489	15,271	14,423
Others	22,924	51,396	59,777	92,722
Total other income	\$ 28,299	56,973	91,389	121,745

(iii) Other gains and losses

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Losses on disposal of property, plant and equipment	\$ (1,078)	(1,127)	(5,701)	(4,659)
Foreign exchange gains (losses)	85,403	443	136,042	(13,287)
Losses on financial assets at FVTPL	(1,651)	-	(4,292)	-
Losses on disposal of investment	-	-	-	(5,013)
Other losses	28	(7,941)	(401)	(10,568)
Net amount of other gains and losses	\$ 82,702	(8,625)	125,648	(33,527)

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

(iv) Finance costs

The information on interest expense is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Bank borrowing interest expense	\$ 70,329	64,284	187,185	170,074
Lease liability interest expense	5,654	6,015	17,436	18,531
Bonds interest expense	(7,788)	-	(23,480)	-
Other finance costs	335	429	1,175	1,280
Net amount of finance costs	<u>\$ 68,530</u>	<u>70,728</u>	<u>182,316</u>	<u>189,885</u>

For the three months and nine months ended September 30, 2022 and 2021, the capitalized interest expense amounted to \$20,434 thousand, \$11,014 thousand, \$48,988 thousand and \$37,363 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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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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 nine months ended September 30, 2022 and 2021, please refer to Note 6(c).

(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>
September 30, 2022						
Non-derivative financial liabilities						
Bank borrowings	\$ 20,177,042	6,972,235	6,127,378	3,082,703	3,994,726	-
Bonds payable	1,500,000	-	-	-	1,500,000	-
Lease liabilities	1,923,333	106,106	101,777	211,287	605,687	898,476
Notes and accounts payables (including related parties)	3,047,590	3,047,590	-	-	-	-
Other payables (including related parties)	<u>1,483,148</u>	<u>1,483,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,131,113</u>	<u>11,609,079</u>	<u>6,229,155</u>	<u>3,293,990</u>	<u>6,100,413</u>	<u>898,476</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	-	-	-	-
Other 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>
September 30, 2021						
Non-derivative financial liabilities						
Bank borrowings	\$ 21,573,007	4,701,287	1,906,952	11,638,871	3,325,897	-
Lease liabilities	2,098,751	101,218	99,332	196,306	603,816	1,098,079
Notes and accounts payables (including related parties)	3,074,671	3,074,671	-	-	-	-
Other payables (including related parties)	<u>1,763,482</u>	<u>1,763,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,509,911</u>	<u>9,640,658</u>	<u>2,006,284</u>	<u>11,835,177</u>	<u>3,929,713</u>	<u>1,098,079</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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(iii) Currency risk

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

	September 30, 2022			December 31, 2021			September 30, 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	\$	15,320	31.75	486,414	20,817	27.68	576,214	23,969	27.85	667,532
USD:CNY		131,181	7.10	4,164,988	135,034	6.38	3,737,747	142,006	6.46	3,954,860
USD:JPY		1,174	144.25	37,282	836	115.09	23,140	1,589	111.85	44,242
EUR:NTD		1,205	31.26	37,666	1,096	31.32	34,328	2,201	32.32	71,127
EUR:CNY		3,072	6.99	96,035	3,444	7.22	107,860	2,423	7.50	78,299
JPY:NTD		101,986	0.22	22,447	164,138	0.24	39,475	146,940	0.25	36,588
JPY:CNY		70,218	0.05	15,455	174,839	0.06	42,049	157,358	0.06	39,182
HKD:USD		1,073	0.13	4,335	3,729	0.13	13,239	2,306	0.13	8,256
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD:CNY		111,523	7.10	3,540,867	149,967	6.38	4,151,073	161,984	6.46	4,511,257
EUR:CNY		2,695	6.99	84,259	2,880	7.22	90,192	1,204	7.50	38,903
HKD:USD		263,784	0.13	1,065,687	318,288	0.13	1,129,922	355,040	0.13	1,199,443
JPY:CNY		29,818	0.05	6,563	61,021	0.06	14,676	24,439	0.06	6,085

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 September 30, 2022 and 2021 would have increased (decreased) the after-tax net income for the three months and nine months ended September 30, 2022 and 2021 by \$3,733 thousand, \$(556) thousand, \$1,003 thousand and \$(5,134) 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 and nine months ended September 30, 2022 and 2021, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$85,403 thousand, \$443 thousand, \$136,042 thousand and \$(13,287) thousand, respectively.

(iv) Interest rate risk

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

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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 \$28,521 thousand, \$29,922 thousand, \$72,354 thousand and \$84,354 thousand for the three months and nine months ended September 30, 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 Nine Months Ended September 30			
	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%	\$ 17,710	(858)	21,095	-
Decrease 10%	\$ (17,710)	858	(21,095)	-

(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:

	September 30, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-current financial assets at FVOCI	\$ 177,098	-	-	177,098	177,098
Non-current financial liabilities at FVTPL	\$ 8,583	-	-	8,583	8,583
Financial assets measured at amortized cost	\$ 9,819,435	-	-	-	-
Financial liabilities measured at amortized cost	\$ 27,406,152	-	-	-	-

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	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-current financial assets at FVOCI	<u>\$ 215,295</u>	<u>36,901</u>	<u>-</u>	<u>178,394</u>	<u>215,295</u>
Financial assets measured at amortized cost	<u>\$ 12,134,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 28,463,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	September 30, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-current financial assets at FVOCI	<u>\$ 210,945</u>	<u>36,901</u>	<u>-</u>	<u>174,044</u>	<u>210,945</u>
Financial assets measured at amortized cost	<u>\$ 10,543,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 27,868,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

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.

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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 nine months ended September 30, 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
Purchase	30,000
Disposals	(37,190)
Total gains or losses	
Recognized as other comprehensive income	(23,007)
Capital reduction	(8,000)
Balance on September 30, 2022	\$ 177,098
Balance on January 1, 2021	\$ 194,824
Total gains or losses	
Recognized as other comprehensive income	(19,946)
Capital reduction	(834)
Balance on September 30, 2021	\$ 174,044

The total gains or losses is listed under "unrealized gains (losses) on financial assets at FVOCI". The information regarding assets held as of September 30, 2022 and 2021 is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Total gains or losses				
Recognized as other comprehensive income (which is listed under "unrealized losses on financial assets of FVOCI")	\$ (5,244)	(6,386)	(23,007)	(19,946)

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- 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:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement</u>
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 September 30, 2022, December 31 and September 30, 2021 were \$251~23,510 thousand, \$14~26,213 thousand and \$18~26,213 thousand, respectively.) ·Weighted average capital cost (As of September 30, 2022, December 31 and September 30, 2021, were 5.32%, 3.48% and 4.38%, respectively.) ·Discounting rate without market liquidity (As of September 30, 2022, December 31 and September 30, 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.

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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>
September 30, 2022				
Financial assets at FVOCI				
Equity investments without an active market	5.32 %	1%	5,305	(5,044)
December 31, 2021				
Financial assets at FVOCI				
Equity investments without an active market	3.48 %	1%	6,671	(6,335)
September 30, 2021				
Financial assets at FVOCI				
Equity investments without an active market	4.38 %	1%	6,407	(6,087)

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 Note 6 (ac) of the consolidated financial statements for the year ended December 31, 2021 for further details.

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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 September 30, 2022 and 2021, were as follows:

Reconciliation of assets arising from investing activities were as follows:

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Reclassification</u>	<u>September 30,</u> <u>2022</u>
Other non-current assets	\$ <u>2,106,431</u>	<u>763,142</u>	<u>(115,136)</u>	<u>2,754,437</u>
			<u>Non-cash changes</u> <u>Reclassification</u>	<u>September 30,</u> <u>2021</u>
Other non-current assets	\$ <u>907,794</u>	<u>1,072,667</u>	<u>(26,374)</u>	<u>1,954,087</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

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<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Hao Bao Investment Co., Ltd. (Hao Bao Investment)	Other related parties
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
Meteorological Application and Development Foundation (MADF)	Other related parties
Jhao Hong Investment Co., Ltd. (Jhao Hong Investment)	Other related parties
Yong Jhu Investment Co., Ltd. (Yong Jhu Investment)	Other related parties
Mr. Ming Shiann, Ho	Other related parties
Mr. Chung Chieh, Liu	Other related parties
Mr. Dai Jun, Lin	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 September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>			
Associates	\$ 1,966	3,416	6,201	8,166	3,645	2,690	6,065
Joint ventures	2	39	281	381	-	-	39
Other related parties	267	187	1,441	392	34	31	-
	<u>\$ 2,235</u>	<u>3,642</u>	<u>7,923</u>	<u>8,939</u>	<u>3,679</u>	<u>2,721</u>	<u>6,104</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 September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>			
Other related parties	\$ -	-	-	-	79,201	59,275	55,021

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As of September 30, 2022 and 2021, the total contract price of real estate in contract with related parties mentioned above is \$302,920 thousand (tax included) and \$253,190 thousand (tax included), respectively. The terms and pricing of sales transactions with related parties were not significantly different from those with the third parties.

(ii) Purchases from related parties

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

	Purchases				Notes and Accounts Payable		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2022	December 31, 2021	September 30, 2021
	2022	2021	2022	2021			
Associates	\$ 30,189	28,272	74,624	92,407	32,850	26,129	30,816
Joint ventures	9	-	17	-	-	-	-
Other related parties	-	1,242	17	1,242	698	726	1,086
	<u>\$ 30,198</u>	<u>29,514</u>	<u>74,658</u>	<u>93,649</u>	<u>33,548</u>	<u>26,855</u>	<u>31,902</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:

	Rental Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Joint ventures	\$ -	30	-	90
Other related parties:				
Mr. Ming Shiann, Ho	608	608	1,824	1,824
Others	83	161	379	437
	<u>\$ 691</u>	<u>799</u>	<u>2,203</u>	<u>2,351</u>

	Guarantee Deposit Paid (Recognized under other non-current financial assets)		
	September 30, 2022	December 31, 2021	September 30, 2021
	Joint ventures	\$ 10	10
Other related parties	443	443	443
	<u>\$ 453</u>	<u>453</u>	<u>443</u>

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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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associates	\$ 66	66	197	197
Other related parties	14	239	554	804
	\$ 80	305	751	1,001

	Guarantee Deposit Received (Recognized under other non-current liabilities)		
	September 30, 2022	December 31, 2021	September 30, 2021
	Associates	\$ 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 September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associates	\$ -	75	150	225
Joint ventures	1,594	1,345	3,902	4,192
	\$ 1,594	1,420	4,052	4,417

(v) Non-performing receivables

	Total Claims		
	September 30, 2022	December 31, 2021	September 30, 2021
	Joint ventures:		
The Splendor Hospitality	\$ 796,845	796,845	796,845

	Costs of Claims		
	September 30, 2022	December 31, 2021	September 30, 2021
	Joint ventures:		
The Splendor Hospitality	\$ 575,000	575,000	575,000

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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		
	September 30, 2022	December 31, 2021	September 30, 2021
Joint ventures:			
The Splendor Hospitality	\$ 1,950,000	1,900,000	1,950,000
Others	<u>22,500</u>	<u>45,680</u>	<u>45,680</u>
	<u>\$ 1,972,500</u>	<u>1,945,680</u>	<u>1,995,680</u>
	Actual Usage Amount		
	September 30, 2022	December 31, 2021	September 30, 2021
Joint ventures:			
The Splendor Hospitality	\$ 1,500,000	1,630,000	1,655,000
Others	<u>15,246</u>	<u>25,456</u>	<u>36,726</u>
	<u>\$ 1,515,246</u>	<u>1,655,456</u>	<u>1,691,726</u>

(vii) Guarantee for bank borrowings

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

(viii) Property transaction

- 1) The information on acquisitions of assets (including capitalized costs from development projects, which was recognized under other non-current assets) is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Other related parties	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>172</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Other related parties	<u>\$ 344</u>	<u>344</u>	<u>336</u>

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- 3) In the third quarter of 2021, the Group purchased a total of 13 thousand shares from its other related parties at the amount of \$1,904 thousand.

(ix) Other transactions

- 1) The information on donation to related parties is as follows:

	Donation			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Other related parties:				
Foundation	\$ <u>5,400</u>	<u>2,500</u>	<u>5,425</u>	<u>5,060</u>

- 2) The information on management services provided by related parties is as follows:

	Management Service Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Other related parties:				
Foundation	\$ <u>-</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>

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

	Other Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associates	\$ 1	1	2	2
Joint ventures	296	238	486	247
Other related parties	-	-	-	42
	<u>\$ 297</u>	<u>239</u>	<u>488</u>	<u>291</u>

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

	Interest Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Joint ventures:				
The Splendor Hospitality	\$ 3,504	3,429	10,433	10,177
Others	29	84	116	249
	<u>\$ 3,533</u>	<u>3,513</u>	<u>10,549</u>	<u>10,426</u>

(Continued)

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

5) Other receivables and advance payments from related parties

	Other Receivables (including advance payments)		
	September 30, 2022	December 31, 2021	September 30, 2021
Associates:			
Keng-Hsin Urban Renewal	\$ 14,736	24,332	28,760
Others	23	95	95
Joint ventures	199	232	125
Other related parties	7	993	3
	<u>\$ 14,965</u>	<u>25,652</u>	<u>28,983</u>

6) Other payables and advance receipts from related parties

	Other Payables (including advance receipts)		
	September 30, 2022	December 31, 2021	September 30, 2021
Associates:			
Keng-Hsin Urban Renewal	\$ -	29,294	140,005
Joint ventures	313	450	46
Other related parties	2,800	203	-
Key management	-	56	-
	<u>\$ 3,113</u>	<u>30,003</u>	<u>140,051</u>

(d) Key management transactions

The compensation of key management is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 24,319	25,106	96,996	81,141
Post-employment benefits	404	(133)	3,450	813
	<u>\$ 24,723</u>	<u>24,973</u>	<u>100,446</u>	<u>81,954</u>

(Continued)

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

(8) Pledged assets

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

<u>Pledged Assets</u>	<u>Object</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Land (including other non-current assets)	The credit limits of long-term and short-term bank borrowings	\$ 1,424,715	1,424,715	1,424,715
Buildings	"	292,617	304,118	307,952
Investment properties	"	592,817	634,883	635,451
Inventories—Land held for development	"	7,863,602	7,246,157	6,936,925
Inventories—Construction in progress	"	7,338,789	5,751,894	6,502,814
Inventories—Buildings and land held for sale	The credit limits of short-term borrowings	7,820	234,639	1,863,413
Other current financial assets	Bank acceptance bills	40,976	51,429	28,218
"	Trusts	932,005	1,244,785	1,337,851
		<u>\$ 18,493,341</u>	<u>16,892,620</u>	<u>19,037,339</u>

(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:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unused standby letters of credit	<u>\$ 112</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:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Total contract price	<u>\$ 16,239,498</u>	<u>12,660,047</u>	<u>13,481,164</u>
Total amounts paid under contracts (Note)	<u>\$ 10,444,299</u>	<u>6,679,296</u>	<u>6,994,460</u>

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

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

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Total contract price	\$ <u>17,446,973</u>	<u>16,273,136</u>	<u>17,400,101</u>
Total amounts received under contracts (recognized under current contract liabilities)	\$ <u>4,519,236</u>	<u>3,568,282</u>	<u>3,376,000</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
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>

(v) The Group's security deposits paid to landlords for joint construction projects is as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	\$ <u>307,307</u>	<u>348,617</u>	<u>378,725</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Security deposits (recognized under other current and non-current financial assets)	\$ <u>103,650</u>	<u>99,282</u>	<u>99,282</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Security deposits(recognized under other non-current liabilities)	\$ <u>-</u>	<u>2,520</u>	<u>-</u>

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Total contract price	<u>\$ 82,080</u>	<u>348,930</u>	<u>338,842</u>
Total amounts paid under contracts (recognized under inventories — prepayments for land)	<u>\$ 64,570</u>	<u>239,924</u>	<u>180,245</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 September 30, 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.
- 3) The security deposits paid by the Group for land development and leased land and buildings for operating use amounted to \$101,460 thousand and \$97,092 thousand, as of September 30, 2022 and 2021, respectively.
- (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 September 30, 2022 and 2021.

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

- (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.

(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. On September 7, 2022, the Supreme Court remanded the original decision to the Taiwan High Court.

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

(c) Employee benefits, depreciation, and amortization are summarized as follows:

By item	By function	For the Three Months Ended September 30					
		2022			2021		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		183,770	164,244	348,014	177,620	182,907	360,527
Labor and health insurance		15,782	13,181	28,963	15,048	12,813	27,861
Pension		12,417	8,819	21,236	11,805	9,392	21,197
Others		22,222	10,161	32,383	24,279	11,626	35,905
Depreciation		200,343	78,488	278,831	168,281	73,032	241,313
Amortization		326	1,077	1,403	328	1,023	1,351

By item	By function	For the Nine Months Ended September 30					
		2022			2021		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		536,673	487,564	1,024,237	529,546	477,451	1,006,997
Labor and health insurance		46,903	38,482	85,385	44,523	36,891	81,414
Pension		37,113	26,231	63,344	34,282	26,288	60,570
Others		51,995	38,958	90,953	58,215	34,351	92,566
Depreciation		563,080	233,993	797,073	500,245	220,202	720,447
Amortization		981	3,200	4,181	1,141	2,576	3,717

(Continued)

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

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

The following is the information on significant transactions for the nine months ended September 30, 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	-	-	-	3,831,842	5,109,123
0	The Company	UEA	Accounts receivable due from related parties	Yes	63,500	63,500	-	1.28%	2	-	Operation requirements	-	-	-	3,831,842	5,109,123
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	112,750	111,750	111,750	0.75%	2	-	Operation requirements	-	-	-	335,512	447,349
1	Tianjin CMT	CMH	Accounts receivable due from related parties	Yes	315,700	312,900	312,900	0.75%	2	-	Operation requirements	-	-	-	335,512	447,349
2	Suzhou CMS	CMH	Accounts receivable due from related parties	Yes	676,500	670,500	670,500	0.75%	2	-	Operation requirements	-	-	-	1,337,158	1,782,878
3	CMAI	Pilot	Accounts receivable due from related parties	Yes	42,616	41,275	41,275	3.05%	2	-	Operation requirements	-	Land, buildings and improvement	73,516	45,768	61,024

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: 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 Parent Company (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	5,109,123	110,000	110,000	66,000	-	0.86 %	6,386,404	Y	N	N
0	The Company	The Hotel National	1	5,109,123	100,000	50,000	30,000	-	0.39 %	6,386,404	Y	N	N
0	The Company	Shangrila Tourism	1	5,109,123	702,500	652,500	376,000	-	5.11 %	6,386,404	Y	N	N
0	The Company	The Splendor Hospitality	2	5,109,123	2,150,000	1,950,000	1,500,000	-	15.27 %	6,386,404	N	N	N
0	The Company	CMAAN Health	2	5,109,123	45,680	22,500	15,246	-	0.18 %	6,386,404	N	N	N
1	CMI	UEA	3	4,038,132	1,196,763	1,065,687	1,065,687	-	10.56 %	5,047,665	N	N	N

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- 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%.

(ii) Securities held as of September 30, 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	101,180	3.12 %	101,180	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	3,750,000	29,631	3.91 %	29,631	
The Company	DEVELOPMENT Venture Capital Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	3,600,000	16,287	4.00 %	16,287	
The Company	Pacific Electric Wire & Cable Co., Ltd.	-	Current financial assets at FVTPL	81,666	-	0.01 %	-	
Sunflower Investment	Fantasystory 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 %	-	
Sunflower Investment	Asia World Engineering & Construction Co., Ltd.	-	Non-current financial assets at FVOCI	4,000,000	30,000	6.14 %	30,000	
The Hotel National	Century National Technology Co., Ltd	-	Non-current financial assets at FVOCI	35,600	-	2.34 %	-	
Atrans 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.
- (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	1,037,334	47.34 %	180 days	-	-	1,839,086	80.66%	
Suzhou CMB	CMI	Subsidiaries	Sale	208,739	14.30 %	180 days	-	-	249,813	29.97%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	951,042	30.96 %	180 days	-	-	1,987,757	58.69%	
CMH	CMW (Tianjin)	Affiliates	Sale	111,047	68.93 %	90 days	-	-	14,129	15.68%	

Note : 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

(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 221,192	-	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 2,795,825	-	-	-	-	-
CMP (H.K.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 373,650	-	-	-	-	-
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 1,987,757	0.64	-	-	CNY 23,347,269	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 296,572	-	-	-	-	-
Tianjin CMT	CMH	Affiliates	Accounts receivable due from related parties, other 312,900	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 111,750	-	-	-	-	-
Suzhou CMB	CMI	Subsidiaries	Accounts receivable due from related parties 249,813	1.37	-	-	CNY 8,767,033	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,839,086	0.74	-	-	CNY 11,823,016	-
Suzhou CMS	CMH	Affiliates	Accounts receivable due from related parties, other 670,500	-	-	-	-	-

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	42,919	60~90 days	0.39%
0	China Metal Products	CMJ	1	Operating revenue	19,910	90 days	0.18%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	951,042	180 days	8.55%
3	Suzhou CMS	CMI	2	Operating revenue	1,037,334	180 days	9.33%
3	Suzhou CMS	Suzhou CMB	3	Operating revenue	44,744	90 days	0.40%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	73,878	90 days	0.66%
4	Suzhou CMB	CMI	2	Operating revenue	208,739	180 days	1.88%
4	Suzhou CMB	CMB(H.K.)	2	Operating revenue	50,426	180 days	0.45%
5	National Management	China Metal Products	2	Operating revenue	55,444	OA25 days	0.50%
13	CMH	CMW (Tianjin)	3	Operating revenue	111,047	90 days	1.00%
13	CMH	Suzhou CMS	3	Operating revenue	29,571	90 days	0.27%
12	CMAI(N.A.)	CMAI	2	Operating revenue	46,129	90~120 days	0.41%
12	CMAI(N.A.)	CMW (C.I.)	3	Operating revenue	15,654	90~120 days	0.14%
7	CMW(C.I.)	CMAI	3	Operating revenue	19,939	180 days	0.18%
10	CMJ	CMI	3	Operating revenue	22,760	90~120 days	0.20%
0	China Metal Products	Atrans Precision	1	Accounts receivable due from related parties	21,067	60~90 days	0.04%
1	CMW (Tianjin)	CMW(C.I.)	2	Accounts receivable due from related parties	1,987,757	180 days	3.99%
2	Tianjin CMT	CMI	2	Accounts receivable due from related parties	296,572	180 days	0.60%
2	Tianjin CMT	CMW (Tianjin)	3	Accounts receivable due from related parties	44,455	90 days	0.09%
13	CMH	CMW (Tianjin)	3	Accounts receivable due from related parties	14,129	90 days	0.03%
13	CMH	Suzhou CMS	3	Accounts receivable due from related parties	33,388	90 days	0.07%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,839,086	180 days	3.69%

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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)
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related parties	61,808	180 days	0.12%
4	Suzhou CMB	CMI	2	Accounts receivable due from related parties	249,813	180 days	0.50%
12	CMAI(N.A.)	CMAI	2	Accounts receivable due from related parties	11,735	90~120 days	0.02%
7	CMW(C.I.)	CMAI	3	Accounts receivable due from related parties	17,038	180 days	0.03%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,646	-	0.02%
2	Tianjin CMT	Suzhou CMB	3	Other receivables due from related parties	111,750	-	0.22%
2	Tianjin CMT	CMH	3	Other receivables due from related parties	312,900	-	0.63%
3	Suzhou CMS	CMH	3	Other receivables due from related parties	670,500	-	1.35%
6	CMI	CMB (H.K.)	1	Other receivables due from related parties	221,192	-	0.44%
6	CMI	CMH	1	Other receivables due from related parties	23,056	-	0.05%
7	CMW(C.I.)	CMW (Tianjin)	1	Other receivables due from related parties	47,532	-	0.10%
7	CMW(C.I.)	CMI	2	Other receivables due from related parties	2,795,825	-	5.61%
9	CMP(H.K.)	CMI	2	Other receivables due from related parties	373,650	-	0.75%
11	CMAI	Pilot	1	Other receivables due from related parties	41,275	-	0.08%
11	CMAI	CMAI(N.A.)	1	Other receivables due from related parties	41,877	-	0.08%
8	CMB(H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	27,610	-	0.06%

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 nine months ended September 30, 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 September 30, 2022			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 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 %	7,506,537	313,733	313,733	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,096	99,000	67,013,057	99.01 %	880,497	43,739	43,305	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	247,218	247,218	25,782,134	72.24 %	447,827	93,233	66,741	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	112,936	35,604	29,669	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	24,036	24,036	1,000,000	100.00 %	170,653	16,684	16,684	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 %	4,149,096	238,450	124,641	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)	(447)	-	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 %	1,287,583	(12,871)	(14,289)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	18,892	4,883	7,159	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	1,125,000	975,000	32,500,000	50.00 %	274,080	(66,587)	(43,727)	Joint ventures accounted for using equity method
The Company	Shangrila Tourism	Taiwan	Amusement park and hotel services	564,303	559,470	22,664,800	100.00 %	418,422	(13,353)	(10,568)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	45,887	6,426	3,097	Joint ventures accounted for using equity method
The Company	InterContinental Taichung	Taiwan	International tourist hotel services	338,800	88,800	33,880,000	100.00 %	338,320	(317)	(317)	Subsidiaries
The Company	Calligraphy Greenway Plaza Co., Ltd	Taiwan	Management and consulting services	59,000	59,000	5,900,000	100.00 %	64,266	9,442	7,166	Subsidiaries
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	280,768	280,768	42,269,213	15.07 %	1,068,779	238,450	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,836	77,836	4,737,380	13.27 %	81,877	93,233	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)	(447)	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 %	17,649	(231)	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 269,160,945	USD 12,997,274	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 1,327,730,545	CNY 44,513,908	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 1,945,893,420	CNY 119,440,334	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 539,254,479	CNY (17,805,231)	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 1,331,601,414	CNY 44,513,908	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 2,491,483	USD (33,685)	Exempt from disclosure	Subsidiaries of CMAI
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	-	100.00 %	USD 2,491,483	USD (33,685)	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 1,433,092	USD (113,868)	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 %	122,045	(38)	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 2,113,366	USD (7,872)	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	234,496	250,928	31,220,979	30.00 %	341,754	(22,899)	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 %	8,334	6,495	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUJEN CHENGMEI Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	129,500	94,500	12,950,000	70.00 %	103,545	(589)	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 %	1,040	(174)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	Shangrila Tourism	Taiwan	Amusement park and hotel services	-	89,867	-	- %	-	(13,353)	Exempt from disclosure	Subsidiaries of the Company

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Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of September 30, 2022			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 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 %	5,091	(34)	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 %	2,640	809	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 September 30, 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	952,500 (USD30,000)	2	388,238	-	-	388,238	19,686 (CNY4,444)	83.27%	16,393 (CNY3,700)	1,118,374 (CNY250,195)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	762,000 (USD24,000)	2	423,406	-	-	423,406	163,094 (CNY36,816)	83.27%	135,725 (CNY30,638)	4,457,850 (CNY997,282)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,603,500 (USD82,000)	2	-	-	-	-	(52,784) (CNY11,915)	83.27%	(43,953) (CNY9,922)	2,625,411 (CNY587,340)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	1,016,000 (USD32,000)	2	-	-	-	-	200,925 (CNY45,355)	83.27%	186,541 (CNY42,109)	5,454,866 (CNY1,220,328)	-
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	1,016,000 (USD32,000)	2	-	-	-	-	(66,286) (CNY14,963)	83.27%	(55,196) (CNY12,460)	871,700 (CNY195,011)	-
Qingdao Sourcing Specialists	Cast iron product retailing	3,175 (USD100)	2	-	-	-	-	1,663 (JPY7,253)	83.33%	1,386 (JPY6,044)	49,656 (JPY225,606)	-

(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
811,644	6,623,717 (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.

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

Note 5: As of September 30, 2022, the company had obtained a surplus of \$3,158,142 thousand (USD104,955 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.		54,331,965	14.44 %
Fubon Life Insurance Co., Ltd.		27,944,000	7.42 %
Mr. Ming Shiann, Ho		26,312,540	6.99 %

(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 September 30, 2022					
Revenue from external customers	\$ 3,305,591	5,795	171,520	-	3,482,906
Intersegment revenues	<u>890,867</u>	<u>1,252</u>	<u>21,722</u>	<u>(913,841)</u>	<u>-</u>
Total revenue	<u>\$ 4,196,458</u>	<u>7,047</u>	<u>193,242</u>	<u>(913,841)</u>	<u>3,482,906</u>
Reportable segment profit or loss	<u>\$ 201,819</u>	<u>(56,357)</u>	<u>19,229</u>	<u>56,821</u>	<u>221,512</u>
For the Three Months Ended September 30, 2021					
Revenue from external customers	\$ 3,164,286	2,311,720	102,366	-	5,578,372
Intersegment revenues	<u>1,012,289</u>	<u>918</u>	<u>15,860</u>	<u>(1,029,067)</u>	<u>-</u>
Total revenue	<u>\$ 4,176,575</u>	<u>2,312,638</u>	<u>118,226</u>	<u>(1,029,067)</u>	<u>5,578,372</u>
Reportable segment profit or loss	<u>\$ 280,053</u>	<u>517,347</u>	<u>(20,606)</u>	<u>(239,465)</u>	<u>537,329</u>
For the Nine Months Ended September 30, 2022					
Revenue from external customers	\$ 9,083,776	1,572,420	462,635	-	11,118,831
Intersegment revenues	<u>2,715,313</u>	<u>2,950</u>	<u>59,667</u>	<u>(2,777,930)</u>	<u>-</u>
Total revenue	<u>\$ 11,799,089</u>	<u>1,575,370</u>	<u>522,302</u>	<u>(2,777,930)</u>	<u>11,118,831</u>
Reportable segment profit or loss	<u>\$ 655,892</u>	<u>315,864</u>	<u>25,748</u>	<u>(227,445)</u>	<u>770,059</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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	<u>Metal Manufacturing Segment</u>	<u>Real Estate Development Segment</u>	<u>Lifestyle Hospitality Segment</u>	<u>Reconciliation and Elimination</u>	<u>Total</u>
For the Nine Months Ended September 30, 2021					
Revenue from external customers	\$ 9,242,109	2,888,401	366,378	-	12,496,888
Intersegment revenues	<u>2,780,884</u>	<u>2,616</u>	<u>53,516</u>	<u>(2,837,016)</u>	<u>-</u>
Total revenue	<u>\$ 12,022,993</u>	<u>2,891,017</u>	<u>419,894</u>	<u>(2,837,016)</u>	<u>12,496,888</u>
Reportable segment profit or loss	<u>\$ 780,415</u>	<u>605,137</u>	<u>(56,981)</u>	<u>(410,498)</u>	<u>918,073</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.