

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**with Independent Auditors' Review Report  
For the Three Months Ended March 31, 2023 and 2022**

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

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## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of China Metal Products Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, and the changes in equity and cash flows for the three months ended March 31, 2023 and 2022, 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$3,053,722 thousand and \$4,146,854 thousand, constituting 5.79% and 8.38% of the consolidated total assets; and the total liabilities amounting to \$1,532,533 thousand and \$3,149,191 thousand, constituting 4.25% and 9.87% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively, as well as the total comprehensive income (loss) amounting to \$24,416 thousand and \$51,239 thousand, constituting 151.46% and 6.19% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of the Group in its investee companies of \$670,118 thousand and \$883,528 thousand as of March 31, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$(8,233) thousand and \$(9,263) thousand for the three months ended March 31, 2023 and 2022, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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 Kuo-Yang Tseng and Shih-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)  
May 5, 2023

### **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 Standards on Auditing as of March 31, 2023 and 2022**

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

**Consolidated Balance Sheets**

**March 31, 2023, December 31, 2022, and March 31, 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2023		December 31, 2022		March 31, 2022				March 31, 2023		December 31, 2022		March 31, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>								<b>Liabilities and equity</b>							
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Notes 6(a) and (z))	\$ 5,166,978	10	6,068,902	11	4,270,182	9	2100	Short-term borrowings (Notes 6(m) and (z))	\$ 12,972,817	25	11,582,617	22	10,212,961	21
1170	Notes and accounts receivable, net (Notes 6(c), (w) and (z))	3,453,432	6	3,814,610	7	4,003,947	8	2130	Current contract liabilities (Notes 6(w), 7 and 9(a))	5,247,091	10	4,864,716	9	3,802,837	8
1180	Accounts receivable due from related parties, net (Notes 6(z) and 7)	7,454	-	9,163	-	4,825	-	2170	Notes and accounts payable (Notes 6(z) and 7)	2,735,724	5	3,029,941	6	3,101,202	6
1200	Other receivables (Note 6(z))	99,258	-	78,170	-	97,064	-	2180	Accounts payable due to related parties (Notes 6(z) and 7)	34,848	-	40,301	-	25,507	-
1210	Other receivables due from related parties (Notes 6(z) and 7)	85	-	4,888	-	13,346	-	2200	Other payables (Note 6(z))	1,131,694	2	1,383,231	3	1,628,077	4
130X	Inventories (Notes 6(d), 8 and 9(a))	22,828,015	43	22,046,213	42	19,870,597	40	2220	Other payables due to related parties (Notes 6(z) and 7)	178	-	749	-	38,970	-
1410	Prepayments (Note 9(a))	198,348	1	194,796	-	224,272	-	2230	Current income tax liabilities	75,212	-	86,957	-	91,129	-
1476	Other current financial assets (Notes 6(z), 8 and 9(a))	1,804,906	3	1,900,962	4	1,998,584	4	2280	Current lease liabilities (Notes 6(p) and (z))	190,608	1	188,005	-	190,574	-
1479	Other current assets, others	527,529	1	360,259	1	342,772	1	2322	Long-term borrowings, current portion (Notes 6(n) and (z))	1,296,806	2	2,470,335	5	1,043,153	2
1480	Incremental costs of obtaining contracts	430,512	1	429,344	1	335,618	1	2399	Other current liabilities (Note 6(s))	120,470	-	171,969	-	140,658	-
	<b>Total current assets</b>	<u>34,516,517</u>	<u>65</u>	<u>34,907,307</u>	<u>66</u>	<u>31,161,207</u>	<u>63</u>		<b>Total current liabilities</b>	<u>23,805,448</u>	<u>45</u>	<u>23,818,821</u>	<u>45</u>	<u>20,275,068</u>	<u>41</u>
<b>Non-current assets:</b>								<b>Non-current liabilities:</b>							
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b) and (z))	176,151	-	179,363	-	201,499	-	2500	Non-current financial liabilities at fair value through profit or loss (Notes 6(o) and (z))	825	-	8,253	-	4,622	-
1550	Investments accounted for using equity method (Notes 6(e) and (f))	670,118	1	707,979	1	883,528	2	2530	Bonds payable (Notes 6(o) and (z))	1,552,818	3	1,560,633	3	1,583,997	3
1600	Property, plant and equipment (Notes 6(g), 8 and 9(a))	10,621,974	20	10,610,646	20	10,851,095	22	2540	Long-term borrowings (Notes 6(n) and (z))	8,216,960	15	8,456,951	16	7,448,079	15
1755	Right-of-use assets (Note 6(h))	1,811,142	4	1,859,349	4	2,015,708	4	2570	Deferred tax liabilities	509,797	1	512,520	1	493,085	1
1760	Investment property, net (Notes 6(i) and 8)	662,765	1	663,386	1	705,906	2	2580	Non-current lease liabilities (Notes 6(p) and (z))	1,429,921	3	1,479,111	3	1,613,791	3
1780	Intangible assets (Note 6(j))	425,431	1	426,746	1	412,280	1	2640	Non-current net defined benefit liabilities	28,297	-	29,643	-	23,143	-
1840	Deferred tax assets	181,345	1	175,561	-	40,399	-	2670	Other non-current liabilities, others (Notes 6(q), (z) and 7)	486,839	1	478,573	1	449,409	1
1975	Non-current net defined benefit assets	6,446	-	633	-	14,551	-		<b>Total non-current liabilities</b>	<u>12,225,457</u>	<u>23</u>	<u>12,525,684</u>	<u>24</u>	<u>11,616,126</u>	<u>23</u>
1980	Other non-current financial assets (Notes 6(k), (z), 7 and 9(a))	686,913	1	686,862	1	686,984	1		<b>Total liabilities</b>	<u>36,030,905</u>	<u>68</u>	<u>36,344,505</u>	<u>69</u>	<u>31,891,194</u>	<u>64</u>
1990	Total other non-current assets, others (Notes 6(l), 7, 8 and 9(a))	2,969,943	6	2,811,563	6	2,500,988	5	<b>Equity attributable to owners of parent (Note 6(u)):</b>							
	<b>Total non-current assets</b>	<u>18,212,228</u>	<u>35</u>	<u>18,122,088</u>	<u>34</u>	<u>18,312,938</u>	<u>37</u>	3100	Ordinary share	3,761,252	7	3,761,221	7	3,761,221	8
	<b>Total assets</b>	<u>\$ 52,728,745</u>	<u>100</u>	<u>53,029,395</u>	<u>100</u>	<u>49,474,145</u>	<u>100</u>	3200	Capital surplus (Note 6(o))	1,542,513	3	1,542,440	3	1,536,837	3
								3300	Retained earnings	7,466,129	14	7,492,071	14	7,818,620	16
								3400	Other equity	103,360	-	61,209	-	343,927	1
									<b>Total equity attributable to owners of parent:</b>	<u>12,873,254</u>	<u>24</u>	<u>12,856,941</u>	<u>24</u>	<u>13,460,605</u>	<u>28</u>
								36XX	Non-controlling interests	3,824,586	8	3,827,949	7	4,122,346	8
									<b>Total equity</b>	<u>16,697,840</u>	<u>32</u>	<u>16,684,890</u>	<u>31</u>	<u>17,582,951</u>	<u>36</u>
									<b>Total liabilities and equity</b>	<u>\$ 52,728,745</u>	<u>100</u>	<u>53,029,395</u>	<u>100</u>	<u>49,474,145</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 Standards on Auditing**

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

**Consolidated Statements of Comprehensive Income**

**For the Three Months Ended March 31, 2023 and 2022**

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

		For the Three Months Ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenues (Notes 6(w) and 7)</b>	\$ 2,871,172	100	4,595,532	100
5000	<b>Operating costs (Notes 6(d) and 7)</b>	<u>(2,317,158)</u>	<u>(81)</u>	<u>(3,491,583)</u>	<u>(76)</u>
	<b>Gross profit from operations</b>	<u>554,014</u>	<u>19</u>	<u>1,103,949</u>	<u>24</u>
	<b>Operating expenses (Note 7):</b>				
6100	Selling expenses	(116,480)	(4)	(144,427)	(3)
6200	Administrative expenses (Note 6(x))	(411,350)	(14)	(412,709)	(9)
6300	Research and development expenses	(4,757)	-	(2,806)	-
6450	Expected credit losses (Note 6(c))	<u>1,606</u>	<u>-</u>	<u>101</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>(530,981)</u>	<u>(18)</u>	<u>(559,841)</u>	<u>(12)</u>
	<b>Net operating income</b>	<u>23,033</u>	<u>1</u>	<u>544,108</u>	<u>12</u>
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Notes 6(y) and 7)	17,332	1	7,791	-
7010	Other income (Notes 6(y) and 7)	39,217	1	22,808	-
7020	Other gains and losses (Notes (o) and (y))	1,094	-	19,626	-
7050	Finance costs (Notes 6(y) and 7)	(106,301)	(4)	(51,649)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method, net (Note 6(e))	<u>(8,233)</u>	<u>-</u>	<u>(9,263)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>(56,891)</u>	<u>(2)</u>	<u>(10,687)</u>	<u>(1)</u>
	<b>(Loss) profit from continuing operations before tax</b>	<u>(33,858)</u>	<u>(1)</u>	<u>533,421</u>	<u>11</u>
7950	<b>Less: Tax income (expense) (Note 6(t))</b>	<u>1,968</u>	<u>-</u>	<u>(62,035)</u>	<u>(1)</u>
8200	<b>Net (loss) profit</b>	<u>(31,890)</u>	<u>(1)</u>	<u>471,386</u>	<u>10</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>				
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(u) and (z))	(3,212)	-	(5,796)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that may not be reclassified subsequently to profit or loss</b>	<u>(3,212)</u>	<u>-</u>	<u>(5,796)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements (Note 6(u))	51,222	2	362,441	8
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>51,222</u>	<u>2</u>	<u>362,441</u>	<u>8</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>48,010</u>	<u>2</u>	<u>356,645</u>	<u>8</u>
8500	<b>Comprehensive income</b>	<u>\$ 16,120</u>	<u>1</u>	<u>828,031</u>	<u>18</u>
	<b>Net (loss) profit, attributable to:</b>				
8610	Owners of parent	\$ (24,139)	(1)	346,281	7
8620	Non-controlling interests	<u>(7,751)</u>	<u>-</u>	<u>125,105</u>	<u>3</u>
		<u>\$ (31,890)</u>	<u>(1)</u>	<u>471,386</u>	<u>10</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 16,109	1	637,423	14
8720	Non-controlling interests	<u>11</u>	<u>-</u>	<u>190,608</u>	<u>4</u>
		<u>\$ 16,120</u>	<u>1</u>	<u>828,031</u>	<u>18</u>
	<b>Earnings per share (expressed in dollars) (Note 6(v))</b>				
9750	<b>Basic (loss) earnings per share</b>	<u>\$ (0.06)</u>		<u>0.92</u>	
9850	<b>Diluted (loss) earnings per share</b>	<u>\$ (0.09)</u>		<u>0.92</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 Standards on Auditing

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

**Consolidated Statements of Changes in Equity**

**For the Three Months Ended March 31, 2023 and 2022**

(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
<b>Balance at January 1, 2022</b>	\$ 3,761,221	1,488,270	1,844,008	49,081	5,579,250	(25,292)	78,077	12,774,615	3,973,038	16,747,653
Profit for the three months ended March 31, 2022	-	-	-	-	346,281	-	-	346,281	125,105	471,386
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	-	296,939	(5,797)	291,142	65,503	356,645
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	346,281	296,939	(5,797)	637,423	190,608	828,031
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5	-	-	-	-	-	5	-	5
Recognition of equity component items from convertible bonds	-	48,562	-	-	-	-	-	48,562	-	48,562
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(87)	(87)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(41,213)	(41,213)
<b>Balance on March 31, 2022</b>	\$ 3,761,221	1,536,837	1,844,008	49,081	5,925,531	271,647	72,280	13,460,605	4,122,346	17,582,951
<b>Balance on January 1, 2023</b>	\$ 3,761,221	1,542,440	1,964,848	49,081	5,478,142	10,196	51,013	12,856,941	3,827,949	16,684,890
Profit for the three months ended March 31, 2023	-	-	-	-	(24,139)	-	-	(24,139)	(7,751)	(31,890)
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	43,460	(3,212)	40,248	7,762	48,010
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	(24,139)	43,460	(3,212)	16,109	11	16,120
Conversion of convertible bonds	31	73	-	-	-	-	-	104	-	104
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(3,374)	(3,374)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,803)	-	1,903	100	-	100
<b>Balance on March 31, 2023</b>	\$ 3,761,252	1,542,513	1,964,848	49,081	5,452,200	53,656	49,704	12,873,254	3,824,586	16,697,840

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with Standards on Auditing**

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

**Consolidated Statements of Cash Flows**

**For the Three Months Ended March 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
<b>(Loss) profit before tax</b>	\$ (33,858)	533,421
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	263,290	256,144
Amortization expense	1,254	1,430
Expected credit gains	(1,606)	(101)
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(7,428)	330
Interest expense	106,300	51,649
Interest income	(17,332)	(7,791)
Dividend income	(40)	-
Share of profit loss of associates and joint ventures accounted for using equity method	8,233	9,263
Losses on disposal of property, plant and equipment	568	2,196
Property, plant and equipment transferred to expenses	382	234
Lease modification gains	(3)	-
Effect of exchange rate changes on short-term and long-term borrowings	(13,872)	(5,150)
<b>Total adjustments to reconcile profit</b>	<u>339,746</u>	<u>308,204</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes and accounts receivable, net	375,238	194,551
Accounts receivable due from related parties, net	2,283	(868)
Other receivables	(4,714)	61,020
Inventories	(752,797)	236,898
Prepayments	(3,431)	106,077
Other current assets	(167,108)	(13,724)
Other financial assets	(100,450)	199,602
Incremental costs of obtaining contracts	(1,169)	(21,706)
<b>Total changes in operating assets</b>	<u>(652,148)</u>	<u>761,850</u>
<b>Changes in operating liabilities:</b>		
Notes and accounts payable (including related parties), net	(303,612)	(378,901)
Other payables	(241,003)	(323,720)
Current contract liabilities	383,738	184,604
Other current liabilities	(55,721)	(6,669)
Other non-current liabilities	(54)	(4,679)
<b>Total changes in operating liabilities</b>	<u>(216,652)</u>	<u>(529,365)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(868,800)</u>	<u>232,485</u>
<b>Total adjustments</b>	<u>(529,054)</u>	<u>540,689</u>
Cash inflow (used in) generated from operations	(562,912)	1,074,110
Interest received	13,738	4,287
Dividends received	33,295	10,824
Interest paid	(133,307)	(72,739)
Income taxes paid	(30,521)	(75,976)
<b>Net cash flows (used in) generated from operating activities</b>	<u>(679,707)</u>	<u>940,506</u>
<b>Cash flows from investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	8,000
Acquisition of investments accounted for using equity method	-	(150,000)
Acquisition of property, plant and equipment	(182,660)	(179,485)
Proceeds from disposal of property, plant and equipment	779	559
Decrease in other financial assets	196,489	549
Increase in other non-current assets	(179,474)	(430,894)
<b>Net cash flows used in investing activities</b>	<u>(164,866)</u>	<u>(751,271)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	3,802,973	3,797,799
Decrease in short-term borrowings	(2,298,931)	(2,768,376)
Increase in short-term notes and bills payable	(115,392)	39,841
Proceeds from issuing bonds	-	1,644,717
Proceeds from long-term borrowings	850,000	900,000
Repayments of long-term borrowings	(2,251,500)	(4,602,019)
Payment of lease liabilities	(47,896)	(49,133)
(Decrease) increase in other non-current liabilities	(1,079)	1,066
Cash dividends paid to non-controlling interests	(3,374)	-
Change in non-controlling interests	-	(96)
<b>Net cash flows used in financing activities</b>	<u>(65,199)</u>	<u>(1,036,201)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	7,848	77,503
<b>Net decrease in cash and cash equivalents</b>	(901,924)	(769,463)
<b>Cash and cash equivalents at the beginning of the period</b>	6,068,902	5,039,645
<b>Cash and cash equivalents at the end of the period</b>	<u>\$ 5,166,978</u>	<u>4,270,182</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 Standards on Auditing

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

**Notes to the Consolidated Financial Statements**

**For the Three Months Ended March 31, 2023 and 2022**

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

**(1) Company history**

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

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on May 5, 2023.

**(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. 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, 2023:

- 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”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(Continued)

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

**(4) Summary of significant accounting policies**

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

(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, 2022. For the related information, please refer to Note 4(c) of the consolidated financial statements for the year ended December 31, 2022.

(i) List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
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 %	99.01 %	99.01 %	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	CMAI CO., LIMITED. (CMAI)	Vehicle parts retailing	100.00 %	100.00 %	100.00 %	Note 1 & Note 5
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	71.82 %	71.82 %	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

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
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 %	83.27 %	Note 2
CMI	China Metal International (BVI) Limited (CMI (BVI))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMI	CMW (Cayman Islands) Co., Ltd. (CMW (C.I.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMI	CMB (H.K.) Co., Ltd. (CMB (H.K.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMB (H.K.)	Suzhou CMB Machinery Co., Ltd. (Suzhou CMB)	Cast iron product designing, manufacturing and retailing	100.00 %	100.00 %	100.00 %	Note 2
CMI (BVI)	CMP (H.K.) Industry Co., Ltd. (CMP (H.K.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMP (H.K.)	Tianjin CMT Industry Co., Ltd. (Tianjin CMT)	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMP (H.K.)	Suzhou CMS Machinery Co., Ltd. (Suzhou CMS)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMW (C.I.)	CMW (Tianjin) Industry Co., Ltd. (CMW (Tianjin))	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMW (C.I.)	CMI (Wu Han) Precision Machinery Co., Ltd. (CMH)	Vehicle parts, farm wagon parts, industrial wagon parts, household appliances parts and E&M as-casting and molds developing, manufacturing, selling and the after sales services	100.00 %	100.00 %	100.00 %	Notes 2
CMJ	Qingdao Sourcing Specialists Trading Co., Ltd. (Qingdao Sourcing Specialists)	Cast iron product retailing	100.00 %	100.00 %	100.00 %	Note 1
Atrans Precision	FAR HSING (SAMOA) ENTERPRISE CO., LTD. (FAR HSING (SAMOA))	Investing	100.00 %	100.00 %	100.00 %	Note 1
PUJEN Land Development	CHINGENG Land Development Co., Ltd. (CHINGENG Land Development)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	50.00 %	Note 1
PUJEN Land Development	PUJEN CHENGMEI Land Development Co., Ltd. (PUJEN CHENGMEI Land Development)	Residents, commercial buildings and factories leasing and developing	70.00 %	70.00 %	70.00 %	Note 1
PUJEN Land Development	PUCHIA Land Development Co., Ltd. (PUCHIA Land Development)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	50.00 %	Note 1
PUJEN Land Development	PUZHI Construction Co., Ltd. (PUZHI Construction)	Comprehensive construction Activities, residents, commercial buildings and factories leasing and developing	100.00 %	100.00 %	- %	Note 1 & Note 4
CMAI	CMAI Holding, Inc. (CMAI Holding)	Investing	100.00 %	100.00 %	100.00 %	Note 1

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			March 31, 2023	December 31, 2022	March 31, 2022	
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 three months ended March 31, 2023; the financial statements have not been reviewed for the three months ended March 31, 2022.

Note 4: Obtained in the 4th quarter of 2022.

Note 5: Formerly named as the “CHINA METAL AVTOMOTIVE INTERNATIONAL CO.,LTD ”.

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

(c) Income taxes

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

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

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

(d) Employee benefits

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

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

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

(Continued)

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

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, 2022. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

**(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, 2022. Please refer to Note 6 of the 2022 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand	\$ 5,298	6,561	6,937
Cash in banks	3,170,577	4,008,099	3,774,464
Time deposits	1,991,103	2,054,242	488,781
Cash and cash equivalents	<u>\$ 5,166,978</u>	<u>6,068,902</u>	<u>4,270,182</u>

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets— Yung Tay Engineering Co., Ltd. (Note 1)	\$ -	-	37,016
Stocks unlisted on domestic markets— MEITA Industrial Co., Ltd.	99,955	103,188	115,049
Stocks unlisted on domestic markets— YUHUA Venture Capital Co., Ltd. (Note 2)	-	-	194
Stocks unlisted on domestic markets— FUHUA Venture Capital Co., Ltd. (Note 3)	-	-	637
Stocks unlisted on domestic markets— GUANGYUAN Investment Co., Ltd.	31,134	30,418	31,362
Stocks unlisted on domestic markets— DEVELOPMENT Venture Capital Co., Ltd.	15,062	15,757	17,241
Stocks unlisted on domestic markets— Asia World Engineering & Construction Co., Ltd.	30,000	30,000	-
Total	<u>\$ 176,151</u>	<u>179,363</u>	<u>201,499</u>

(Continued)

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

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, and had completed the entire liquidation procedure on January 31, 2023. The liquidation loss was reclassified from other comprehensive income to retained earnings.

Note 3: FUHUA Venture Capital Co., Ltd. had completed its liquidation registration procedures on June 10, 2022 and had completed the entire liquidation procedure on January 31, 2023. The liquidation loss was reclassified from other comprehensive income to retained earnings.

- (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 ended March 31, 2023 and 2022, the Group received dividend income amounting to \$40 thousand and \$0 thousand, respectively, from the above investments measured at FVOCI.
- (iii) Please refer to Note 6(z) for the information on credit risk (including the impairment of debt instrument investments) and market risk.
- (iv) As of March 31, 2023, December 31 and March 31, 2022, the financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes receivable from operating activities	\$ 501,427	475,583	485,064
Accounts receivable measured as amortized cost	<u>2,955,759</u>	<u>3,344,375</u>	<u>3,522,607</u>
Subtotal	3,457,186	3,819,958	4,007,671
Less: Loss allowance	<u>(3,754)</u>	<u>(5,348)</u>	<u>(3,724)</u>
Total	<u><u>\$ 3,453,432</u></u>	<u><u>3,814,610</u></u>	<u><u>4,003,947</u></u>

(Continued)

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

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:

	<b>March 31, 2023</b>		
	<b>Gross Carrying Amount</b>	<b>Weighted Average Loss Rate</b>	<b>Loss Allowance Provision</b>
Current	\$ 3,311,228	0%	-
1 to 30 days past due	61,704	0%	-
31 to 90 days past due	55,916	0%	-
91 to 120 days past due	20,423	0%	-
121 days to a year past due	6,343	25.23%~49.96%	2,182
Over a year past due	<u>1,572</u>	100%	<u>1,572</u>
	<u><b>\$ 3,457,186</b></u>		<u><b>3,754</b></u>
	<b>December 31, 2022</b>		
	<b>Gross Carrying Amount</b>	<b>Weighted Average Loss Rate</b>	<b>Loss Allowance Provision</b>
Current	\$ 3,609,369	0%	-
1 to 30 days past due	108,785	0%	-
31 to 90 days past due	86,405	0%	-
91 to 120 days past due	5,456	0%	-
121 days to a year past due	7,839	25.23%~49.96%	3,334
Over a year past due	<u>2,104</u>	100%	<u>2,104</u>
	<u><b>\$ 3,819,958</b></u>		<u><b>5,438</b></u>
	<b>March 31, 2022</b>		
	<b>Gross Carrying Amount</b>	<b>Weighted Average Loss Rate</b>	<b>Loss Allowance Provision</b>
Current	\$ 3,730,945	0%	-
1 to 30 days past due	158,163	0%	-
31 to 90 days past due	95,684	0%	-
91 to 120 days past due	19,152	0%~13.5%	1,338
121 days to a year past due	2,353	35.48%~43.37%	1,012
Over a year past due	<u>1,374</u>	100%	<u>1,374</u>
	<u><b>\$ 4,007,671</b></u>		<u><b>3,724</b></u>

(Continued)

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

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Balance on January 1	\$ 5,348	3,764
Impairment losses reversed	(1,606)	(101)
Foreign exchange losses	12	61
Balance on March 31	<b>\$ 3,754</b>	<b>3,724</b>

The financial assets mentioned above were not pledged as collateral.

(d) Inventories

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Raw materials	\$ 212,811	231,287	262,146
Work in process	270,136	335,389	320,329
Semi-finished goods	141,561	151,676	137,350
Finished goods	1,301,233	1,486,432	1,656,667
Merchandise	130,208	138,209	96,529
Land held for development	8,542,037	8,551,179	8,018,711
Properties and land held for sale	164,881	164,881	398,880
Construction-in-progress	11,780,789	10,573,140	8,512,404
Prepayments for land	91,570	226,765	253,696
Other inventories	192,789	187,255	213,885
	<b>\$ 22,828,015</b>	<b>22,046,213</b>	<b>19,870,597</b>

- (i) For the three months ended March 31, 2023 and 2022, the cost of goods sold amounted to \$2,317,158 thousand and \$3,491,583 thousand, respectively. For the three months ended March 31, 2023 and 2022, the (loss for inventory obsolescence) reversal gain from the (decrease) increase in inventories' net realizable value amounted to \$(15,216) thousand and \$8,813 thousand, respectively.
- (ii) For the information on inventories pledged as collateral, as of March 31, 2023, December 31 and March 31, 2022, please refer to Note 8.
- (iii) For the three months ended March 31, 2023 and 2022, the capitalized interest expense recognized in the inventory amounted to \$20,388 thousand and \$12,876 thousand, respectively. The interest rate of capitalization were 2.40%~2.47% and 1.68%~1.75%, respectively.

(Continued)



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

(e) Investments accounted for using equity method

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Associates	\$ 354,930	391,050	529,627
Joint ventures	315,188	316,929	353,901
	<b><u>\$ 670,118</u></b>	<b><u>707,979</u></b>	<b><u>883,528</u></b>

(i) Associates

Due to the fact that the Group does not have the obligation of assuming the excess losses, it ceased the recognition of the losses from the investment of Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets). For the three months ended March 31, 2023 and 2022, the unrealized investment losses amounted to \$135 thousand and \$73 thousand, respectively; the accumulated unrealized investment losses, as of March 31, 2023 and 2022, amounted to \$58,263 thousand and \$57,841 thousand, respectively.

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Carrying amount of individually insignificant associates' equity	<b><u>\$ 354,930</u></b>	<b><u>391,050</u></b>	<b><u>529,627</u></b>
		<b>For the Three Months Ended March 31</b>	
		<b>2023</b>	<b>2022</b>
Attributable to the Group:			
Net (loss) income		\$ (6,492)	826
Other comprehensive income		-	-
Comprehensive income		<b><u>\$ (6,492)</u></b>	<b><u>826</u></b>

(ii) Joint ventures

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Carrying amount of individually insignificant joint ventures' equity	<b><u>\$ 315,188</u></b>	<b><u>316,929</u></b>	<b><u>353,901</u></b>

(Continued)

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Attributable to the Group:		
Net loss	\$ (1,741)	(10,089)
Other comprehensive income	-	-
Comprehensive income	<b>\$ (1,741)</b>	<b>(10,089)</b>

(iii) Pledge to secure

As of March 31, 2023, December 31 and March 31, 2022, 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 three months ended March 31, 2023 and 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:

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

(Continued)

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

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant equipment of the Group for the three months ended March 31, 2023 and 2022 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, 2023	\$ 3,129,584	4,332,425	10,056,387	124,071	58,909	261,248	868,402	1,001,199	19,832,225
Additions	-	1,392	24,567	5,616	-	3,434	2,037	145,614	182,660
Disposals	-	-	(30,195)	(2,336)	(3,769)	(3,064)	(783)	-	(40,147)
Reclassification	-	60,882	86,956	740	1,571	-	26,746	(156,608)	20,287
Influence from exchange rates	(70)	13,751	40,128	220	119	1,067	1,885	3,442	60,542
Balance on March 31, 2023	<u>\$ 3,129,514</u>	<u>4,408,450</u>	<u>10,177,843</u>	<u>128,311</u>	<u>56,830</u>	<u>262,685</u>	<u>898,287</u>	<u>993,647</u>	<u>20,055,567</u>
Balance on January 1, 2022	\$ 3,118,095	3,840,120	9,750,106	110,803	58,719	187,845	729,889	1,321,500	19,117,077
Additions	1,000	1,092	41,895	2,879	-	1,907	7,673	123,039	179,485
Disposals	-	-	(46,166)	(353)	(333)	(7,863)	(12,905)	-	(67,620)
Reclassification	-	-	60,510	2,107	-	43,935	31,655	(95,960)	42,247
Influence from exchange rates	258	108,899	339,349	2,253	1,329	8,180	15,250	46,103	521,621
Balance on March 31, 2022	<u>\$ 3,119,353</u>	<u>3,950,111</u>	<u>10,145,694</u>	<u>117,689</u>	<u>59,715</u>	<u>234,004</u>	<u>771,562</u>	<u>1,394,682</u>	<u>19,792,810</u>
Accumulated depreciation and impairment loss									
Balance on January 1, 2023	\$ -	1,675,417	6,707,455	94,942	49,322	115,819	578,624	-	9,221,579
Depreciation	-	31,472	143,984	3,402	1,073	11,291	20,908	-	212,130
Disposals	-	-	(29,213)	(2,123)	(3,677)	(3,064)	(723)	-	(38,800)
Reclassification	-	-	4,986	-	-	-	-	-	4,986
Influence from exchange rates	-	4,586	27,038	161	95	455	1,363	-	33,698
Balance on March 31, 2023	<u>\$ -</u>	<u>1,711,475</u>	<u>6,854,250</u>	<u>96,382</u>	<u>46,813</u>	<u>124,501</u>	<u>600,172</u>	<u>-</u>	<u>9,433,593</u>
Balance on January 1, 2022	\$ -	1,539,755	6,255,051	85,183	45,545	89,124	512,370	-	8,527,028
Depreciation	-	28,586	142,226	2,606	1,289	9,679	17,893	-	202,279
Disposals	-	-	(44,263)	(337)	(333)	(7,863)	(12,069)	-	(64,865)
Influence from exchange rates	-	37,684	222,016	1,889	1,096	3,516	11,072	-	277,273
Balance on March 31, 2022	<u>\$ -</u>	<u>1,606,025</u>	<u>6,575,030</u>	<u>89,341</u>	<u>47,597</u>	<u>94,456</u>	<u>529,266</u>	<u>-</u>	<u>8,941,715</u>
Carrying value:									
Balance on January 1, 2023	<u>\$ 3,129,584</u>	<u>2,657,008</u>	<u>3,348,932</u>	<u>29,129</u>	<u>9,587</u>	<u>145,429</u>	<u>289,778</u>	<u>1,001,199</u>	<u>10,610,646</u>
Balance on March 31, 2023	<u>\$ 3,129,514</u>	<u>2,696,975</u>	<u>3,323,593</u>	<u>31,929</u>	<u>10,017</u>	<u>138,184</u>	<u>298,115</u>	<u>993,647</u>	<u>10,621,974</u>
Balance on January 1, 2022	<u>\$ 3,118,095</u>	<u>2,300,365</u>	<u>3,495,055</u>	<u>25,620</u>	<u>13,174</u>	<u>98,721</u>	<u>217,519</u>	<u>1,321,500</u>	<u>10,590,049</u>
Balance on March 31, 2022	<u>\$ 3,119,353</u>	<u>2,344,086</u>	<u>3,570,664</u>	<u>28,348</u>	<u>12,118</u>	<u>139,548</u>	<u>242,296</u>	<u>1,394,682</u>	<u>10,851,095</u>

As of March 31, 2023, December 31 and March 31, 2022, 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**  
**Notes to the Consolidated Financial Statements**

(h) Right-of-use assets

The cost and accumulated depreciation of the right-of-use assets, which includes land, buildings, machinery and transportation equipment rented by the Group, for the three months ended March 31, 2023 and 2022 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, 2023	\$ 1,010,225	2,401,476	33,287	22,150	1,762	120,670	3,589,570
Additions	-	1,142	-	907	-	-	2,049
Reduction for expiration	-	(1,394)	(7,016)	(1,024)	-	-	(9,434)
Influence from exchange rates	1,559	38	106	(11)	(6)	-	1,686
Balance on March 31, 2023	<u>\$ 1,011,784</u>	<u>2,401,262</u>	<u>26,377</u>	<u>22,022</u>	<u>1,756</u>	<u>120,670</u>	<u>3,583,871</u>
Balance on January 1, 2022	\$ 1,004,772	2,393,697	47,835	23,183	2,046	122,673	3,594,206
Additions	-	8,802	15,593	540	-	-	24,935
Reduction for expiration	-	(420)	(33,868)	-	-	-	(34,288)
Influence from exchange rates	13,244	190	1,114	24	19	-	14,591
Balance on March 31, 2022	<u>\$ 1,018,016</u>	<u>2,402,269</u>	<u>30,674</u>	<u>23,747</u>	<u>2,065</u>	<u>122,673</u>	<u>3,599,444</u>
Accumulated depreciation:							
Balance on January 1, 2023	\$ 202,927	1,478,153	20,424	8,676	1,068	18,973	1,730,221
Depreciation	5,909	40,842	1,384	1,531	87	786	50,539
Transferred to construction cost	-	104	-	-	-	-	104
Reduction for expiration	-	(1,394)	(7,016)	(227)	-	-	(8,637)
Influence from exchange rates	444	11	55	(3)	(5)	-	502
Balance on March 31, 2023	<u>\$ 209,280</u>	<u>1,517,716</u>	<u>14,847</u>	<u>9,977</u>	<u>1,150</u>	<u>19,759</u>	<u>1,772,729</u>
Balance on January 1, 2022	\$ 177,882	1,317,008	39,869	7,254	966	17,466	1,560,445
Depreciation	5,897	40,690	4,021	1,493	110	886	53,097
Transferred to construction cost	-	210	-	-	-	-	210
Reduction for expiration	-	(420)	(33,868)	-	-	-	(34,288)
Influence from exchange rates	3,579	13	640	25	15	-	4,272
Balance on March 31, 2022	<u>\$ 187,358</u>	<u>1,357,501</u>	<u>10,662</u>	<u>8,772</u>	<u>1,091</u>	<u>18,352</u>	<u>1,583,736</u>
Carrying value:							
Balance on January 1, 2023	<u>\$ 807,298</u>	<u>923,323</u>	<u>12,863</u>	<u>13,474</u>	<u>694</u>	<u>101,697</u>	<u>1,859,349</u>
Balance on March 31, 2023	<u>\$ 802,504</u>	<u>883,546</u>	<u>11,530</u>	<u>12,045</u>	<u>606</u>	<u>100,911</u>	<u>1,811,142</u>
Balance on January 1, 2022	<u>\$ 826,890</u>	<u>1,076,689</u>	<u>7,966</u>	<u>15,929</u>	<u>1,080</u>	<u>105,207</u>	<u>2,033,761</u>
Balance on March 31, 2022	<u>\$ 830,658</u>	<u>1,044,768</u>	<u>20,012</u>	<u>14,975</u>	<u>974</u>	<u>104,321</u>	<u>2,015,708</u>

(i) 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**  
**Notes to the Consolidated Financial Statements**

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, 2023	\$ <u>596,723</u>	<u>66,663</u>	<u>663,386</u>
Balance on March 31, 2023	\$ <u>596,723</u>	<u>66,042</u>	<u>662,765</u>
Balance on January 1, 2022	\$ <u>609,567</u>	<u>97,107</u>	<u>706,674</u>
Balance on March 31, 2022	\$ <u>609,567</u>	<u>96,339</u>	<u>705,906</u>

Investment properties comprise a number of commercial properties that are leased to third parties. Each leasing contact 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(r) for the regarding information.

Information on depreciation for the three months ended March 31, 2023 and 2022 is discussed in Note 12(c), and for the information on rental revenue and other direct operating expense, please refer to Note 6(r).

The fair value of the investment property was not significantly different from those disclosed in the Note 6(j) of the consolidated financial statements for the year ended December 31, 2022.

As of March 31, 2023, December 31 and March 31, 2022, the details of investment properties pledged as collateral, please refer to Note 8.

(j) 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, 2023	\$ 414,417	64,105	231,424	46,300	756,246
Influence from exchange rates	<u>(61)</u>	<u>291</u>	<u>1,050</u>	<u>(29)</u>	<u>1,251</u>
Balance on March 31, 2023	<u>\$ 414,356</u>	<u>64,396</u>	<u>232,474</u>	<u>46,271</u>	<u>757,497</u>
Balance on January 1, 2022	\$ 385,268	63,088	227,751	43,337	719,444
Influence from exchange rates	<u>13,166</u>	<u>2,471</u>	<u>8,921</u>	<u>103</u>	<u>24,661</u>
Balance on March 31, 2022	<u>\$ 398,434</u>	<u>65,559</u>	<u>236,672</u>	<u>43,440</u>	<u>744,105</u>
Accumulated amortization:					
Balance on January 1, 2023	\$ -	64,105	231,424	33,971	329,500
Amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,254</u>	<u>1,254</u>
Influence from exchange rates	<u>-</u>	<u>291</u>	<u>1,050</u>	<u>(29)</u>	<u>1,312</u>
Balance on March 31, 2023	<u>\$ -</u>	<u>64,396</u>	<u>232,474</u>	<u>35,196</u>	<u>332,066</u>

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

	<u>Goodwill</u>	<u>Patent</u>	<u>Client Relationship</u>	<u>Computer Software</u>	<u>Total</u>
Balance on January 1, 2022	\$ -	63,088	227,751	28,061	318,900
Amortization	-	-	-	1,430	1,430
Influence from exchange rates	-	2,471	8,921	103	11,495
Balance on March 31, 2022	<u>\$ -</u>	<u>65,559</u>	<u>236,672</u>	<u>29,594</u>	<u>331,825</u>
Carrying value:					
Balance on January 1, 2023	<u>\$ 414,417</u>	<u>-</u>	<u>-</u>	<u>12,329</u>	<u>426,746</u>
Balance on March 31, 2023	<u>\$ 414,356</u>	<u>-</u>	<u>-</u>	<u>11,075</u>	<u>425,431</u>
Balance on January 1, 2022	<u>\$ 385,268</u>	<u>-</u>	<u>-</u>	<u>15,276</u>	<u>400,544</u>
Balance on March 31, 2022	<u>\$ 398,434</u>	<u>-</u>	<u>-</u>	<u>13,846</u>	<u>412,280</u>

(k) Other non-current financial assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</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	111,913	111,862	111,984
	<u>\$ 686,913</u>	<u>686,862</u>	<u>686,984</u>

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

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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**March 31, 2023**

<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 <sup>st</sup> 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 <sup>nd</sup> security)

**December 31, 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 <sup>st</sup> 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 <sup>nd</sup> security)

**March 31, 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 \$7,674,024 thousand. After deducting the 1 <sup>st</sup> 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 <sup>nd</sup> security)

(ii) As of March 31, 2023, December 31 and March 31, 2022, the cost and principal of debt obligation from Chin Ling Steel were \$23,250 thousand and \$118,561 thousand, respectively.

(l) Other non-current assets

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Construction in progress	\$ 2,833,224	2,681,197	2,218,861
Land	44,299	44,299	44,299
Other	92,420	86,067	237,828
	<u>\$ 2,969,943</u>	<u>2,811,563</u>	<u>2,500,988</u>

(Continued)

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

- (i) The construction in progress is the development of land and shopping mall of the Group, please refer to Note 9(a), (viii) 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.
- (iii) For the three months ended March 31, 2023 and 2022, the capitalized interest expense recognized in other non-current assets amounted to \$7,566 thousand and \$4,023 thousand, respectively. The interest rate of capitalization were 2.38% and 1.90%, respectively.

(m) Short-term borrowings

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unsecured bank borrowings	\$ 5,007,008	5,265,681	4,357,476
Secured bank borrowings	7,566,382	5,802,116	5,330,846
Notes and bills payable	399,427	514,820	524,639
Total	<u>\$ 12,972,817</u>	<u>11,582,617</u>	<u>10,212,961</u>
Unused credit limit	<u>\$ 6,150,157</u>	<u>7,500,727</u>	<u>5,439,917</u>
Range of interest rates	<u>1.58%~6.43%</u>	<u>1.64%~6.20%</u>	<u>0.52%~4.25%</u>

(i) Borrowing and repayment

For the three months ended March 31, 2023 and 2022, the Group obtained from short-term borrowings amounting to \$3,802,973 thousand and \$3,797,799 thousand with an interest rate of 1.50%~6.43% and 0.52%~4.25%; the repayment amounting to \$2,298,931 thousand and \$2,768,376 thousand, respectively. Please refer to Note 6(y) 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**

(n) Long-term borrowings

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unsecured bank borrowings	\$ 1,800,000	2,600,000	1,045,000
Secured bank borrowings	7,713,785	8,327,315	7,446,529
Less: Current portion	(1,296,806)	(2,470,335)	(1,043,153)
Unamortized long-term borrowings costs	(19)	(29)	(297)
<b>Total</b>	<b>\$ 8,216,960</b>	<b>8,456,951</b>	<b>7,448,079</b>
Unused credit limit	<b>\$ 1,379,198</b>	<b>712,939</b>	<b>2,456,365</b>
Interest rate range	<b>0.93%~5.63%</b>	<b>1.40%~5.96%</b>	<b>0.93%~2.05%</b>

(i) Borrowing and repayment

For the three months ended March 31, 2023 and 2022, the Group obtained from long-term borrowings amounting to \$850,000 thousand and \$900,000 thousand with an interest rate of 1.68%~2.24% and 1.10%~2.05%; the repayment amounting to \$2,251,500 thousand and \$4,602,019 thousand, respectively. Please refer to Note 6(y) 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 December 31, 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 2022 and 2021 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, 2022, the Group was in compliance with the above borrowing covenants.

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

(o) Bonds payable

The details of the bonds payable is as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unsecured convertible bonds	\$ 1,499,900	1,500,000	1,500,000
Unamortized premium on bonds payable	52,918	60,633	83,997
	<u>\$ 1,552,818</u>	<u>1,560,633</u>	<u>1,583,997</u>
Embedded derivative-call option and put option (which is listed under "non-current financial liabilities at FVTPL")	<u>\$ 825</u>	<u>8,253</u>	<u>4,622</u>
Equity component-convertible option (which is listed under "capital surplus-stock option")	<u>\$ 48,559</u>	<u>48,562</u>	<u>48,562</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Embedded derivative-losses on remeasurements through fair value (which is listed under "other gains and losses")	\$ <u>7,428</u>	<u>(330)</u>
Interest expense	<u>\$ (7,711)</u>	<u>(7,865)</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.

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**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).

(vii) As of March 31, 2023, the holders had converted the bonds with a face value of \$100 thousand into 3,125 ordinary shares of the Company at a conversion price of \$32.0 per share.

(p) Lease liabilities

The details of the lease liabilities are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Current	\$ <u>190,608</u>	<u>188,005</u>	<u>190,574</u>
Non-current	\$ <u>1,429,921</u>	<u>1,479,111</u>	<u>1,613,791</u>

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

The amounts recognized in profit or loss are as follows:

	<b>For the Three Months Ended March 31</b>	
	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>5,301</u>	<u>5,951</u>
Expenses relating to leases short-term assets	\$ <u>2,165</u>	<u>2,141</u>

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

	<b>For the Three Months Ended March 31</b>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>55,362</u>	<u>57,225</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.

(q) Provisions

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Non-current:			
Financial guarantee contracts	\$ 5,554	9,112	17,785
Legal	<u>236,052</u>	<u>236,052</u>	<u>236,052</u>
Total	<u>\$ 241,606</u>	<u>245,164</u>	<u>253,837</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.

(Continued)

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

(r) 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(i) 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:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Less than one year	\$ 12,922	14,247	9,992
One to two years	3,113	5,664	4,051
Total undiscounted lease payments	<b>\$ 16,035</b>	<b>19,911</b>	<b>14,043</b>

For the three months ended March 31, 2023 and 2022, rental revenues from investment properties amounted to \$3,259 thousand and \$3,417 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "operating costs") are \$0 thousands.

(s) 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, 2022 and 2021.

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Operating cost	\$ -	12
Selling expenses	-	2
Administration expenses	33	19
Research and development expenses	1,081	-
Total	<b>\$ 1,114</b>	<b>33</b>

(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:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Operating cost	\$ 12,391	12,270
Selling expenses	677	639
Administration expenses	9,730	7,891
Research and development expenses	103	91
Total	<b>\$ 22,901</b>	<b>20,891</b>

(iii) Short-term employee benefits

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Paid leave and other liabilities	<b>\$ 9,378</b>	<b>11,190</b>	<b>9,117</b>

(t) 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:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expense		
Current period incurred	\$ 18,057	52,722
Land value increment taxes	-	20,173
Adjustment for prior periods	(11,400)	157
	6,657	73,052
Deferred tax income		
Origination and reversal of temporary differences	(8,625)	(11,017)
Income tax (benefit) expense	<b>\$ (1,968)</b>	<b>62,035</b>

(iii) The income tax returns of the Company, the Hotel National, Shangrila Tourism, InterContinental Taichung and Calligraphy Greenway Plaza had been assessed and approved by the Tax Authority through 2020, other domestic consolidated subsidiaries had been assessed and approved through 2021. 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.

(Continued)

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

(u) Share capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the three months ended March 31, 2023 and 2022. For the related information, please refer to Note 6(v) of the consolidated financial statements for the year ended December 31, 2022.

(i) Capital stock

As of March 31, 2023, December 31 and March 31, 2022, the Company's authorized share capital are 5,000,000 thousands, with par value of \$10 per share and the issued capital are \$3,761,252 thousand, \$3,761,221 thousand and \$3,761,221 thousand respectively. All the proceeds from the issued capital have been remitted.

(ii) Capital surplus

The components of the capital surplus are as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
From issuance of share capital	\$ 611,348	611,272	611,272
Employee stock option of subsidiaries	33,352	33,352	33,352
Stock option of convertible bonds	48,559	48,562	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	6,219	6,219	616
	<b><u>\$ 1,542,513</u></b>	<b><u>1,542,440</u></b>	<b><u>1,536,837</u></b>

(iii) Retained earnings

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

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

(Continued)

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

1) Earnings distribution

The amount of cash dividends of appropriations of the Company's 2022 and 2021 earnings was based on the resolutions decided during the meetings of the Board of Directors held on March 16, 2023 and March 30, 2022, respectively.

These earnings are appropriated as follows:

	2022		2021	
	Allotment (NTD)	Amount	Allotment (NTD)	Amount
Common stock dividends per share				
Cash	\$ 1.20	<u>451,347</u>	2.11	<u>793,618</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, 2023	\$ 10,196	51,013	3,827,949	3,889,158
Profit attributable to non-controlling interests	-	-	(7,751)	(7,751)
Exchange differences on foreign operations	43,460	-	7,762	51,222
Unrealized losses on financial assets measured at FVOCI	-	(3,212)	-	(3,212)
Cash dividends paid to non-controlling interests	-	-	(3,374)	(3,374)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	1,903	-	1,903
Balance on March 31, 2023	<u>\$ 53,656</u>	<u>49,704</u>	<u>3,824,586</u>	<u>3,927,946</u>
Balance on January 1, 2022	\$ (25,292)	78,077	3,973,038	4,025,823
Profit attributable to non-controlling interests	-	-	125,105	125,105
Exchange differences on foreign operations	296,939	-	65,502	362,441
Unrealized (losses) gains on financial assets measured at FVOCI	-	(5,797)	1	(5,796)
Changes in non-controlling interest	-	-	(87)	(87)
Cash dividends paid to non-controlling interests	-	-	(41,213)	(41,213)
Balance on March 31, 2022	<u>\$ 271,647</u>	<u>72,280</u>	<u>4,122,346</u>	<u>4,466,273</u>

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

## (v) Earnings per share

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Basic (loss) earnings per share</b>		
(Loss) profit attributable to owners of the parent	\$ <u>(24,139)</u>	<u>346,281</u>
Weighted average number of ordinary shares	<u>376,123</u>	<u>376,122</u>
<b>Basic (loss) earnings per share</b>	<u>\$ (0.06)</u>	<u>0.92</u>
<b>Diluted (loss) earnings per share</b>		
(Loss) profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	\$ (24,139)	346,281
Effect of potential diluted ordinary shares		
Convertible bonds	<u>(13,597)</u>	<u>-</u>
(Loss) profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	<u>\$ (37,736)</u>	<u>346,281</u>
Weighted average number of ordinary shares	376,123	376,122
Effect of potential diluted ordinary shares		
Employee stock option	-	1,306
Convertible bonds	<u>46,872</u>	<u>-</u>
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	<u>422,995</u>	<u>377,428</u>
<b>Diluted (loss) earnings per share</b>	<u>\$ (0.09)</u>	<u>0.92</u>

## (w) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the Three Months Ended March 31, 2023</b>			
	<b>Metal Manufacturing Segment</b>	<b>Real Estate Development Segment</b>	<b>Lifestyle Hospitality Segment</b>	<b>Total</b>
Major geographic markets:				
Taiwan	\$ 70,229	3,740	163,456	237,425
United States	466,583	-	-	466,583
Japan	505,231	-	-	505,231
China	1,333,945	-	-	1,333,945
Europe	126,798	-	-	126,798
South America	32,943	-	-	32,943
Others	<u>168,247</u>	<u>-</u>	<u>-</u>	<u>168,247</u>
	<u>\$ 2,703,976</u>	<u>3,740</u>	<u>163,456</u>	<u>2,871,172</u>

(Continued)

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

<b>For the Three Months Ended March 31, 2023</b>				
	<b>Metal Manufacturing Segment</b>	<b>Real Estate Development Segment</b>	<b>Lifestyle Hospitality Segment</b>	<b>Total</b>
Major product/service lines:				
Iron casting hardware	\$ 2,694,497	-	-	2,694,497
Construction	-	-	-	-
Counter commissions	-	-	109,025	109,025
Others	9,479	3,740	54,431	67,650
	<u>\$ 2,703,976</u>	<u>3,740</u>	<u>163,456</u>	<u>2,871,172</u>
<b>For the Three Months Ended March 31, 2022</b>				
	<b>Metal Manufacturing Segment</b>	<b>Real Estate Development Segment</b>	<b>Lifestyle Hospitality Segment</b>	<b>Total</b>
Major geographic markets:				
Taiwan	\$ 159,539	1,404,172	163,748	1,727,459
United States	463,229	-	-	463,229
Japan	426,183	-	-	426,183
China	1,527,572	-	-	1,527,572
Europe	119,503	-	-	119,503
South America	163,320	-	-	163,320
Others	168,266	-	-	168,266
	<u>\$ 3,027,612</u>	<u>1,404,172</u>	<u>163,748</u>	<u>4,595,532</u>
Major product/service lines:				
Iron casting hardware	\$ 3,009,606	-	-	3,009,606
Construction	-	1,404,172	-	1,404,172
Counter commissions	-	-	99,055	99,055
Others	18,006	-	64,693	82,699
	<u>\$ 3,027,612</u>	<u>1,404,172</u>	<u>163,748</u>	<u>4,595,532</u>

## (ii) Contract balances

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes and accounts receivable	\$ 3,457,186	3,819,958	4,007,671
Less: Loss allowance	(3,754)	(5,348)	(3,724)
Total	<u>\$ 3,453,432</u>	<u>3,814,610</u>	<u>4,003,947</u>
Contract assets	<u>\$ -</u>	<u>-</u>	<u>-</u>

(Continued)

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Contract liabilities—Advance real estate receipts	\$ <u>5,201,716</u>	<u>4,825,091</u>	<u>3,752,062</u>
Contract liabilities—Advance receipts	\$ <u>45,375</u>	<u>39,625</u>	<u>50,775</u>

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

The amount of revenue recognized for the three months ended March 31, 2023 and 2022, that were included in the contract liabilities balance at the beginning of the period were \$8,233 thousand and \$343,312 thousand, respectively.

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

(x) Employees' compensation and remuneration of directors

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

For the three months ended March 31, 2023 and 2022, appropriated employees' compensation by \$0 thousand and \$11,054 thousand, respectively, and appropriated remuneration of directors by \$0 thousand and \$9,869 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, 2022 and 2021, appropriated employees' compensation by \$19,953 thousand and \$34,016 thousand, respectively, and appropriated remuneration of directors by \$17,815 thousand and \$30,371 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.

(Continued)

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

(y) Non-operating income and expenses

(i) Interest income

The information on interest income is listed as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	\$ 13,774	4,287
Interest income from financial guarantee contracts	3,558	3,504
Total Interest income	<b>\$ 17,332</b>	<b>7,791</b>

(ii) Other income

The information on other income is listed as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Rental income	\$ 5,905	4,752
Others	33,312	18,056
Total other income	<b>\$ 39,217</b>	<b>22,808</b>

(iii) Other gains and losses

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

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Losses on disposal of property, plant and equipment	\$ (568)	(2,196)
Foreign exchange (losses) gains	(5,656)	22,394
Gains (losses) on financial assets at FVTPL	7,428	(330)
Other losses	(110)	(242)
Net amount of other gains and losses	<b>\$ 1,094</b>	<b>19,626</b>

(Continued)

**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:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Borrowing interest expense	\$ 136,414	70,030
Lease liability interest expense	5,301	5,951
Capitalized interest expense	(27,954)	(16,899)
Bonds interest expense	(7,711)	(7,865)
Amortized long term borrowings costs	251	432
Net amount of finance costs	<b>\$ 106,301</b>	<b>51,649</b>

(z) 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, 2022.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

3) Credit risks of receivables and debt securities

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

All of these financial assets mentioned above are considered to be low risk, therefore, the impairment provision recognized during the period was limited to 12 months expected losses. For the allowance of impairment on financial assets for the three months ended March 31, 2023 and 2022, please refer to Note 6(c).

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

(ii) Liquidity risk

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

	<u>Contractual Cash Flow</u>	<u>Within 6 Months</u>	<u>6-12 Months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Over 5 Years</u>
<b>March 31, 2023</b>						
Non-derivative financial liabilities						
Bank borrowings	\$ 23,373,662	8,594,089	1,951,345	6,980,328	3,892,751	1,955,149
Bonds payable	1,499,900	-	-	1,499,900	-	-
Lease liabilities	1,820,447	102,796	107,383	209,484	602,333	798,451
Notes and accounts payables (including related parties)	2,770,572	2,770,572	-	-	-	-
Other payables (including related parties)	<u>1,131,872</u>	<u>1,131,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 30,596,453</u></b>	<b><u>12,599,329</u></b>	<b><u>2,058,728</u></b>	<b><u>8,689,712</u></b>	<b><u>4,495,084</u></b>	<b><u>2,753,600</u></b>
<b>December 31, 2022</b>						
Non-derivative financial liabilities						
Bank borrowings	\$ 23,338,560	6,931,888	4,608,521	6,306,770	3,524,426	1,966,955
Bonds payable	1,500,000	-	-	-	1,500,000	-
Lease liabilities	1,872,314	103,927	104,298	211,734	603,892	848,463
Notes and accounts payables (including related parties)	3,070,242	3,070,242	-	-	-	-
Other payables (including related parties)	<u>1,383,980</u>	<u>1,383,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 31,165,096</u></b>	<b><u>11,490,037</u></b>	<b><u>4,712,819</u></b>	<b><u>6,518,504</u></b>	<b><u>5,628,318</u></b>	<b><u>2,815,418</u></b>
<b>March 31, 2022</b>						
Non-derivative financial liabilities						
Bank borrowings	\$ 19,093,999	5,813,267	1,815,557	7,433,062	4,032,113	-
Bonds payable	1,500,000	-	-	-	1,500,000	-
Lease liabilities	2,026,286	107,345	105,382	206,374	608,908	998,277
Notes and accounts payables (including related parties)	3,126,709	3,126,709	-	-	-	-
Other payables (including related parties)	<u>1,667,047</u>	<u>1,667,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 27,414,041</u></b>	<b><u>10,714,368</u></b>	<b><u>1,920,939</u></b>	<b><u>7,639,436</u></b>	<b><u>6,141,021</u></b>	<b><u>998,277</u></b>

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

(Continued)

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

(iii) Currency risk

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

	March 31, 2023			December 31, 2022			March 31, 2022		
	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	\$ 10,046	30.45	305,914	16,689	30.71	512,530	20,280	28.63	580,615
USD:CNY	44,641	6.87	1,359,330	139,710	6.96	4,290,482	134,517	6.35	3,851,215
USD:JPY	1,431	133.09	43,559	1,261	132.14	38,723	958	121.67	27,415
EUR:NTD	926	33.15	30,689	1,112	32.72	36,390	1,705	31.92	54,418
EUR:CNY	2,177	7.48	72,157	3,086	7.42	100,989	3,045	7.08	97,201
JPY:NTD	192,778	0.23	44,108	97,524	0.23	22,665	89,139	0.24	20,974
JPY:CNY	64,442	0.05	14,744	59,696	0.05	13,873	132,299	0.05	31,130
HKD:USD	5,829	0.13	22,617	8,448	0.13	33,283	2,392	0.13	8,755
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:CNY	30,255	6.87	921,272	29,564	6.96	907,911	136,463	6.35	3,906,942
EUR:CNY	1,995	7.48	66,148	1,995	7.42	65,290	2,690	7.08	85,866
HKD:USD	219,614	0.13	852,102	219,637	0.13	865,370	318,288	0.13	1,164,934

1) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Group's functional currency as of March 31, 2023 and 2022 would have increased (decreased) the after-tax net income for the three months ended March 31, 2023 and 2022 by \$107 thousand and \$972 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended March 31, 2023 and 2022, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$(5,656) thousand and \$22,394 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.

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.

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If the interest rate increases or decreases by 1% the Group's net income will increase /decrease by \$21,724 thousand and \$21,106 thousand for the three months ended March 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate bank borrowings.

(v) Other market price risk

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

	For the Three Months Ended March 31			
	2023		2022	
	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%	\$ 17,615	(83)	20,150	(462)
Decrease 10%	\$ (17,615)	83	(20,150)	462

(vi) Fair value of financial instruments

1) Fair value hierarchy

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

	March 31, 2023				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Non-current financial assets at FVOCI	\$ 176,151	-	-	176,151	176,151
Non-current financial liabilities at FVTPL	\$ 825	-	-	825	825
Financial assets measured at amortized cost	\$ 11,195,262	-	-	-	-
Financial liabilities measured at amortized cost	\$ 29,587,272	-	-	-	-

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	<b>December 31, 2022</b>				
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Non-current financial assets at FVOCI	<u>\$ 179,363</u>	<u>-</u>	<u>-</u>	<u>179,363</u>	<u>179,363</u>
Non-current financial liabilities at FVOCI	<u>\$ 8,253</u>	<u>-</u>	<u>-</u>	<u>8,253</u>	<u>8,253</u>
Financial assets measured at amortized cost	<u>\$ 12,551,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 30,216,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>March 31, 2022</b>				
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Non-current financial assets at FVOCI	<u>\$ 201,499</u>	<u>37,016</u>	<u>-</u>	<u>164,483</u>	<u>201,499</u>
Non-current financial liabilities at FVOCI	<u>\$ 4,622</u>	<u>-</u>	<u>-</u>	<u>4,622</u>	<u>4,622</u>
Financial assets measured at amortized cost	<u>\$ 11,053,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 26,919,448</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.

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

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

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

3) Transfers between Level 1 and Level 2

There were no transfers in either direction for the three months ended March 31, 2023 and 2022.

4) Reconciliation of Level 3 instruments

	<b>Non-current Financial Assets at FVOCI</b>
	<b>Equity Instrument without Quoted Price</b>
Balance on January 1, 2023	\$ 179,363
Total gains or losses	
Recognized as other comprehensive income	(3,212)
Balance on March 31, 2023	<b>\$ 176,151</b>
Balance on January 1, 2022	\$ 215,295
Total gains or losses	
Recognized as other comprehensive income	(5,796)
Capital reduction	(8,000)
Balance on March 31, 2022	<b>\$ 201,499</b>

The total gains or losses is listed under "unrealized gains (losses) on financial assets at FVOCI". The information regarding assets held as of March 31, 2023 and 2022 is as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Total gains or losses		
Recognized as other comprehensive income (which is listed under "unrealized losses on financial assets of FVOCI")	<b>\$ (3,212)</b>	<b>(5,796)</b>

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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	·Average expected future dividend income of 5 years (As of March 31, 2023, December 31, 2022 and March 31, 2022, were \$251~23,510 thousand, \$251~23,510 thousand and \$14~26,213 thousand respectively.)	·The estimated fair value would increase, if the 5- year average expected future dividend income is increased.
		·Weighted average capital cost (As of March 31, 2023, December 31, 2022 and March 31, 2022, were 5.72%, 4.68% and 4.68%, respectively.)	·The estimated fair value would decrease, if the weighted average capital cost is increased.
		·Discounting rate without market liquidity (As of March 31, 2023, December 31, 2022 and March 31, 2022, were both 15%)	·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>
<b>March 31, 2023</b>				
Financial assets at FVOCI				
Equity investments without an active market	5.72 %	1%	5,252	(4,994)
<b>December 31, 2022</b>				
Financial assets at FVOCI				
Equity investments without an active market	4.68 %	1%	5,427	(5,158)
<b>March 31, 2022</b>				
Financial assets at FVOCI				
Equity investments without an active market	4.68 %	1%	5,958	(5,663)

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.

- (aa) 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, 2022.

- (ab) 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, 2022. Please refer to Note 6 (ac) of the consolidated financial statements for the year ended December 31, 2022 for further details.

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

The Group's investing and financing activities which did not affect the current cash flow in the years ended March 31, 2023 and 2022, 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>March 31, 2023</u>
Other non-current assets	\$ <u>2,811,563</u>	<u>179,474</u>	<u>(21,094)</u>	<u>2,969,943</u>
	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Reclassification</u>	<u>March 31, 2022</u>
Other non-current assets	\$ <u>2,106,431</u>	<u>430,894</u>	<u>(36,337)</u>	<u>2,500,988</u>

**(7) Related-party transactions:**

(a) The ultimate parent company

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

(b) Names and relationship with related parties

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

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

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<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Rui Hua Investment Co., Ltd. (Rui Hua Investment)	Other related parties
LEESCO Development Co. Ltd. (LEESCO Development)	Other related parties
Gee Lien Resource Development Corp. (Gee Lien Resource)	Other related parties
Yi-Shi Investment Corporation (Yi-Shi)	Other related parties
Mr. Ming Shiann, Ho	Other related parties
Mr. 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</u>		<u>March 31,</u>	<u>December</u>	<u>March 31,</u>
	<u>Ended March 31</u>				
	<u>2023</u>	<u>2022</u>			
Associates	\$ 1,988	2,730	7,384	8,973	4,798
Joint ventures	-	279	-	-	2
Other related parties	127	396	70	190	25
	<u>\$ 2,115</u>	<u>3,405</u>	<u>7,454</u>	<u>9,163</u>	<u>4,825</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 Other related parties and related parties are as follows:

	<u>Revenue recognized</u>		<u>Advance real estate receipts</u>		
	<u>For the Three Months</u>		<u>March 31,</u>	<u>December</u>	<u>March 31,</u>
	<u>Ended March 31</u>				
	<u>2023</u>	<u>2022</u>			
Other related parties	\$ -	-	<u>97,426</u>	<u>83,245</u>	<u>65,484</u>

As of March 31, 2023 and 2022, 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.

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(ii) Purchases from related parties

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

	<u>Purchases</u>		<u>Notes and Accounts Payable</u>		
	<u>For the Three Months</u>		<u>March 31,</u>	<u>December</u>	<u>March 31,</u>
	<u>Ended March 31</u>				
	<u>2023</u>	<u>2022</u>			
Associates	\$ 29,961	20,559	34,150	39,603	24,810
Joint ventures	3	2	-	-	-
Other related parties	5	17	703	698	1,405
	<u>\$ 29,969</u>	<u>20,578</u>	<u>34,853</u>	<u>40,301</u>	<u>26,215</u>

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

(iii) Leases

1) Rental expenses

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

	<u>Rental Expenses</u>	
	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	<u>2023</u>	<u>2022</u>
Other related parties:		
Mr. Ming Shiann, Ho	\$ 608	608
Others	-	160
	<u>\$ 608</u>	<u>768</u>

	<u>Guarantee Deposit Paid</u>		
	<u>(Recognized under other non-current financial assets)</u>		
	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Joint ventures	\$ -	-	10
Other related parties	443	443	443
	<u>\$ 443</u>	<u>443</u>	<u>453</u>

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2) Rental revenues

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

	<b>Rental Revenues</b>	
	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ 66	65
Other related parties	15	321
	<b>\$ 81</b>	<b>386</b>

	<b>Guarantee Deposit Received</b>		
	<b>(Recognized under other non-current liabilities)</b>		
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Associates	<b>\$ 300</b>	<b>300</b>	<b>300</b>

(iv) Providing services to related party

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

	<b>Service Revenues</b>	
	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ -	75
Joint ventures	985	1,145
	<b>\$ 985</b>	<b>1,220</b>

(v) Non-performing receivables

	<b>Total Claims</b>		
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Joint ventures:			
The Splendor Hospitality	<b>\$ 796,845</b>	<b>796,845</b>	<b>796,845</b>
	<b>Costs of Claims</b>		
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Joint ventures:			
The Splendor Hospitality	<b>\$ 575,000</b>	<b>575,000</b>	<b>575,000</b>

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The claims mentioned above was recognized in other non-current financial assets, please refer to Note 6(k).

(vi) Guarantees and endorsements

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

	<b>Borrowing Limits</b>		
	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Joint ventures:			
The Splendor Hospitality	\$ 2,050,000	1,900,000	2,050,000
Others	22,500	22,500	45,680
	<u>\$ 2,072,500</u>	<u>1,922,500</u>	<u>2,095,680</u>
	<b>Actual Usage Amount</b>		
	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Joint ventures:			
The Splendor Hospitality	\$ 1,480,000	1,475,000	1,525,000
Others	12,642	13,948	24,179
	<u>\$ 1,492,642</u>	<u>1,488,948</u>	<u>1,549,179</u>

(vii) Guarantee for bank borrowings

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

(viii) Property transaction

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Other related parties	<u>\$ 344</u>	<u>344</u>	<u>344</u>

(ix) Other transactions

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

	<b>Other Expenses</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Associates	\$ -	1
Joint ventures	-	181
	<u>\$ -</u>	<u>182</u>

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

	<b>Interest Revenues</b>	
	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2023</b>	<b>2022</b>
Joint ventures:		
The Splendor Hospitality	\$ 3,516	3,440
Others	42	64
	<b>\$ 3,558</b>	<b>3,504</b>

- 3) Other receivables and advance payments from related parties

	<b>Other Receivables</b>		
	<b>(including advance payments)</b>		
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Associates:			
Keng-Hsin Urban Renewal	\$ 36	1,767	13,082
Others	23	23	96
Joint ventures	20	1,335	83
Other related parties	6	1,763	85
	<b>\$ 85</b>	<b>4,888</b>	<b>13,346</b>

- 4) Other payables and advance receipts from related parties

	<b>Other Payables</b>		
	<b>(including advance receipts)</b>		
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Associates:			
Keng-Hsin Urban Renewal	\$ -	-	31,966
Joint ventures	3	554	20
Other related parties	175	192	6,984
Key management	-	3	-
	<b>\$ 178</b>	<b>749</b>	<b>38,970</b>

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(d) Key management transactions

The compensation of key management is as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 39,812	44,791
Post-employment benefits	506	428
	<b>\$ 40,318</b>	<b>45,219</b>

**(8) Pledged assets**

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

<b>Pledged Assets</b>	<b>Object</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
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	"	284,949	289,120	300,284
Investment properties	"	591,976	592,397	634,315
Inventories—Land held for development	"	7,887,974	7,863,722	7,258,465
Inventories—Construction in progress	"	8,808,185	8,309,120	6,158,077
Inventories—Buildings and land held for sale	The credit limits of short-term borrowings	7,820	7,820	90,723
Other current financial assets	Bank acceptance bills	5,269	8,001	55,582
"	Trusts	1,125,694	1,125,004	1,337,901
		<b>\$ 20,136,582</b>	<b>19,619,899</b>	<b>17,260,062</b>

**(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:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unused standby letters of credit	\$ -	286	12

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

- (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:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Total contract price	<u>\$ 16,826,521</u>	<u>15,572,738</u>	<u>14,304,224</u>
Total amounts paid under contracts (Note)	<u>\$ 10,613,145</u>	<u>8,730,814</u>	<u>8,857,303</u>

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

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Total contract price	<u>\$ 17,346,953</u>	<u>17,267,153</u>	<u>16,520,817</u>
Total amounts received under contracts (recognized under current contract liabilities)	<u>\$ 5,201,716</u>	<u>4,825,091</u>	<u>3,752,062</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Total contract price	<u>\$ 168,748</u>	<u>168,748</u>	<u>168,748</u>
Total amounts paid under contracts (recognized under prepayments)	<u>\$ 84,374</u>	<u>84,374</u>	<u>84,374</u>

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	<u>\$ 406,707</u>	<u>306,707</u>	<u>309,847</u>

(Continued)

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

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Security deposits (recognized under other current and non-current financial assets)	\$ <u>101,650</u>	<u>101,650</u>	<u>100,517</u>

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Total contract price	\$ <u>217,036</u>	<u>839,376</u>	<u>410,070</u>
Total amounts paid under contracts (recognized under inventories — prepayments for land)	\$ <u>91,570</u>	<u>226,765</u>	<u>253,696</u>

- (viii) 1) The Group and The Presbyterian Church in Taiwan entered into an real estate leasing contract, with the contract term of 40 years, commencing the day after the signing date, September 30, 2016. For the development of the leasing real estates, the Group agreed to pay development royalty amounting to \$126,000 thousand. As of March 31, 2023 and 2022, 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 March 31, 2023 and 2022, respectively.
- (ix) The Group entered into various services agreement with InterContinental Hotels Group for its hotel operation, including planning, constructing and building, as well as during the pre-opening phase, and the period from the pre-opening phase to the opening day and fifteen years afterwards. According to the contract, the fees shall either be paid based on the services rendered, or be calculated in accordance with certain ratio of the gross revenue for the fiscal year or each accounting period.

(b) Contingencies

- (i) Please refer to Note 7 for the Group's guarantees and endorsements for related parties' loans as of March 31, 2023 and 2022.

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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(q).

**(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, which is in trial in 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 March 31					
		2023			2022		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		165,399	175,579	340,978	180,676	174,557	355,233
Labor and health insurance		15,575	13,832	29,407	15,463	13,608	29,071
Pension		12,391	11,624	24,015	12,282	8,642	20,924
Others		16,207	16,405	32,612	16,045	11,136	27,181
Depreciation		183,554	79,736	263,290	180,420	75,724	256,144
Amortization		355	899	1,254	327	1,103	1,430

**(13) Other disclosures:**

(a) Information on significant transactions:

The following is the information on significant transactions for the three months ended March 31, 2023, 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	UEA	Accounts receivable due from related parties	Yes	30,710	30,450	-	4.00%	2	-	Operation requirements	-		-	3,861,976	5,149,301
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	111,250	110,750	110,750	0.75%	2	-	Operation requirements	-		-	328,678	438,238
1	Tianjin CMT	CMH	Accounts receivable due from related parties	Yes	311,500	310,100	310,100	0.75%	2	-	Operation requirements	-		-	328,678	438,238
2	Suzhou CMS	CMH	Accounts receivable due from related parties	Yes	934,500	708,800	708,800	0.75%	2	-	Operation requirements	-		-	1,361,143	1,814,857
3	CMAI	Pilot	Accounts receivable due from related parties	Yes	39,923	39,585	39,585	3.05%	2	-	Operation requirements	-	Land, buildings and improvement	69,564	50,296	67,061
3	CMW (C.L.)	CMI	Accounts receivable due from related parties	Yes	445,000	443,000	-	-	2	-	Operation requirements	-		-	1,686,855	2,249,140

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.

(Continued)

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

## (ii) Guarantees and endorsements for other parties:

(In Thousands of NTD)

No.	Name of Guarantor/Endorse	Counter-party of Guarantee and Endorsement		Limitation on Amount of Guarantees and Endorsements for a Specific Enterprise (Note 4)	Highest Balance for Guarantees and Endorsements During the Period	Ending Balance (Note 2)	Actual Borrowing Amount	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amount for Guarantees and Endorsements (Note 5)	Parent Company Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary (Note 3)	Subsidiary Endorsements/ Guarantees to Third Parties on Behalf of Parent Company (Note 3)	Endorsements/ Guarantees to Third Parties on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship with the Company (Note 1)										
0	The Company	Sunflower Investment	1	5,149,301	160,000	160,000	70,000	-	1.24 %	6,436,626	Y	N	N
0	The Company	The Hotel National	1	5,149,301	50,000	50,000	-	-	0.39 %	6,436,626	Y	N	N
0	The Company	Shangrila Tourism	1	5,149,301	1,226,500	1,226,500	373,000	-	9.53 %	6,436,626	Y	N	N
0	The Company	The Splendor Hospitality	2	5,149,301	2,050,000	2,050,000	1,480,000	-	15.92 %	6,436,626	N	N	N
0	The Company	CMAAN Health	2	5,149,301	22,500	22,500	12,642	-	0.17 %	6,436,626	N	N	N
1	CMI	UEA	3	4,000,699	864,940	851,769	851,769	-	8.52 %	5,000,874	N	N	N

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

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

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

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

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

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

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

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

## (iii) Securities held as of March 31, 2023 (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	99,955	3.12 %	99,955	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	3,750,000	31,134	3.91 %	31,134	
The Company	DEVELOPMENT Venture Capital Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	3,600,000	15,062	4.00 %	15,062	
The Company	Pacific Electric Wire & Cable Co., Ltd.	-	Current financial assets at FVTPL	81,666	-	0.01 %	-	
Sunflower Investment	Fantasytory Inc.	-	Non-current financial assets at FVOCI	653,530	-	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	4,320,000	30,000	6.63 %	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 %	-	

(Continued)



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

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the share capital:

(In Thousands of NTD)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Shares	Investments accounted for using equity method	Inter Continental Taichung	Subsidiaries	33,880,000	338,800	-	Note 1	-	-	-	-	33,880,000	338,800

Note1: Based on the resolutions decided during the meetings of the Board of Directors held on March 16, 2023, the Company decided a capital injection by cash to InterContinental Taichung amounting to \$200,000 thousand, and the reference date was on April 12, 2023. As of March 31, 2023, the registration procedures have not been completed.

- (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\$100 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	223,050	38.91 %	180 days	-	-	1,855,310	81.93%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	198,006	21.40 %	180 days	-	-	1,722,227	56.29%	

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

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

(In Thousands of NTD/In CNY)

Name of Company	Counter-party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 1,722,227	0.46	-	-	CNY 70,013,231	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 286,103	-	-	-	-	-
Tianjin CMT	CMH	Affiliates	Accounts receivable due from related parties, other 310,100	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 110,750	-	-	-	-	-
Suzhou CMB	CMI	Subsidiaries	Accounts receivable due from related parties 358,023	0.68	-	-	-	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,855,310	0.48	-	-	CNY 20,336,751	-
Suzhou CMS	CMH	Affiliates	Accounts receivable due from related parties, other 708,800	-	-	-	-	-

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

- (ix) Trading in derivative instruments: None.

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

(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	CMJ	1	Operating revenue	13,157	90 days	0.46%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	198,006	180 days	6.90%
3	Suzhou CMS	CMI	2	Operating revenue	223,050	180 days	7.77%
3	Suzhou CMS	Suzhou CMB	3	Operating revenue	10,647	90 days	0.37%
3	Suzhou CMS	CMP (H.K.)	2	Operating revenue	16,966	180 days	0.59%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	15,210	90 days	0.53%
4	Suzhou CMB	CMI	2	Operating revenue	56,719	180 days	1.98%
4	Suzhou CMB	CMB(H.K.)	2	Operating revenue	22,601	180 days	0.79%
5	National Management	China Metal Products	2	Operating revenue	20,740	OA25 days	0.72%
9	CMH	CMW (Tianjin)	3	Operating revenue	12,185	90 days	0.42%
10	CMAI(N.A.)	CMAI	2	Operating revenue	18,891	90~120 days	0.66%
0	China Metal Products	Atrans Precision	1	Accounts receivable due from related parties	18,405	60-90 days	0.03%
0	China Metal Products	CMJ	1	Accounts receivable due from related parties	13,379	90 days	0.03%
1	CMW (Tianjin)	CMW(C.I.)	2	Accounts receivable due from related parties	1,722,227	180 days	3.27%
2	Tianjin CMT	CMI	2	Accounts receivable due from related parties	286,103	180 days	0.54%
2	Tianjin CMT	CMW (Tianjin)	3	Accounts receivable due from related parties	44,058	90 days	0.08%
9	CMH	Suzhou CMS	3	Accounts receivable due from related parties	20,347	90 days	0.04%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,855,310	180 days	3.52%
3	Suzhou CMS	CMP (H.K.)	2	Accounts receivable due from related parties	24,952	180 days	0.05%
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related parties	88,151	180 days	0.17%
4	Suzhou CMB	CMI	2	Accounts receivable due from related parties	358,023	180 days	0.68%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related parties	17,615	90 days	0.03%
7	CMW (C.I.)	CMAI	3	Accounts receivable due from related parties	10,150	180 days	0.02%
10	CMAI(N.A.)	CMAI	2	Accounts receivable due from related parties	39,542	90~120 days	0.07%
0	China Metal Products	CMB (H.K.)	1	Other receivables due from related parties	10,300	-	0.02%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,542	-	0.02%
2	Tianjin CMT	Suzhou CMB	3	Other receivables due from related parties	110,750	-	0.21%
2	Tianjin CMT	CMH	3	Other receivables due from related parties	310,100	-	0.59%
3	Suzhou CMS	CMH	3	Other receivables due from related parties	708,800	-	1.34%
6	CMI	CMH	1	Other receivables due from related parties	24,502	-	0.05%
7	CMW(C.I.)	CMW (Tianjin)	1	Other receivables due from related parties	47,106	-	0.09%
10	CMAI (N.A.)	CMAI	2	Other receivables due from related parties	11,577	-	0.02%
11	CMAI	Pilot	1	Other receivables due from related parties	40,189	-	0.08%

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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)
11	CMAI	CMAI(N.A.)	1	Other receivables due from related parties	42,697	-	0.08%
8	CMB(H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	26,484	-	0.05%

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

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

Note 2: Relationship is classified into three types:

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

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

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

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of NTD/In USD and CNY)

Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of March 31, 2023			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
The Company	UEA	British Virgin Islands	Investing in CMI	865,286	865,286	667,820	100.00 %	7,654,826	40,704	40,704	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,096	99,096	67,013,057	99.01 %	868,068	(10,073)	(9,974)	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	247,218	247,218	25,782,134	72.24 %	477,277	23,396	17,386	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	110,628	10,527	8,772	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	24,036	24,036	1,000,000	100.00 %	177,451	9,778	9,778	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 %	4,097,704	(77,798)	(44,305)	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)	(283)	-	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 %	1,291,899	4,806	4,334	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	24,971	2,573	2,573	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	1,125,000	1,125,000	32,500,000	50.00 %	265,496	466	(3,283)	Joint ventures accounted for using equity method
The Company	Shangrila Tourism	Taiwan	Amusement park and hotel services	564,303	564,303	22,664,800	100.00 %	397,653	(24,484)	(24,112)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	44,400	2,713	1,315	Joint ventures accounted for using equity method
The Company	InterContinental Taichung	Taiwan	International tourist hotel services	338,800	338,800	33,880,000	100.00 %	337,567	(1,129)	(1,129)	Subsidiaries
The Company	Calligraphy Greenway Plaza Co., Ltd	Taiwan	Management and consulting services	59,000	59,000	5,900,000	100.00 %	68,301	2,120	2,120	Subsidiaries
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	288,437	288,437	42,568,300	15.18 %	1,062,906	(77,798)	-	Exempt from disclosure Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,836	77,836	4,737,380	13.27 %	87,204	23,396	-	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)	(283)	-	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 %	11,749	(552)	-	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 277,905,498	USD 18,828,090	-	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 1,269,656,186	CNY 8,335,877	-	Exempt from disclosure Subsidiaries of CMI

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

Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of March 31, 2023			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				March 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
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 1,322,516,623	CNY 794,319	Exempt from disclosure	Subsidiaries of CMI
CMI	CMB (H.K.)	Hong Kong	Investing in Suzhou CMB	USD 92,970,000	USD 85,820,000	151,120,350	100.00 %	CNY 592,225,442	CNY (5,047,242)	Exempt from disclosure	Subsidiaries of CMI
CMI(BVI)	CMP (H.K.)	Hong Kong	Investing in Tianjin CMI and Suzhou CMS	USD 21,000,000	USD 21,000,000	21,000,000	100.00 %	CNY 1,272,591,765	CNY 8,335,877	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 2,764,389	USD 185,637	Exempt from disclosure	Subsidiaries of CMAI
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	-	100.00 %	USD 2,764,389	USD 185,637	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 1,669,678	USD 167,829	Exempt from disclosure	Subsidiaries of Pilot
Atrans Precision	FAR HSING (SAMOA)	SAMOA	Investing	USD 2,422,055	USD 2,422,055	2,422,055	100.00 %	69,222	(73)	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 1,131,736	USD (18,159)	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	234,496	31,220,979	30.00 %	334,300	(26,432)	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 %	8,293	(44)	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	129,500	12,950,000	70.00 %	103,849	(1)	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 %	1,042	2	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUZHI Construction	Taiwan	Residents, commercial buildings and factories leasing and developing	34,800	34,800	22,500	100.00 %	33,200	(1,189)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	Hua-Pu Development	Taiwan	Residents, commercial buildings and factories leasing and developing	5,000	5,000	500,000	50.00 %	5,292	455	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 %	3,906	4,295	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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	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	913,500 (USD30,000)	2	388,238	-	-	388,238	(6,067) (CNY(1,366))	83.27%	(5,052) (CNY(1,138))	1,095,595 (CNY247,313)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	730,800 (USD24,000)	2	423,406	-	-	423,406	41,984 (CNY9,456)	83.27%	34,932 (CNY7,868)	4,537,726 (CNY1,024,317)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,496,900 (USD82,000)	2	-	-	-	-	(19,460) (CNY(4,383))	83.27%	(16,204) (CNY(3,650))	2,621,537 (CNY591,769)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	974,400 (USD32,000)	2	-	-	-	-	36,984 (CNY8,330)	83.27%	32,721 (CNY7,370)	5,531,079 (CNY1,248,551)	-
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	974,400 (USD32,000)	2	-	-	-	-	(43,144) (CNY(9,717))	83.27%	(35,926) (CNY(8,091))	787,298 (CNY177,720)	-
Qingdao Sourcing Specialists	Cast iron product retailing	3,045 (USD100)	2	-	-	-	-	1,192 (JPY5,181)	83.33%	993 (JPY4,317)	50,245 (JPY219,604)	-

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

(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amount Authorized by the Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 4)
811,644	6,352,509 (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, 2023 to March 1, 2026. The restriction on the cumulative investment amount or proportion in China is not applicable.

Note 5: As of March 31, 2023, 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 amount in the table is translated by the spot rate on the financial reporting date.

Note 7: The aforementioned investments have been eliminated in the consolidated financial statements.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chain-Yuan Investment Co., Ltd.		55,103,935	14.65 %
Fubon Life Insurance Co., Ltd.		27,437,000	7.29 %
Mr. Ming Shiann, Ho		26,312,540	6.99 %

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

**(14) Segment information:**

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

	<u>Metal Manufacturing Segment</u>	<u>Real Estate Development Segment</u>	<u>Lifestyle Hospitality Segment</u>	<u>Reconciliation and Elimination</u>	<u>Total</u>
<b>For the Three Months Ended March 31, 2023</b>					
Revenue from external customers	\$ 2,703,976	3,740	163,456	-	2,871,172
Intersegment revenues	<u>634,469</u>	<u>850</u>	<u>22,941</u>	<u>(658,260)</u>	<u>-</u>
Total revenue	<u>\$ 3,338,445</u>	<u>4,590</u>	<u>186,397</u>	<u>(658,260)</u>	<u>2,871,172</u>
Reportable segment profit or loss	<u>\$ 121,041</u>	<u>(87,914)</u>	<u>4,542</u>	<u>(71,527)</u>	<u>(33,858)</u>
<b>For the Three Months Ended March 31, 2022</b>					
Revenue from external customers	\$ 3,027,612	1,404,172	163,748	-	4,595,532
Intersegment revenues	<u>843,284</u>	<u>849</u>	<u>21,620</u>	<u>(865,753)</u>	<u>-</u>
Total revenue	<u>\$ 3,870,896</u>	<u>1,405,021</u>	<u>185,368</u>	<u>(865,753)</u>	<u>4,595,532</u>
Reportable segment profit or loss	<u>\$ 229,848</u>	<u>408,696</u>	<u>17,611</u>	<u>(122,734)</u>	<u>533,421</u>

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.