

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

CONSOLIDATED FINANCIAL STATEMENTS

**with Independent Auditors' Review Report
For the Nine Months Ended September 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income, for the three months and nine months ended September 30, 2023 and 2022, and the changes in equity and cash flows for the nine months ended September 30, 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 \$3,363,963 thousand and \$3,176,660 thousand, constituting 6.36% and 6.38% of the consolidated total assets; and the total liabilities amounting to \$1,617,361 thousand and \$1,707,264 thousand, constituting 4.53% and 5.15% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively, as well as the total comprehensive income (loss) amounting to \$9,987 thousand, \$71,126 thousand, \$56,381 thousand and \$166,434 thousand, constituting 1.18%, 29.71%, 5.82% and 17.74% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2023 and 2022, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of the Group in its investee companies of \$644,116 thousand and \$724,714 thousand as of September 30, 2023 and 2022, respectively, and its equity in net earnings on these investee companies of \$(13,530) thousand, \$(12,662) thousand, \$(37,519) thousand and \$(47,275) thousand for the three months and nine months ended September 30, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, and its consolidated cash flows for the nine months ended September 30, 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)
November 7, 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)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2023, December 31, 2022, and September 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and equity		September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Notes 6(a) and (z))	\$ 5,992,373	12	6,068,902	11	3,636,733	7	2100	Short-term borrowings (Notes 6(m) and (z))	\$ 12,833,838	24	11,582,617	22	11,350,463	23
1170	Notes and accounts receivable, net (Notes 6(c), (w) and (z))	3,851,217	7	3,814,610	7	4,103,536	8	2130	Current contract liabilities (Notes 6(w), 7 and 9(a))	4,846,265	9	4,864,716	9	4,567,406	10
1180	Accounts receivable due from related parties, net (Notes 6(z) and 7)	5,971	-	9,163	-	3,679	-	2170	Notes and accounts payable (Notes 6(z) and 7)	3,255,206	6	3,029,941	6	3,014,042	6
1200	Other receivables (Note 6(z))	97,480	-	78,170	-	70,615	-	2180	Accounts payable due to related parties (Notes 6(z) and 7)	39,561	-	40,301	-	33,548	-
1210	Other receivables due from related parties (Notes 6(z) and 7)	291	-	4,888	-	14,965	-	2200	Other payables (Note 6(z))	1,534,595	3	1,383,231	3	1,480,035	3
130X	Inventories (Notes 6(d), 8 and 9(a))	22,162,205	42	22,046,213	42	21,383,465	43	2220	Other payables due to related parties (Notes 6(z) and 7)	1,434	-	749	-	3,113	-
1410	Prepayments (Note 9(a))	188,865	-	194,796	-	218,857	-	2230	Current income tax liabilities	123,230	-	86,957	-	45,690	-
1476	Other current financial assets (Notes 6(z), 8 and 9(a))	1,471,689	3	1,900,962	4	1,304,713	3	2280	Current lease liabilities (Notes 6(p) and (z))	195,897	1	188,005	-	187,024	-
1479	Other current assets, others	499,816	1	360,259	1	337,641	1	2322	Long-term borrowings, current portion (Notes 6(n) and (z))	2,550,261	5	2,470,335	5	417,911	1
1480	Incremental costs of obtaining contracts	418,878	1	429,344	1	421,378	1	2399	Other current liabilities (Note 6(s))	153,755	-	171,969	-	195,826	-
	Total current assets	<u>34,688,785</u>	<u>66</u>	<u>34,907,307</u>	<u>66</u>	<u>31,495,582</u>	<u>63</u>		Total current liabilities	<u>25,534,042</u>	<u>48</u>	<u>23,818,821</u>	<u>45</u>	<u>21,295,058</u>	<u>43</u>
Non-current assets:								Non-current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b) and (z))	196,151	1	179,363	-	177,098	-	2500	Non-current financial liabilities at fair value through profit or loss (Notes 6(o) and (z))	-	-	8,253	-	8,583	-
1550	Investments accounted for using equity method (Notes 6(e) and (f))	644,116	1	707,979	1	724,714	2	2530	Bonds payable (Notes 6(o) and (z))	1,492,305	3	1,560,633	3	1,568,383	3
1600	Property, plant and equipment (Notes 6(g), 8 and 9(a))	10,520,680	20	10,610,646	20	10,864,212	22	2540	Long-term borrowings (Notes 6(n) and (z))	6,561,990	12	8,456,951	16	7,801,161	16
1755	Right-of-use assets (Note 6(h))	1,713,559	3	1,859,349	4	1,912,575	4	2570	Deferred tax liabilities	493,867	1	512,520	1	479,476	1
1760	Investment property, net (Notes 6(i) and 8)	661,654	1	663,386	1	664,007	1	2580	Non-current lease liabilities (Notes 6(p) and (z))	1,335,510	3	1,479,111	3	1,525,685	3
1780	Intangible assets (Note 6(j))	432,689	1	426,746	1	422,852	1	2640	Non-current net defined benefit liabilities	27,861	-	29,643	-	22,112	-
1840	Deferred tax assets	178,624	-	175,561	-	100,523	-	2670	Other non-current liabilities, others (Notes 6(q), (z) and 7)	291,172	1	478,573	1	474,329	1
1975	Non-current net defined benefit assets	-	-	633	-	13,151	-		Total non-current liabilities	<u>10,202,705</u>	<u>20</u>	<u>12,525,684</u>	<u>24</u>	<u>11,879,729</u>	<u>24</u>
1980	Other non-current financial assets (Notes 6(k), (z), 7 and 9(a))	694,696	1	686,862	1	686,716	1		Total liabilities	<u>35,736,747</u>	<u>68</u>	<u>36,344,505</u>	<u>69</u>	<u>33,174,787</u>	<u>67</u>
1990	Other non-current assets, others (Notes 6(l), 7, 8 and 9(a))	3,156,148	6	2,811,563	6	2,754,437	6	Equity attributable to owners of parent (Note 6(u)):							
	Total non-current assets	<u>18,198,317</u>	<u>34</u>	<u>18,122,088</u>	<u>34</u>	<u>18,320,285</u>	<u>37</u>	3100	Ordinary share	3,775,478	7	3,761,221	7	3,761,221	8
	Total assets	<u>\$ 52,887,102</u>	<u>100</u>	<u>53,029,395</u>	<u>100</u>	<u>49,815,867</u>	<u>100</u>	3200	Capital surplus (Note 6(o))	1,573,567	3	1,542,440	3	1,542,166	3
								3300	Retained earnings	7,719,222	15	7,492,071	14	7,309,019	14
								3400	Other equity	53,953	-	61,209	-	160,403	-
									Total equity attributable to owners of parent:	<u>13,122,220</u>	<u>25</u>	<u>12,856,941</u>	<u>24</u>	<u>12,772,809</u>	<u>25</u>
								36XX	Non-controlling interests	4,028,135	7	3,827,949	7	3,868,271	8
									Total equity	<u>17,150,355</u>	<u>32</u>	<u>16,684,890</u>	<u>31</u>	<u>16,641,080</u>	<u>33</u>
									Total liabilities and equity	<u>\$ 52,887,102</u>	<u>100</u>	<u>53,029,395</u>	<u>100</u>	<u>49,815,867</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months and Nine Months Ended September 30, 2023 and 2022

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (Notes 6(w) and 7)								
	\$ 5,449,147	100	3,482,906	100	12,981,859	100	11,118,831	100	
5000	Operating costs (Notes 6(d) and 7)								
	(4,153,925)	(76)	(2,718,312)	(78)	(10,042,024)	(77)	(8,698,591)	(78)	
	Gross profit from operations								
	1,295,222	24	764,594	22	2,939,835	23	2,420,240	22	
	Operating expenses (Note 7):								
6100	Selling expenses	(165,234)	(3)	(137,579)	(4)	(410,811)	(3)	(425,930)	(4)
6200	Administrative expenses (Note 6(x))	(468,448)	(9)	(435,874)	(13)	(1,294,459)	(10)	(1,215,252)	(11)
6300	Research and development expenses	(3,454)	-	(4,837)	-	(10,214)	-	(16,431)	-
6450	Expected credit losses (Note 6(c))	(1,527)	-	(2,914)	-	(2,682)	-	(4,286)	-
	Total operating expenses	<u>(638,663)</u>	<u>(12)</u>	<u>(581,204)</u>	<u>(17)</u>	<u>(1,718,166)</u>	<u>(13)</u>	<u>(1,661,899)</u>	<u>(15)</u>
	Net operating income	<u>656,559</u>	<u>12</u>	<u>183,390</u>	<u>5</u>	<u>1,221,669</u>	<u>10</u>	<u>758,341</u>	<u>7</u>
	Non-operating income and expenses:								
7100	Interest income (Notes 6(y) and 7)	13,465	-	8,313	-	53,720	-	24,272	-
7010	Other income (Notes 6(y) and 7)	27,585	1	28,299	1	138,163	1	91,389	1
7020	Other gains and losses (Notes (o) and (y))	18,858	-	82,702	2	44,030	-	125,648	1
7050	Finance costs (Notes 6(y) and 7)	(96,433)	(2)	(68,530)	(2)	(303,311)	(2)	(182,316)	(2)
7060	Share of loss of associates and joint ventures accounted for using equity method, net (Note 6(e))	(13,530)	-	(12,662)	-	(37,519)	-	(47,275)	-
	Total non-operating income and expenses	<u>(50,055)</u>	<u>(1)</u>	<u>38,122</u>	<u>1</u>	<u>(104,917)</u>	<u>(1)</u>	<u>11,718</u>	<u>-</u>
	Profit from continuing operations before tax	606,504	11	221,512	6	1,116,752	9	770,059	7
7950	Less: Tax (expense) income (Note 6(t))	<u>(64,371)</u>	<u>(1)</u>	<u>(415)</u>	<u>-</u>	<u>(140,987)</u>	<u>(1)</u>	<u>13,006</u>	<u>-</u>
8200	Net profit	<u>542,133</u>	<u>10</u>	<u>221,097</u>	<u>6</u>	<u>975,765</u>	<u>8</u>	<u>783,065</u>	<u>7</u>
8300	Other comprehensive income:								
8310	Items that may not be reclassified subsequently to profit or loss:								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(u) and (z))	-	-	(5,244)	-	(3,212)	-	(23,009)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>(5,244)</u>	<u>-</u>	<u>(3,212)</u>	<u>-</u>	<u>(23,009)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign financial statements (Note 6(u))	302,180	6	23,524	1	(4,063)	-	178,161	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>302,180</u>	<u>6</u>	<u>23,524</u>	<u>1</u>	<u>(4,063)</u>	<u>-</u>	<u>178,161</u>	<u>1</u>
8300	Other comprehensive income (after tax)	<u>302,180</u>	<u>6</u>	<u>18,280</u>	<u>1</u>	<u>(7,275)</u>	<u>-</u>	<u>155,152</u>	<u>1</u>
8500	Comprehensive income	<u>\$ 844,313</u>	<u>16</u>	<u>239,377</u>	<u>7</u>	<u>968,490</u>	<u>8</u>	<u>938,217</u>	<u>8</u>
	Net profit, attributable to:								
8610	Owners of parent	\$ 382,149	7	195,205	5	680,301	6	633,918	6
8620	Non-controlling interests	159,984	3	25,892	1	295,464	2	149,147	1
		<u>\$ 542,133</u>	<u>10</u>	<u>221,097</u>	<u>6</u>	<u>975,765</u>	<u>8</u>	<u>783,065</u>	<u>7</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 631,463	12	200,506	6	671,142	6	741,709	6
8720	Non-controlling interests	212,850	4	38,871	1	297,348	2	196,508	2
		<u>\$ 844,313</u>	<u>16</u>	<u>239,377</u>	<u>7</u>	<u>968,490</u>	<u>8</u>	<u>938,217</u>	<u>8</u>
	Earnings per share (expressed in dollars) (Note 6(v))								
9750	Basic earnings per share	<u>\$ 1.02</u>		<u>0.52</u>		<u>1.81</u>		<u>1.69</u>	
9850	Diluted earnings per share	<u>\$ 0.89</u>		<u>0.45</u>		<u>1.54</u>		<u>1.46</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the Nine Months Ended September 30, 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
Balance at January 1, 2022	\$ 3,761,221	1,488,270	1,844,008	49,081	5,579,250	(25,292)	78,077	12,774,615	3,973,038	16,747,653
Profit for the nine months ended September 30, 2022	-	-	-	-	633,918	-	-	633,918	149,147	783,065
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	130,801	(23,010)	107,791	47,361	155,152
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	633,918	130,801	(23,010)	741,709	196,508	938,217
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	120,840	-	(120,840)	-	-	-	-	-
Cash dividends	-	-	-	-	(793,618)	-	-	(793,618)	-	(793,618)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	5,334	-	-	-	-	-	5,334	-	5,334
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(3,793)	-	-	(3,793)	-	(3,793)
Recognition of equity component items from convertible bonds	-	48,562	-	-	-	-	-	48,562	-	48,562
Changes in non-controlling interests	-	-	-	-	-	-	-	-	13,398	13,398
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(314,673)	(314,673)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	173	-	(173)	-	-	-
Balance on September 30, 2022	\$ 3,761,221	1,542,166	1,964,848	49,081	5,295,090	105,509	54,894	12,772,809	3,868,271	16,641,080
Balance on January 1, 2023	\$ 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 nine months ended September 30, 2023	-	-	-	-	680,301	-	-	680,301	295,464	975,765
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	(5,947)	(3,212)	(9,159)	1,884	(7,275)
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	680,301	(5,947)	(3,212)	671,142	297,348	968,490
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	81,335	-	(81,335)	-	-	-	-	-
Cash dividends	-	-	-	-	(451,347)	-	-	(451,347)	-	(451,347)
Conversion of convertible bonds	14,257	31,127	-	-	-	-	-	45,384	-	45,384
Changes in non-controlling interests	-	-	-	-	-	-	-	-	29,951	29,951
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(127,113)	(127,113)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,803)	-	1,903	100	-	100
Balance on September 30, 2023	\$ 3,775,478	1,573,567	2,046,183	49,081	5,623,958	4,249	49,704	13,122,220	4,028,135	17,150,355

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the Nine Months Ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the Nine Months Ended September 30	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 1,116,752	770,059
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	795,248	797,073
Amortization expense	3,505	4,181
Expected credit losses	2,682	4,286
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(8,253)	4,292
Interest expense	303,311	182,316
Interest income	(53,720)	(24,272)
Dividend income	(15,689)	(16,341)
Share of profit loss of associates and joint ventures accounted for using equity method	37,519	47,275
Losses on disposal of property, plant and equipment	3,826	5,701
Property, plant and equipment transferred to expenses	542	9,208
Lease modification gains	(25)	(23)
Effect of exchange rate changes on short-term and long-term borrowings	6,553	69,228
Total adjustments to reconcile profit	<u>1,075,499</u>	<u>1,082,924</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable, net	(35,837)	62,276
Accounts receivable due from related parties, net	6,957	(13,228)
Other receivables	(14,416)	58,022
Inventories	(23,281)	(1,215,160)
Prepayments	5,940	111,702
Other current assets	(139,522)	(10,384)
Other financial assets	4,716	354,631
Incremental costs of obtaining contracts	10,466	(107,466)
Total changes in operating assets	<u>(184,977)</u>	<u>(759,607)</u>
Changes in operating liabilities:		
Notes and accounts payable (including related parties), net	222,601	(449,623)
Other payables	(15,279)	(381,448)
Current contract liabilities	(15,285)	946,987
Other current liabilities	(13,477)	45,324
Other non-current liabilities	(161)	(26,741)
Total changes in operating liabilities	<u>178,399</u>	<u>134,499</u>
Total changes in operating assets and liabilities	<u>(6,578)</u>	<u>(625,108)</u>
Total adjustments	<u>1,068,921</u>	<u>457,816</u>
Cash inflow generated from operations	2,185,673	1,227,875
Interest received	44,556	13,691
Dividends received	48,354	130,341
Interest paid	(415,033)	(253,357)
Income taxes paid	(125,348)	(98,852)
Net cash flows generated from operating activities	<u>1,738,202</u>	<u>1,019,698</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(20,000)	(30,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	37,190
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	8,000
Acquisition of investments accounted for using equity method	-	(150,015)
Proceeds from capital reduction of investments accounted for using equity method	-	16,432
Acquisition of property, plant and equipment	(477,341)	(616,127)
Proceeds from disposal of property, plant and equipment	1,573	4,073
Acquisition of intangible assets	(1,907)	(1,481)
Decrease in other financial assets	416,842	538,955
Increase in other non-current assets	(410,360)	(763,142)
Net cash flows used in investing activities	<u>(491,193)</u>	<u>(956,115)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	7,058,719	8,587,638
Decrease in short-term borrowings	(5,809,161)	(6,220,454)
Decrease in short-term notes and bills payable	(15,791)	(229,827)
Proceeds from issuing bonds	-	1,644,717
Proceeds from long-term borrowings	5,150,000	4,050,000
Repayments of long-term borrowings	(6,995,048)	(8,124,238)
Payment of lease liabilities	(141,046)	(145,410)
(Decrease) increase in other non-current liabilities	(22,733)	2,398
Cash dividends paid	(451,347)	(793,618)
Cash dividends paid to non-controlling interests	(127,113)	(314,673)
Change in non-controlling interests	29,950	14,904
Net cash flows used in financing activities	<u>(1,323,570)</u>	<u>(1,528,563)</u>
Effect of exchange rate changes on cash and cash equivalents	32	62,068
Net decrease in cash and cash equivalents	<u>(76,529)</u>	<u>(1,402,912)</u>
Cash and cash equivalents at the beginning of the period	<u>6,068,902</u>	<u>5,039,645</u>
Cash and cash equivalents at the end of the period	<u>\$ 5,992,373</u>	<u>3,636,733</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 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 November 7, 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(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
			September 30, 2023	December 31, 2022	September 30, 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

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
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 2
The Company	CMAI CO., LIMITED. (CMAI)	Vehicle parts retailing	100.00 %	100.00 %	100.00 %	Note 1 & Note 4
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
The Company	Taichung CMP Hospitality Management Consulting Co., Ltd.(Taichung CMP Hospitality)	International tourist hotel services	100.00 %	100.00 %	100.00 %	Note 1 & Note 7
The Company	Calligraphy Greenway Plaza Co., Ltd. (Calligraphy Greenway Plaza)	Management and consulting services	100.00 %	100.00 %	100.00 %	Note 1
The Company	Great Naturalistic Block Co., Ltd. (Great Naturalistic Block)	Management and consulting services	100.00 %	- %	- %	Note 1 & Note 5
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

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
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 %	Note 1 & Note 6
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 3
CMAI	CMAI Holding, Inc. (CMAI Holding)	Investing	100.00 %	100.00 %	100.00 %	Note 1
CMAI Holding	Pilot Drive LLC (Pilot)	Assets leasing	100.00 %	100.00 %	100.00 %	Note 1
Pilot	CMAI INDUSTRIES, INC. (CMAI N.A.)	Vehicle parts retailing	100.00 %	100.00 %	100.00 %	Note 1

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

Note 2: The financial statements have been reviewed.

Note 3: Obtained in the 4th quarter of 2022.

Note 4: Formerly named as the “CHINA METAL AUTOMOTIVE INTERNATIONAL CO.,LTD ”.

Note 5: Obtained in the 2nd quarter of 2023.

Note 6: The liquidation procedure was completed on June 27, 2023.

Note 7: Formerly named as the “InterContinental Taichung Co., Ltd.”

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

(Continued)

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

(c) Income taxes

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

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

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

(d) Employee benefits

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 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>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Cash on hand	\$ 5,701	6,561	6,631
Cash in banks	3,203,750	4,008,099	2,596,244
Time deposits	<u>2,782,922</u>	<u>2,054,242</u>	<u>1,033,858</u>
Cash and cash equivalents	<u>\$ 5,992,373</u>	<u>6,068,902</u>	<u>3,636,733</u>

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

(Continued)

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

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Equity investments at fair value through other comprehensive income			
Stocks unlisted on domestic markets— MEITA Industrial Co., Ltd.	\$ 99,955	103,188	101,180
Stocks unlisted on domestic markets— GUANGYUAN Investment Co., Ltd.	31,134	30,418	29,631
Stocks unlisted on domestic markets— DEVELOPMENT Venture Capital Co., Ltd.	15,062	15,757	16,287
Stocks unlisted on domestic markets— Asia World Engineering & Construction Co., Ltd.	30,000	30,000	30,000
Stocks unlisted on domestic markets— MASADA Technology Limited Co., Ltd.	20,000	-	-
Total	<u>\$ 196,151</u>	<u>179,363</u>	<u>177,098</u>

- (i) The Group holds the equity investments for long-term strategic purposes, rather than transaction purposes. Therefore, the investments are measured at FVOCI.
- (ii) For the three months and nine months ended September 30, 2023 and 2022, the Group received dividend income amounting to \$1,162 thousand, \$0 thousand, \$15,689 thousand and \$16,341 thousand, respectively, from the above investments measured at FVOCI.
- (iii) In the third quarter of 2022, the Group had sold its shares of Yung Tay Engineering Co., Ltd., as a result of a takeover offer for cash. The shares sold had a fair value of \$37,190 thousand and disposal gain of \$175 thousand, which was reclassified from other comprehensive income to retained earnings.
- (iv) Please refer to Note 6(z) for the information on credit risk (including the impairment of debt instrument investments) and market risk.
- (v) As of September 30, 2023, December 31 and September 30, 2022, the financial assets were not pledged as collateral.

(c) Notes and accounts receivable

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September</u> <u>30, 2022</u>
Notes receivable from operating activities	\$ 565,370	475,583	464,131
Accounts receivable measured as amortized cost	<u>3,293,417</u>	<u>3,344,375</u>	<u>3,647,606</u>
Subtotal	3,858,787	3,819,958	4,111,737
Less: Loss allowance	<u>7,570</u>	<u>(5,348)</u>	<u>(8,201)</u>
Total	<u>\$ 3,851,217</u>	<u>3,814,610</u>	<u>4,103,536</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:

	September 30, 2023		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,711,697	0%	-
1 to 30 days past due	61,356	0%	-
31 to 90 days past due	20,844	0%	-
91 to 120 days past due	26,189	0%	-
121 days to a year past due	25,094	25.23%~49.96%	6,671
Over a year past due	<u>13,607</u>	100%	<u>899</u>
	<u>\$ 3,858,787</u>		<u>7,570</u>
	December 31, 2022		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
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%	3,244
Over a year past due	<u>2,104</u>	100%	<u>2,104</u>
	<u>\$ 3,819,958</u>		<u>5,348</u>
	September 30, 2022		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,837,193	0%	-
1 to 30 days past due	131,890	0%	-
31 to 90 days past due	100,837	0%	-
91 to 120 days past due	15,008	0%~13.5%	769
121 days to a year past due	24,233	20%~43.37%	4,856
Over a year past due	<u>2,576</u>	100%	<u>2,576</u>
	<u>\$ 4,111,737</u>		<u>8,201</u>

(Continued)

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

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

	For the Nine Months Ended September 30	
	2023	2022
Balance on January 1	\$ 5,348	3,764
Impairment losses recognized	2,682	4,286
Amounts written off	(510)	-
Foreign exchange losses	50	151
Balance on September 30	\$ 7,570	8,201

The financial assets mentioned above were not pledged as collateral.

(d) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 195,213	231,287	259,223
Work in process	213,897	335,389	285,495
Semi-finished goods	115,386	151,676	135,832
Finished goods	1,125,465	1,486,432	1,562,493
Merchandise	140,536	138,209	112,616
Land held for development	6,056,992	8,551,179	8,546,058
Properties and land held for sale	165,386	164,881	309,865
Construction-in-progress	14,021,518	10,573,140	9,889,688
Prepayments for land	60,070	226,765	64,570
Other inventories	67,742	187,255	217,625
	\$ 22,162,205	22,046,213	21,383,465

(i) For the three months and nine months ended September 30, 2023 and 2022, the cost of goods sold amounted to \$4,153,925 thousand, \$2,718,312 thousand, \$10,042,024 thousand and \$8,698,591 thousand, respectively. For the three months and nine months ended September 30, 2023 and 2022, the (loss for inventory obsolescence) reversal gain from the (decrease) increase in inventories' net realizable value amounted to \$(7,343) thousand, \$4,451 thousand, \$(757) thousand and \$(2,530) thousand, respectively.

(ii) For the information on inventories pledged as collateral, as of September 30, 2023, December 31 and September 30, 2022, please refer to Note 8.

(iii) For the nine months ended September 30, 2023 and 2022, the capitalized interest expense recognized in the inventory amounted to \$92,148 thousand and \$48,988 thousand, respectively. The interest rate of capitalization were 2.40%~2.59% and 1.68%~1.94%, 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Associates	\$ 344,575	391,050	399,656
Joint ventures	299,541	316,929	325,058
	<u>\$ 644,116</u>	<u>707,979</u>	<u>724,714</u>

(i) Associates

Due to the fact that the Group does not have the obligation of assuming the excess losses, it ceased the recognition of the losses from the investment of Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets). For the three months and nine months ended September 30, 2023 and 2022, the unrealized investment losses amounted to \$67 thousand, \$69 thousand, \$268 thousand and \$213 thousand, respectively; the accumulated unrealized investment losses, as of September 30, 2023 and 2022, amounted to \$58,395 thousand and \$57,981 thousand, respectively.

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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of individually insignificant associates' equity	<u>\$ 344,575</u>	<u>391,050</u>	<u>399,656</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Attributable to the Group:				
Net loss	\$ (6,154)	(10,297)	(18,779)	(6,628)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (6,154)</u>	<u>(10,297)</u>	<u>(18,779)</u>	<u>(6,628)</u>

(ii) Joint ventures

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

	September 30, 2023	December 31, 2022	September 30, 2022
Carrying amount of individually insignificant joint ventures' equity	<u>\$ 299,541</u>	<u>316,929</u>	<u>325,058</u>

(Continued)

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Attributable to the Group:				
Net loss	\$ (7,376)	(2,365)	(18,740)	(40,647)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (7,376)</u>	<u>(2,365)</u>	<u>(18,740)</u>	<u>(40,647)</u>

(iii) Pledge to secure

As of September 30, 2023, December 31 and September 30, 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 nine months ended September 30, 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:

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

(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 nine months ended September 30, 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	17,452	10,833	59,096	6,779	81	11,856	16,214	355,030	477,341
Disposals	-	-	(77,157)	(6,833)	(4,162)	(14,649)	(6,751)	-	(109,552)
Reclassification	-	39,248	509,986	5,064	3,195	5,384	76,483	(568,808)	70,552
Influence from exchange rates	426	11,265	23,512	507	(118)	1,046	1,187	(1,709)	36,116
Balance on September 30, 2023	\$ <u>3,147,462</u>	<u>4,393,771</u>	<u>10,571,824</u>	<u>129,588</u>	<u>57,905</u>	<u>264,885</u>	<u>955,535</u>	<u>785,712</u>	<u>20,306,682</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	10,637	2,657	98,640	12,268	-	28,613	14,161	449,151	616,127
Disposals	-	-	(167,113)	(2,139)	(2,524)	(13,337)	(15,015)	-	(200,128)
Reclassification	-	160,295	151,269	53,513	2,081	50,602	62,719	(368,139)	112,340
Influence from exchange rates	1,109	92,792	260,114	2,476	806	7,171	11,851	34,699	411,018
Balance on September 30, 2022	\$ <u>3,129,841</u>	<u>4,095,864</u>	<u>10,093,016</u>	<u>176,921</u>	<u>59,082</u>	<u>260,894</u>	<u>803,605</u>	<u>1,437,211</u>	<u>20,056,434</u>
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	-	93,722	435,373	9,868	3,056	34,765	65,374	-	642,158
Disposals	-	-	(72,543)	(6,510)	(4,050)	(14,649)	(6,401)	-	(104,153)
Reclassification	-	-	4,986	-	-	-	-	-	4,986
Influence from exchange rates	-	3,513	16,204	452	(141)	607	797	-	21,432
Balance on September 30, 2023	\$ <u>-</u>	<u>1,772,652</u>	<u>7,091,475</u>	<u>98,752</u>	<u>48,187</u>	<u>136,542</u>	<u>638,394</u>	<u>-</u>	<u>9,786,002</u>
Balance on January 1, 2022	\$ -	1,539,755	6,255,051	85,183	45,545	89,124	512,370	-	8,527,028
Depreciation	-	89,914	444,667	12,816	3,621	30,525	55,390	-	636,933
Disposals	-	-	(158,506)	(1,939)	(2,514)	(13,337)	(14,058)	-	(190,354)
Reclassification	-	-	-	-	2,081	-	199	-	2,280
Influence from exchange rates	-	30,250	171,473	2,119	665	3,237	8,591	-	216,335
Balance on September 30, 2022	\$ <u>-</u>	<u>1,659,919</u>	<u>6,712,685</u>	<u>98,179</u>	<u>49,398</u>	<u>109,549</u>	<u>562,492</u>	<u>-</u>	<u>9,192,222</u>
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 September 30, 2023	\$ <u>3,147,462</u>	<u>2,621,119</u>	<u>3,480,349</u>	<u>30,836</u>	<u>9,718</u>	<u>128,343</u>	<u>317,141</u>	<u>785,712</u>	<u>10,520,680</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 September 30, 2022	\$ <u>3,129,841</u>	<u>2,435,945</u>	<u>3,380,331</u>	<u>78,742</u>	<u>9,684</u>	<u>151,345</u>	<u>241,113</u>	<u>1,437,211</u>	<u>10,864,212</u>

As of September 30, 2023, December 31 and September 30, 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 nine months ended September 30, 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	-	6,324	433	119	8,018
Reduction for expiration	-	(2,327)	(7,016)	(6,574)	(613)	(63)	(16,593)
Influence from exchange rates	<u>780</u>	<u>19</u>	<u>53</u>	<u>7</u>	<u>23</u>	<u>-</u>	<u>882</u>
Balance on September 30, 2023	<u>\$ 1,011,005</u>	<u>2,400,310</u>	<u>26,324</u>	<u>21,907</u>	<u>1,605</u>	<u>120,726</u>	<u>3,581,877</u>
Balance on January 1, 2022	\$ 1,004,772	2,393,697	47,835	23,183	2,046	122,673	3,594,206
Additions	-	10,695	17,588	1,792	-	-	30,075
Reduction for expiration	-	(3,126)	(34,022)	(3,120)	(344)	-	(40,612)
Influence from exchange rates	<u>10,128</u>	<u>76</u>	<u>1,020</u>	<u>126</u>	<u>81</u>	<u>-</u>	<u>11,431</u>
Balance on September 30, 2022	<u>\$ 1,014,900</u>	<u>2,401,342</u>	<u>32,421</u>	<u>21,981</u>	<u>1,783</u>	<u>122,673</u>	<u>3,595,100</u>
Accumulated depreciation:							
Balance on January 1, 2023	\$ 202,927	1,478,153	20,424	8,676	1,068	18,973	1,730,221
Depreciation	17,668	122,465	3,787	4,831	249	2,357	151,357
Transferred to construction cost	-	324	-	-	-	-	324
Reduction for expiration	-	(2,327)	(7,016)	(3,900)	(613)	(63)	(13,919)
Influence from exchange rates	<u>259</u>	<u>20</u>	<u>48</u>	<u>2</u>	<u>6</u>	<u>-</u>	<u>335</u>
Balance on September 30, 2023	<u>\$ 220,854</u>	<u>1,598,635</u>	<u>17,243</u>	<u>9,609</u>	<u>710</u>	<u>21,267</u>	<u>1,868,318</u>
Balance on January 1, 2022	\$ 177,882	1,317,008	39,869	7,254	966	17,466	1,560,445
Depreciation	17,714	122,357	10,602	4,490	309	2,658	158,130
Transferred to construction cost	-	631	-	-	-	-	631
Reduction for expiration	-	(2,879)	(34,022)	(3,120)	(344)	-	(40,365)
Influence from exchange rates	<u>2,755</u>	<u>17</u>	<u>791</u>	<u>54</u>	<u>67</u>	<u>-</u>	<u>3,684</u>
Balance on September 30, 2022	<u>\$ 198,351</u>	<u>1,437,134</u>	<u>17,240</u>	<u>8,678</u>	<u>998</u>	<u>20,124</u>	<u>1,682,525</u>
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 September 30, 2023	<u>\$ 790,151</u>	<u>801,675</u>	<u>9,081</u>	<u>12,298</u>	<u>895</u>	<u>99,459</u>	<u>1,713,559</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 September 30, 2022	<u>\$ 816,549</u>	<u>964,208</u>	<u>15,181</u>	<u>13,303</u>	<u>785</u>	<u>102,549</u>	<u>1,912,575</u>

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

(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.

The movements in the investment property is as follows:

	Owned Property		Total
	Land	Buildings	
Carrying value:			
Balance on January 1, 2023	\$ <u>596,723</u>	<u>66,663</u>	<u>663,386</u>
Balance on September 30, 2023	\$ <u>596,723</u>	<u>64,931</u>	<u>661,654</u>
Balance on January 1, 2022	\$ <u>609,567</u>	<u>97,107</u>	<u>706,674</u>
Balance on September 30, 2022	\$ <u>596,723</u>	<u>67,284</u>	<u>664,007</u>

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

Information on depreciation for the nine months ended September 30, 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 September 30, 2023, December 31 and September 30, 2022, the details of investment properties pledged as collateral, please refer to Note 8.

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

(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
Acquisitions	-	-	-	1,907	1,907
Disposal	-	-	-	(1,927)	(1,927)
Reclassification	-	-	-	254	254
Influence from exchange rates	<u>7,287</u>	<u>146</u>	<u>525</u>	<u>168</u>	<u>8,126</u>
Balance on September 30, 2023	<u>\$ 421,704</u>	<u>64,251</u>	<u>231,949</u>	<u>46,702</u>	<u>764,606</u>
Balance on January 1, 2022	\$ 385,268	63,088	227,751	43,337	719,444
Acquisitions	-	-	-	1,481	1,481
Reclassification	-	-	-	461	461
Influence from exchange rates	<u>24,547</u>	<u>1,890</u>	<u>6,822</u>	<u>439</u>	<u>33,698</u>
Balance on September 30, 2022	<u>\$ 409,815</u>	<u>64,978</u>	<u>234,573</u>	<u>45,718</u>	<u>755,084</u>
Accumulated amortization:					
Balance on January 1, 2023	\$ -	64,105	231,424	33,971	329,500
Amortization	-	-	-	3,505	3,505
Disposal	-	-	-	(1,927)	(1,927)
Influence from exchange rates	<u>-</u>	<u>146</u>	<u>525</u>	<u>168</u>	<u>839</u>
Balance on September 30, 2023	<u>\$ -</u>	<u>64,251</u>	<u>231,949</u>	<u>35,717</u>	<u>331,917</u>
Balance on January 1, 2022	\$ -	63,088	227,751	28,061	318,900
Amortization	-	-	-	4,181	4,181
Influence from exchange rates	<u>-</u>	<u>1,890</u>	<u>6,822</u>	<u>439</u>	<u>9,151</u>
Balance on September 30, 2022	<u>\$ -</u>	<u>64,978</u>	<u>234,573</u>	<u>32,681</u>	<u>332,232</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 September 30, 2023	<u>\$ 421,704</u>	<u>-</u>	<u>-</u>	<u>10,985</u>	<u>432,689</u>
Balance on January 1, 2022	<u>\$ 385,268</u>	<u>-</u>	<u>-</u>	<u>15,276</u>	<u>400,544</u>
Balance on September 30, 2022	<u>\$ 409,815</u>	<u>-</u>	<u>-</u>	<u>13,037</u>	<u>422,852</u>

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

(k) Other non-current financial assets

	September 30, 2023	December 31, 2022	September 30, 2022
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	119,696	111,862	111,716
	<u>\$ 694,696</u>	<u>686,862</u>	<u>686,716</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:

September 30, 2023				
Underlying	Obligation Cost	Obligation Principal	Valuation Assessment	Collateral
The Splendor Hospitality International	\$ <u>575,000</u>	<u>796,845</u>	According to the assessment of Colliers International Real Estate Appraiser Joint Office, the valuation of mortgage is \$8,453,706 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$2,246,853 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

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

December 31, 2022

<u>Underlying</u>	<u>Obligation Cost</u>	<u>Obligation Principal</u>	<u>Valuation Assessment</u>	<u>Collateral</u>
The Splendor Hospitality International	\$ <u>575,000</u>	<u>796,845</u>	According to the assessment of Zhonglian Real Estate Appraiser Joint office, the valuation of mortgage is \$8,132,816 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$2,086,408 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

September 30, 2022

<u>Underlying</u>	<u>Obligation Cost</u>	<u>Obligation Principal</u>	<u>Valuation Assessment</u>	<u>Collateral</u>
The Splendor Hospitality International	\$ <u>575,000</u>	<u>796,845</u>	According to the assessment of Zhonglian Real Estate Appraiser Joint Office, the valuation of mortgage is \$8,132,816 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$2,086,408 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

- (ii) As of September 30, 2023, December 31 and September 30, 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>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Construction in progress	\$ 3,010,870	2,681,197	2,575,338
Land	44,299	44,299	44,299
Other	100,979	86,067	134,800
	<u>\$ 3,156,148</u>	<u>2,811,563</u>	<u>2,754,437</u>

- (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.

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

(iii) For the nine months ended September 30, 2023 and 2022, the capitalized interest expense recognized in other non-current assets amounted to \$23,609 thousand and \$12,841 thousand, respectively. The interest rate of capitalization were 2.38%~2.50% and 1.9%~2.13%, respectively.

(m) Short-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank borrowings	\$ 4,502,783	5,265,681	5,781,866
Secured bank borrowings	7,832,026	5,802,116	5,313,626
Notes and bills payable	499,029	514,820	254,971
Total	<u>\$ 12,833,838</u>	<u>11,582,617</u>	<u>11,350,463</u>
Unused credit limit	<u>\$ 7,600,666</u>	<u>7,500,727</u>	<u>6,256,129</u>
Range of interest rates	<u>1.75%~6.95%</u>	<u>1.64%~6.20%</u>	<u>0.63%~4.65%</u>

(i) Borrowing and repayment

For the nine months ended September 30, 2023 and 2022, the Group obtained from short-term borrowings amounting to \$7,058,719 thousand and \$8,587,638 thousand with an interest rate of 1.75%~6.82% and 0.52%~4.65%; the repayment amounting to \$5,809,161 thousand and \$6,220,454 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.

(n) Long-term borrowings

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured bank borrowings	\$ 1,800,000	2,600,000	1,300,000
Secured bank borrowings	7,312,258	8,327,315	6,919,143
Less: Current portion	(2,550,261)	(2,470,335)	(417,911)
Unamortized long-term borrowings costs	(7)	(29)	(71)
Total	<u>\$ 6,561,990</u>	<u>8,456,951</u>	<u>7,801,161</u>
Unused credit limit	<u>\$ 1,627,463</u>	<u>712,939</u>	<u>2,362,633</u>
Interest rate range	<u>1.69%~5.63%</u>	<u>1.40%~5.96%</u>	<u>1.19%~3.32%</u>

(i) Borrowing and repayment

For the nine months ended September 30, 2023 and 2022, the Group obtained from long-term borrowings amounting to \$5,150,000 thousand and \$4,050,000 thousand with an interest rate of 1.81%~2.55% and 1.02%~2.30%; the repayment amounting to \$6,995,048 thousand and \$8,124,238 thousand, respectively. Please refer to Note 6(y) for details of the interest expense.

(Continued)

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

(ii) Collateral for bank borrowings

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

(iii) Borrowing covenants

The Group entered into a syndicated loan contract in a total credit of \$3,150,000 thousand with multiple financial institutions on April 23, 2019. According to the contract, during the borrowing repayment periods the Company should file annual and semi-annual consolidated financial statements which were audited and reviewed by CPA and must comply with certain financial covenants, such as the current ratio shall be greater than or equal to 100%, the financial debt ratio shall be less than or equal to 180%, the interest coverage ratio shall be greater than or equal to 5 times, and the tangible net value shall be greater than or equal to \$14,000,000 thousand. The compliance with the aforementioned covenants will be examined semi-annually. As of June 30, 2023, 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.

(o) Bonds payable

The details of the bonds payable is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured convertible bonds	\$ 1,455,800	1,500,000	1,500,000
Unamortized premium on bonds payable	<u>36,505</u>	<u>60,633</u>	<u>68,383</u>
	<u>\$ 1,492,305</u>	<u>1,560,633</u>	<u>1,568,383</u>
Embedded derivative-call option and put option (which is listed under "non-current financial liabilities at FVTPL")	<u>\$ -</u>	<u>8,253</u>	<u>8,583</u>
Equity component-convertible option (which is listed under "capital surplus-stock option")	<u>\$ 47,131</u>	<u>48,562</u>	<u>48,562</u>

(Continued)

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2023	2022	2023	2022
Embedded derivative-losses on remeasurements through fair value (which is listed under "other gains and losses")	\$ <u>165</u>	<u>(1,651)</u>	<u>8,253</u>	<u>(4,292)</u>
Interest expense	\$ <u>(7,560)</u>	<u>(7,788)</u>	<u>(22,944)</u>	<u>(23,480)</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.
- (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 2023, The conversion price had been adjusted from \$32.0 per share to \$31.0 per share on July 23, 2023 (ex-dividends date).

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

(vii) As of September 30, 2023, the holders had converted their bonds into 3,125 and 1,422,567 ordinary shares of the Company, with the face value of \$100 thousand and \$44,100 thousand, and the conversion prices of \$32.0 and \$31.0 per share, respectively. However, the relevant statutory registration procedures of 1,422,567 ordinary shares have yet to be completed as the date of report.

(p) Lease liabilities

The details of the lease liabilities are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 195,897</u>	<u>188,005</u>	<u>187,024</u>
Non-current	<u>\$ 1,335,510</u>	<u>1,479,111</u>	<u>1,525,685</u>

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

The amounts recognized in profit or loss are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	<u>\$ 5,007</u>	<u>5,654</u>	<u>15,468</u>	<u>17,436</u>
Expenses relating to leases short-term assets	<u>\$ 2,270</u>	<u>2,532</u>	<u>6,542</u>	<u>6,742</u>

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

	For the Nine Months Ended September 30	
	2023	2022
Total cash outflow for leases	<u>\$ 163,056</u>	<u>169,588</u>

(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.

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

(ii) Other leases

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

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

(q) Provisions

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Non-current:			
Financial guarantee contracts	\$ 840	9,112	12,648
Legal	<u>236,052</u>	<u>236,052</u>	<u>236,052</u>
Total	<u>\$ 236,892</u>	<u>245,164</u>	<u>248,700</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.

(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.

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Less than one year	\$ 10,957	14,247	13,307
One to two years	2,159	5,664	7,160
Two to three years	<u>151</u>	<u>-</u>	<u>-</u>
Total undiscounted lease payments	<u><u>\$ 13,267</u></u>	<u><u>19,911</u></u>	<u><u>20,467</u></u>

For the three months and nine months ended September 30, 2023 and 2022, rental revenues from investment properties amounted to \$4,672 thousand, \$3,239 thousand, \$11,166 thousand and \$9,912 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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Operating cost	\$ -	-	-	25
Selling expenses	-	-	-	5
Administration expenses	<u>(149)</u>	<u>4</u>	<u>1,024</u>	<u>44</u>
Total	<u><u>\$ (149)</u></u>	<u><u>4</u></u>	<u><u>1,024</u></u>	<u><u>74</u></u>

(ii) Defined contribution plans

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Operating cost	\$ 11,764	12,417	36,052	37,088
Selling expenses	717	649	2,095	1,950
Administration expenses	8,646	8,085	26,584	23,969
Research and development expenses	102	81	306	263
Total	<u><u>\$ 21,229</u></u>	<u><u>21,232</u></u>	<u><u>65,037</u></u>	<u><u>63,270</u></u>

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

(iii) Short-term employee benefits

	September 30, 2023	December 31, 2022	September 30, 2022
Paid leave and other liabilities	\$ <u>9,031</u>	<u>11,190</u>	<u>9,166</u>

(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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current income tax expense				
Current period incurred	\$ 77,672	31,412	137,655	75,851
Land value increment taxes	2,866	3	19,556	21,925
Undistributed profit tax	-	-	16,189	14,697
Adjustment for prior periods	<u>2</u>	<u>(40,840)</u>	<u>(10,676)</u>	<u>(41,306)</u>
	<u>80,540</u>	<u>(9,425)</u>	<u>162,724</u>	<u>71,167</u>
Deferred tax income				
Origination and reversal of temporary differences	(16,169)	9,840	(21,737)	(41,923)
Recognition of previously unrecognized tax losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,250)</u>
Income tax expense (benefit)	\$ <u>64,371</u>	<u>415</u>	<u>140,987</u>	<u>(13,006)</u>

(iii) The income tax returns of the Company as well as the other domestic consolidated subsidiaries had been assessed and approved by the Tax Authority 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.

(u) Share capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 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 September 30, 2023, December 31 and September 30, 2022, the Company's authorized share capital are 5,000,000 thousands, with par value of \$10 per share and the issued capital are \$3,775,478 thousand, \$3,761,221 thousand and \$3,761,221 thousand respectively. All the proceeds from the issued capital have been remitted.

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

(ii) Capital surplus

The components of the capital surplus are as follows:

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
From issuance of share capital	\$ 643,830	611,272	611,272
Employee stock option of subsidiaries	33,352	33,352	33,352
Stock option of convertible bonds	47,131	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	5,945
	<u>\$ 1,573,567</u>	<u>1,542,440</u>	<u>1,542,166</u>

(iii) Retained earnings

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

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

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:

	<u>2022</u>		<u>2021</u>	
	<u>Allotment</u> <u>(NTD)</u>	<u>Amount</u>	<u>Allotment</u> <u>(NTD)</u>	<u>Amount</u>
Common stock dividends per share				
Cash	\$ 1.20	<u>451,347</u>	2.11	<u>793,618</u>

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

(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	-	-	295,464	295,464
Exchange differences on foreign operations	(5,947)	-	1,884	(4,063)
Unrealized losses on financial assets measured at FVOCI	-	(3,212)	-	(3,212)
Changes in non-controlling interest	-	-	29,951	29,951
Cash dividends paid to non-controlling interests	-	-	(127,113)	(127,113)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	1,903	-	1,903
Balance on September 30, 2023	<u>\$ 4,249</u>	<u>49,704</u>	<u>4,028,135</u>	<u>4,082,088</u>
Balance on January 1, 2022	\$ (25,292)	78,077	3,973,038	4,025,823
Profit attributable to non-controlling interests	-	-	149,147	149,147
Exchange differences on foreign operations	130,801	-	47,360	178,161
Unrealized (losses) gains on financial assets measured at FVOCI	-	(23,010)	1	(23,009)
Changes in non-controlling interest	-	-	13,398	13,398
Cash dividends paid to non-controlling interests	-	-	(314,673)	(314,673)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(173)	-	(173)
Balance on September 30, 2022	<u>\$ 105,509</u>	<u>54,894</u>	<u>3,868,271</u>	<u>4,028,674</u>

(v) Earnings per share

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Basic earnings per share				
Profit attributable to owners of the parent	\$ <u>382,149</u>	<u>195,205</u>	<u>680,301</u>	<u>633,918</u>
Weighted average number of ordinary shares	<u>376,285</u>	<u>376,122</u>	<u>376,285</u>	<u>376,122</u>
Basic earnings per share	<u>\$ 1.02</u>	<u>0.52</u>	<u>1.81</u>	<u>1.69</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Diluted earnings per share				
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	\$ 382,149	195,205	680,301	633,918
Effect of potential diluted ordinary shares				
Convertible bonds	(6,213)	(4,579)	(26,608)	(14,492)
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	<u>\$ 375,936</u>	<u>190,626</u>	<u>653,693</u>	<u>619,426</u>
Weighted average number of ordinary shares	376,285	376,122	376,285	376,122
Effect of potential diluted ordinary shares				
Employee stock option	557	557	746	881
Convertible bonds	46,961	46,360	46,961	46,360
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	<u>423,803</u>	<u>423,039</u>	<u>423,992</u>	<u>423,363</u>
Diluted earnings per share	<u>\$ 0.89</u>	<u>0.45</u>	<u>1.54</u>	<u>1.46</u>

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the Three Months Ended September 30, 2023			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Innovation Segment	Total
Major geographic markets:				
Taiwan	\$ 100,986	2,311,246	163,013	2,575,245
United States	486,028	-	-	486,028
Japan	454,189	-	-	454,189
China	1,616,872	-	-	1,616,872
Europe	154,152	-	-	154,152
South America	26,987	-	-	26,987
Others	135,674	-	-	135,674
	<u>\$ 2,974,888</u>	<u>2,311,246</u>	<u>163,013</u>	<u>5,449,147</u>
Major product/service lines:				
Iron casting hardware	\$ 2,966,016	-	-	2,966,016
Construction	-	2,307,536	-	2,307,536
Counter commissions	-	-	113,090	113,090
Others	8,872	3,710	49,923	62,505
	<u>\$ 2,974,888</u>	<u>2,311,246</u>	<u>163,013</u>	<u>5,449,147</u>

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

For the Three Months Ended September 30, 2022				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Innovation Segment	Total
Major geographic markets:				
Taiwan	\$ 105,280	5,795	171,520	282,595
United States	545,666	-	-	545,666
Japan	468,631	-	-	468,631
China	1,655,486	-	-	1,655,486
Europe	140,406	-	-	140,406
South America	183,727	-	-	183,727
Others	206,395	-	-	206,395
	\$ 3,305,591	5,795	171,520	3,482,906
Major product/service lines:				
Iron casting hardware	\$ 3,286,068	-	-	3,286,068
Construction	-	560	-	560
Counter commissions	-	-	105,512	105,512
Others	19,523	5,235	66,008	90,766
	\$ 3,305,591	5,795	171,520	3,482,906
For the Nine Months Ended September 30, 2023				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Innovation Segment	Total
Major geographic markets:				
Taiwan	\$ 247,536	4,193,783	476,096	4,917,415
United States	1,461,149	-	-	1,461,149
Japan	1,377,824	-	-	1,377,824
China	4,290,123	-	-	4,290,123
Europe	411,408	-	-	411,408
South America	83,523	-	-	83,523
Others	440,417	-	-	440,417
	\$ 8,311,980	4,193,783	476,096	12,981,859
Major product/service lines:				
Iron casting hardware	\$ 8,285,941	-	-	8,285,941
Construction	-	4,182,617	-	4,182,617
Counter commissions	-	-	326,851	326,851
Others	26,039	11,166	149,245	186,450
	\$ 8,311,980	4,193,783	476,096	12,981,859

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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	For the Nine Months Ended September 30, 2022			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Innovation Segment	Total
Major geographic markets:				
Taiwan	\$ 402,847	1,572,420	462,635	2,437,902
United States	1,492,913	-	-	1,492,913
Japan	1,329,803	-	-	1,329,803
China	4,410,606	-	-	4,410,606
Europe	415,142	-	-	415,142
South America	510,211	-	-	510,211
Others	522,254	-	-	522,254
	\$ 9,083,776	1,572,420	462,635	11,118,831
Major product/service lines:				
Iron casting hardware	\$ 9,028,378	-	-	9,028,378
Construction	-	1,559,551	-	1,559,551
Counter commissions	-	-	286,742	286,742
Others	55,398	12,869	175,893	244,160
	\$ 9,083,776	1,572,420	462,635	11,118,831

(ii) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Notes and accounts receivable	\$ 3,858,787	3,819,958	4,111,737
Less: Loss allowance	(7,570)	(5,348)	(8,201)
Total	\$ 3,851,217	3,814,610	4,103,536
Contract assets	\$ -	-	-
Contract liabilities—Advance real estate receipts	\$ 4,801,175	4,825,091	4,519,236
Contract liabilities—Advance receipts	\$ 45,090	39,625	48,170

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

The amount of revenue recognized for the nine months ended September 30, 2023 and 2022, that were included in the contract liabilities balance at the beginning of the period were \$933,944 thousand and \$346,556 thousand, respectively.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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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 and nine months ended September 30, 2023 and 2022, appropriated employees' compensation by \$10,846 thousand, \$5,005 thousand, \$19,786 thousand and \$16,391 thousand, respectively, and appropriated remuneration of directors by \$9,685 thousand, \$4,469 thousand, \$17,667 thousand and \$14,635 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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(y) Non-operating income and expenses

(i) Interest income

The information on interest income is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 10,976	4,780	44,096	13,723
Interest income from financial guarantee contracts	2,489	3,533	9,624	10,549
Total Interest income	<u>\$ 13,465</u>	<u>8,313</u>	<u>53,720</u>	<u>24,272</u>

(ii) Other income

The information on other income is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Rental revenue	\$ 5,154	5,375	16,639	15,271
Dividend income	1,162	-	15,689	16,341
Others	21,269	22,924	105,835	59,777
Total other income	<u>\$ 27,585</u>	<u>28,299</u>	<u>138,163</u>	<u>91,389</u>

(iii) Other gains and losses

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Losses on disposal of property, plant and equipment	\$ (628)	(1,078)	(3,826)	(5,701)
Lease modification gains	21	23	25	23
Foreign exchange gains	19,393	85,403	40,031	136,042
Gains (losses) on financial assets at FVTPL	165	(1,651)	8,253	(4,292)
Other losses	(93)	5	(453)	(424)
Net amount of other gains and losses	<u>\$ 18,858</u>	<u>82,702</u>	<u>44,030</u>	<u>125,648</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(iv) Finance costs

The information on interest expense is listed as follows:

	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Borrowing interest expense	\$ 146,185	95,331	425,671	249,014
Lease liability interest expense	5,007	5,654	15,468	17,436
Capitalized interest expense	(47,565)	(25,002)	(115,757)	(61,829)
Bonds interest expense	(7,560)	(7,788)	(22,944)	(23,480)
Amortized long term borrowings costs	<u>366</u>	<u>335</u>	<u>873</u>	<u>1,175</u>
Net amount of finance costs	<u>\$ 96,433</u>	<u>68,530</u>	<u>303,311</u>	<u>182,316</u>

(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 nine months ended September 30, 2023 and 2022, please refer to Note 6(c).

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(ii) Liquidity risk

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

	<u>Contractual Cash Flow</u>	<u>Within 6 Months</u>	<u>6-12 Months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Over 5 Years</u>
September 30, 2023						
Non-derivative financial liabilities						
Bank borrowings	\$ 22,741,338	6,064,804	5,466,437	5,064,969	4,177,797	1,967,331
Bonds payable	1,455,800	-	-	1,455,800	-	-
Lease liabilities	1,721,388	107,071	107,143	207,072	601,674	698,428
Notes and accounts payables (including related parties)	3,294,767	3,294,767	-	-	-	-
Other payables (including related parties)	<u>1,536,029</u>	<u>1,536,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,749,322</u>	<u>11,002,671</u>	<u>5,573,580</u>	<u>6,727,841</u>	<u>4,779,471</u>	<u>2,665,759</u>
December 31, 2022						
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>
	<u>\$ 31,165,096</u>	<u>11,490,037</u>	<u>4,712,819</u>	<u>6,518,504</u>	<u>5,628,318</u>	<u>2,815,418</u>
September 30, 2022						
Non-derivative financial liabilities						
Bank borrowings	\$ 20,177,042	6,972,235	6,127,378	3,082,703	3,994,726	-
Bonds payable	1,500,000	-	-	-	1,500,000	-
Lease liabilities	1,923,333	106,106	101,777	211,287	605,687	898,476
Notes and accounts payables (including related parties)	3,047,590	3,047,590	-	-	-	-
Other payables (including related parties)	<u>1,483,148</u>	<u>1,483,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,131,113</u>	<u>11,609,079</u>	<u>6,229,155</u>	<u>3,293,990</u>	<u>6,100,413</u>	<u>898,476</u>

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

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(iii) Currency risk

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

	September 30, 2023			December 31, 2022			September 30, 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	\$	6,548	32.27	211,302	16,689	30.71	512,530	15,320	31.75	486,414
USD:CNY		35,343	7.30	1,140,504	139,710	6.96	4,290,482	131,181	7.10	4,164,988
USD:JPY		1,079	149.26	34,814	1,261	132.14	38,723	1,174	144.25	37,282
EUR:NTD		2,164	33.91	73,377	1,112	32.72	36,390	1,205	31.26	37,666
EUR:CNY		2,577	7.67	87,390	3,086	7.42	100,989	3,072	6.99	96,035
JPY:NTD		113,718	0.22	24,586	97,524	0.23	22,665	101,986	0.22	22,447
JPY:CNY		38,423	0.05	8,307	59,696	0.05	13,873	70,218	0.05	15,455
HKD:USD		6,831	0.13	28,145	8,448	0.13	33,283	1,073	0.13	4,335
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD:CNY		36,883	7.30	1,190,207	29,564	6.96	907,911	111,523	7.10	3,540,867
EUR:CNY		1,995	7.67	67,665	1,995	7.42	65,290	2,695	6.99	84,259
HKD:USD		167,584	0.13	690,447	219,637	0.13	865,370	263,784	0.13	1,065,687

1) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Group's functional currency as of September 30, 2023 and 2022 would have increased (decreased) the after-tax net income for the three months and nine months ended September 30, 2023 and 2022 by \$2,383 thousand, \$3,752 thousand, \$2,039 thousand and \$1,043 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and nine months ended September 30, 2023 and 2022, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$19,393 thousand, \$85,403 thousand, \$40,031 thousand and \$136,042 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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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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If the interest rate increases or decreases by 1% the Group's net income will increase /decrease by \$26,194 thousand, \$28,521 thousand, \$95,970 thousand and \$72,354 thousand for the three months and nine months ended September 30, 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 Nine Months Ended September 30			
	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%	\$ 19,615	-	17,710	(858)
Decrease 10%	\$ (19,615)	-	(17,710)	858

(vi) Fair value of financial instruments

1) Fair value hierarchy

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

	September 30, 2023				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Non-current financial assets at FVOCI	\$ 196,151	-	-	196,151	196,151
Financial assets measured at amortized cost	\$ 12,102,724	-	-	-	-
Financial liabilities measured at amortized cost	\$ 29,831,306	-	-	-	-

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
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 FVTPL	<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>
	September 30, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-current financial assets at FVOCI	<u>\$ 177,098</u>	<u>-</u>	<u>-</u>	<u>177,098</u>	<u>177,098</u>
Non-current financial liabilities at FVTPL	<u>\$ 8,583</u>	<u>-</u>	<u>-</u>	<u>8,583</u>	<u>8,583</u>
Financial assets measured at amortized cost	<u>\$ 9,819,435</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 27,406,152</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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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

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

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

3) Transfers between Level 1 and Level 2

There were no transfers in either direction for the nine months ended September 30, 2023 and 2022.

4) Reconciliation of Level 3 instruments

	Non-current Financial Assets at FVOCI
	Equity Instrument without Quoted Price
Balance on January 1, 2023	\$ 179,363
Purchase	20,000
Total gains or losses	
Recognized as other comprehensive income	(3,212)
Balance on September 30, 2023	<u>\$ 196,151</u>
Balance on January 1, 2022	\$ 215,295
Purchase	30,000
Disposals	(37,190)
Total gains or losses	
Recognized as other comprehensive income	(23,007)
Capital reduction	(8,000)
Balance on September 30, 2022	<u>\$ 177,098</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The total gains or losses is listed under “unrealized gains (losses) on financial assets at FVOCI”. The information regarding assets held as of September 30, 2023 and 2022 is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Total gains or losses				
Recognized as other comprehensive income (which is listed under "unrealized losses on financial assets of FVOCI")	\$ <u>-</u>	<u>(5,244)</u>	<u>(3,212)</u>	<u>(23,007)</u>

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

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

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

Quantified information regarding significant unobservable inputs are as follows:

Item	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at FVOCI equity investments without active market	Dividend discount model	Average expected future dividend income of 5 years (As of September 30, 2023, December 31, 2022 and September 30, 2022, were \$251~18,916 thousand, \$251~23,510 thousand and \$251~23,510 thousand respectively.)	The estimated fair value would increase, if the 5- year average expected future dividend income is increased.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement</u>
		Weighted average capital cost (As of September 30, 2023, December 31, 2022 and September 30, 2022, were 3.33%, 4.68% and 5.32%, respectively.)	The estimated fair value would decrease, if the weighted average capital cost is increased.
		Discounting rate without market liquidity (As of September 30, 2023, December 31, 2022 and September 30, 2022, were both 15%)	The estimated fair value would decrease, if the discounting rate without market liquidity is increased.

- 6) Fair value measurements in Level 3-sensitivity analysis of reasonably possible alternative assumptions

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

	<u>Inputs</u>	<u>Fluctuation in Inputs</u>	<u>Other Comprehensive Income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
September 30, 2023				
Financial assets at FVOCI				
Equity investments without an active market	3.33 %	1%	5,404	(5,128)
December 31, 2022				
Financial assets at FVOCI				
Equity investments without an active market	4.68 %	1%	5,427	(5,158)
September 30, 2022				
Financial assets at FVOCI				
Equity investments without an active market	5.32 %	1%	5,305	(5,044)

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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(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, 2022. 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.

(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 September 30, 2023 and 2022, were as follows:

Reconciliation of assets arising from investing activities were as follows:

	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Reclassification</u>	<u>September 30,</u> <u>2023</u>
Other non-current assets	\$ 2,811,563	410,360	(65,775)	3,156,148
	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Reclassification</u>	<u>September 30,</u> <u>2022</u>
Other non-current assets	\$ 2,106,431	763,142	(115,136)	2,754,437

(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
Hua-Pu Development Co., Ltd. (Hua-Pu Development)	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

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<u>Name of Related Party</u>	<u>Relationship with the Group</u>
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
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
Jhao Hong Investment Co., Ltd. (Jhao Hong Investment)	Other related parties
Yong Jhu Investment Co., Ltd. (Yong Jhu Investment)	Other related parties
Mr. Ming Shiann, Ho	Other related parties
Mr. Dai Jun, Lin	Other related parties
Mr. Ting Fung, Lin	Key Management

(c) Significant transactions with related parties

(i) Sales to related parties

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

	<u>Sales</u>				<u>Notes and Accounts Receivables</u>		
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>			
Associates	\$ 1,071	1,966	4,261	6,201	5,918	8,973	3,645
Joint ventures	71	2	185	281	30	-	-
Other related parties	173	267	529	1,441	23	190	34
	<u>\$ 1,315</u>	<u>2,235</u>	<u>4,975</u>	<u>7,923</u>	<u>5,971</u>	<u>9,163</u>	<u>3,679</u>

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

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

	<u>Revenue recognized</u>				<u>Advance real estate receipts</u>		
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>			
Other related parties	\$ <u>96,272</u>	<u>-</u>	<u>96,272</u>	<u>-</u>	<u>72,201</u>	<u>83,245</u>	<u>79,201</u>

As of September 30, 2023 and 2022, the total contract price of real estate in contract with related parties mentioned above are \$302,920 thousand (tax included), respectively. The terms and pricing of sales transactions with related parties were not significantly different from those with the third parties.

- (ii) Purchases from related parties

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

	<u>Purchases</u>				<u>Notes and Accounts Payable</u>		
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>			
Associates	\$ 36,308	30,189	96,851	74,624	38,652	39,603	32,850
Joint ventures	5	9	2,398	17	1	-	-
Other related parties	<u>1,485</u>	<u>-</u>	<u>4,236</u>	<u>17</u>	<u>3,620</u>	<u>698</u>	<u>698</u>
	<u>\$ 37,798</u>	<u>30,198</u>	<u>103,485</u>	<u>74,658</u>	<u>42,273</u>	<u>40,301</u>	<u>33,548</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 September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Other related parties:				
Mr. Ming Shiann, Ho	\$ 608	608	1,824	1,824
Others	<u>-</u>	<u>83</u>	<u>-</u>	<u>379</u>
	<u>\$ 608</u>	<u>691</u>	<u>1,824</u>	<u>2,203</u>

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	Guarantee Deposit Paid (Recognized under other non-current financial assets)		
	September 30, 2023	December 31, 2022	September 30, 2022
	Joint ventures	\$ -	-
Other related parties	443	443	443
	<u>\$ 443</u>	<u>443</u>	<u>453</u>

2) Rental revenues

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

	Rental Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associates	\$ 66	66	197	197
Other related parties	15	14	45	554
	<u>\$ 81</u>	<u>80</u>	<u>242</u>	<u>751</u>

	Guarantee Deposit Received (Recognized under other non-current liabilities)		
	September 30, 2023	December 31, 2022	September 30, 2022
	Associates	<u>\$ 300</u>	<u>300</u>

(iv) Providing services to related party

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

	Service Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associates	\$ -	-	-	150
Joint ventures	2,075	1,594	4,224	3,902
	<u>\$ 2,075</u>	<u>1,594</u>	<u>4,224</u>	<u>4,052</u>

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Notes to the Consolidated Financial Statements

(v) Non-performing receivables

		Total Claims		
		September 30, 2023	December 31, 2022	September 30, 2022
Joint ventures:				
The Splendor Hospitality	\$	<u>796,845</u>	<u>796,845</u>	<u>796,845</u>
		Costs of Claims		
		September 30, 2023	December 31, 2022	September 30, 2022
Joint ventures:				
The Splendor Hospitality	\$	<u>575,000</u>	<u>575,000</u>	<u>575,000</u>

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:

		Borrowing Limits		
		September 30, 2023	December 31, 2022	September 30, 2022
Joint ventures:				
The Splendor Hospitality	\$	3,400,000	1,900,000	1,950,000
Others		32,500	22,500	22,500
	\$	<u>3,432,500</u>	<u>1,922,500</u>	<u>1,972,500</u>
		Actual Usage Amount		
		September 30, 2023	December 31, 2022	September 30, 2022
Joint ventures:				
The Splendor Hospitality	\$	1,450,000	1,475,000	1,510,000
Others		10,443	13,948	15,246
	\$	<u>1,460,443</u>	<u>1,488,948</u>	<u>1,525,246</u>

(vii) Guarantee for bank borrowings

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

(Continued)

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

(viii) Property transaction

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
	Other related parties \$	1,182	-	1,334

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

	September 30, 2023	December 31, 2022	September 30, 2022
Other related parties	\$ 360	344	344

(ix) Other transactions

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
	Other related parties: Foundation	\$ -	5,400	4,225

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

	Other Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associates	\$ 1	1	3	2
Joint ventures	26	296	26	486
Other related parties	-	-	115	-
\$	27	297	144	488

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

	Interest Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Joint ventures:				
The Splendor Hospitality	\$ 2,455	3,504	9,506	10,433
Others	34	29	118	116
\$	2,489	3,533	9,624	10,549

(Continued)

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

4) Other receivables and advance payments from related parties

	Other Receivables (including advance payments)		
	September 30, 2023	December 31, 2022	September 30, 2022
Associates:			
Keng-Hsin Urban Renewal	\$ 77	1,767	14,736
Others	23	23	23
Joint ventures	189	1,335	199
Other related parties	<u>2</u>	<u>1,763</u>	<u>7</u>
	<u>\$ 291</u>	<u>4,888</u>	<u>14,965</u>

5) Other payables and advance receipts from related parties

	Other Payables (including advance receipts)		
	September 30, 2023	December 31, 2022	September 30, 2022
Joint ventures	\$ 28	554	313
Other related parties	1,406	192	2,800
Key management	<u>-</u>	<u>3</u>	<u>-</u>
	<u>\$ 1,434</u>	<u>749</u>	<u>3,113</u>

(d) Key management transactions

The compensation of key management is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 41,054	24,319	113,319	96,996
Post-employment benefits	<u>417</u>	<u>404</u>	<u>1,467</u>	<u>3,450</u>
	<u>\$ 41,471</u>	<u>24,723</u>	<u>114,786</u>	<u>100,446</u>

(Continued)

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

(8) Pledged assets

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

<u>Pledged Assets</u>	<u>Object</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Land (including other non-current assets)	The credit limits of long-term and short-term bank borrowings	\$ 1,424,715	1,424,715	1,424,715
Buildings	"	267,606	289,120	292,617
Investment properties	"	591,266	592,397	592,817
Inventories—Land held for development	"	5,384,525	7,863,722	7,863,602
Inventories—Construction in progress	"	10,052,463	8,309,120	7,338,789
Inventories—Buildings and land held for sale	The credit limits of short-term borrowings	7,820	7,820	7,820
Other current financial assets	Bank acceptance bills	28,845	8,001	40,976
"	Trusts	<u>881,480</u>	<u>1,125,004</u>	<u>932,005</u>
		<u>\$ 18,638,720</u>	<u>19,619,899</u>	<u>18,493,341</u>

(9) Significant commitments and contingencies

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unused standby letters of credit	\$ <u>-</u>	<u>286</u>	<u>112</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total contract price	\$ <u>15,492,021</u>	<u>15,572,738</u>	<u>16,239,498</u>
Total amounts paid under contracts (Note)	\$ <u>10,290,631</u>	<u>8,730,814</u>	<u>10,444,299</u>

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

(Continued)

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total contract price	\$ <u>14,907,963</u>	<u>17,267,153</u>	<u>17,446,973</u>
Total amounts received under contracts (recognized under current contract liabilities)	\$ <u>4,801,175</u>	<u>4,825,091</u>	<u>4,519,236</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	\$ <u>399,878</u>	<u>306,707</u>	<u>307,307</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Security deposits (recognized under other current and non-current financial assets)	\$ <u>101,540</u>	<u>101,650</u>	<u>103,650</u>

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Total contract price	\$ <u>67,080</u>	<u>839,376</u>	<u>82,080</u>
Total amounts paid under contracts (recognized under inventories — prepayments for land)	\$ <u>60,070</u>	<u>226,765</u>	<u>64,570</u>

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

- (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 September 30, 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, as of September 30, 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 September 30, 2023 and 2022.
- (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.

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

<u>Litigant</u>	<u>Issue</u>	<u>Current Status</u>
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 September 30					
		2023			2022		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		174,518	210,377	384,895	183,770	164,244	348,014
Labor and health insurance		15,009	14,376	29,385	15,782	13,181	28,963
Pension		11,764	9,316	21,080	12,417	8,819	21,236
Others		20,212	14,467	34,679	22,222	10,161	32,383
Depreciation		187,993	79,585	267,578	200,343	78,488	278,831
Amortization		354	776	1,130	326	1,077	1,403

By item	By function	For the Nine Months Ended September 30					
		2023			2022		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		506,444	571,084	1,077,528	536,673	487,564	1,024,237
Labor and health insurance		45,457	40,398	85,855	46,903	38,482	85,385
Pension		36,052	30,009	66,061	37,113	26,231	63,344
Others		55,395	39,754	95,149	51,995	38,958	90,953
Depreciation		559,453	235,795	795,248	563,080	233,993	797,073
Amortization		1,063	2,442	3,505	981	3,200	4,181

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

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the nine months ended September 30, 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	32,270	32,270	-	4.00%	2	-	Operation requirements	-	-	-	3,936,666	5,248,888
0	The Company	Taichung CMP Hospitality	Accounts receivable due from related parties	Yes	1,260,000	1,260,000	-	2.50%	2	-	Operation requirements	-	-	-	3,936,666	5,248,888
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	111,250	-	-	0.75%	2	-	Operation requirements	-	-	-	330,150	440,200
1	Tianjin CMT	CMH	Accounts receivable due from related parties	Yes	311,500	309,400	309,400	0.75%	2	-	Operation requirements	-	-	-	330,150	440,200
2	Suzhou CMS	CMH	Accounts receivable due from related parties	Yes	934,500	707,200	707,200	0.75%	2	-	Operation requirements	-	-	-	1,382,108	1,842,811
3	CMW (Tianjin)	CMH	Accounts receivable due from related parties	Yes	221,000	221,000	221,000	0.75%	2	-	Operation requirements	-	-	-	1,718,872	2,291,829
4	CMAI	Pilot	Accounts receivable due from related parties	Yes	39,975	35,497	35,497	3.05%	2	-	Operation requirements	-	Land, buildings and improvement	72,723	53,302	71,069
5	CMW (C.I.)	CMI	Accounts receivable due from related parties	Yes	445,000	442,000	180,889	6.5%	2	-	Operation requirements	-	-	-	1,720,740	2,294,321

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.

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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	5,248,888	160,000	160,000	90,000	-	1.22 %	6,561,110	Y	N	N
0	The Company	The Hotel National	1	5,248,888	50,000	50,000	-	-	0.38 %	6,561,110	Y	N	N
0	The Company	Shangrila Tourism	1	5,248,888	1,226,500	624,000	387,500	-	4.76 %	6,561,110	Y	N	N
0	The Company	The Splendor Hospitality	2	5,248,888	3,400,000	3,400,000	1,450,000	-	25.91 %	6,561,110	N	N	N
0	The Company	CMAAN Health	2	5,248,888	32,500	32,500	10,443	-	0.25 %	6,561,110	N	N	N
1	CMI	UEA	3	3,915,066	864,940	690,182	690,182	-	7.05 %	4,893,833	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 September 30, 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	Fantasystory 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	6.17 %	54,986	
Sunflower Investment	Masada Technology Limited Co., Ltd.	-	Non-current financial assets at FVOCI	2,000,000	20,000	5.95 %	20,000	
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 %	-	

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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	Taichung CMP Hospitality	Subsidiaries	33,880,000	338,800	20,000,000	200,000	-	-	-	-	53,880,000	538,800

- (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	667,772	38.56 %	180 days	-	-	1,847,159	79.78%	
Suzhou CMB	CMI	Subsidiaries	Sale	196,585	15.72 %	180 days	-	-	266,987	32.22%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	755,974	24.84 %	180 days	-	-	1,731,943	51.81%	

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 1,731,943	0.59	-	-	CNY 15,783,596	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 297,710	-	-	-	-	-
Suzhou CMB	CMI	Subsidiaries	Accounts receivable due from related parties 266,987	0.91	-	-	CNY 9,120,885	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,847,159	0.48	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 180,889	Note 2	-	-	-	-
CMW(Tianjin)	CMH	Affiliates	Accounts receivable due from related parties, other 221,000	Note 2	-	-	-	-
Tianjin CMT	CMH	Affiliates	Accounts receivable due from related parties, other 309,400	Note 2	-	-	-	-
Suzhou CMS	CMH	Affiliates	Accounts receivable due from related parties, other 707,200	Note 2	-	-	-	-

Note 1: Intra-group transactions have been eliminated in the consolidated financial statements.

Note 2: Balance of loans to other parties.

- (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	30,630	90 days	0.24%
0	China Metal Products	Atrans Precision	1	Operating revenue	21,675	60~90 days	0.17%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	755,974	180 days	5.82%
3	Suzhou CMS	CMI	2	Operating revenue	667,772	180 days	5.14%
3	Suzhou CMS	Suzhou CMB	3	Operating revenue	29,193	90 days	0.22%
3	Suzhou CMS	CMP (H.K.)	2	Operating revenue	34,756	180 days	0.27%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	40,621	90 days	0.31%
4	Suzhou CMB	CMI	2	Operating revenue	196,585	180 days	1.51%
4	Suzhou CMB	CMB(H.K.)	2	Operating revenue	67,234	180 days	0.52%
5	National Management	China Metal Products	2	Operating revenue	63,224	OA25 days	0.49%
7	CMW(C.I.)	CMAI	3	Operating revenue	11,603	180 days	0.09%
9	CMH	CMW (Tianjin)	3	Operating revenue	84,990	90 days	0.65%
9	CMH	Suzhou CMB	3	Operating revenue	17,471	90 days	0.13%
9	CMH	Suzhou CMS	3	Operating revenue	33,243	90 days	0.26%
10	CMAI(N.A.)	CMAI	2	Operating revenue	47,817	90~120 days	0.37%
10	CMAI(N.A.)	CMW (C.I.)	3	Operating revenue	15,853	90~120 days	0.12%
10	CMJ	CMI	3	Operating revenue	10,729	90~120 days	0.08%
0	China Metal Products	CMJ	1	Accounts receivable due from related parties	10,300	90 days	0.02%
1	CMW (Tianjin)	CMW(C.I.)	2	Accounts receivable due from related parties	1,731,943	180 days	3.27%
2	Tianjin CMT	CMI	2	Accounts receivable due from related parties	297,710	180 days	0.56%
2	Tianjin CMT	CMW (Tianjin)	3	Accounts receivable due from related parties	43,958	90 days	0.08%
9	CMH	Suzhou CMS	3	Accounts receivable due from related parties	23,710	90 days	0.04%
9	CMH	CMW (Tianjin)	3	Accounts receivable due from related parties	15,179	90 days	0.03%
9	CMH	Suzhou CMB	3	Accounts receivable due from related parties	14,759	90 days	0.03%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,847,159	180 days	3.49%
3	Suzhou CMS	CMP (H.K.)	2	Accounts receivable due from related parties	11,330	180 days	0.02%
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related parties	70,358	180 days	0.13%
4	Suzhou CMB	CMI	2	Accounts receivable due from related parties	266,987	180 days	0.50%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related parties	25,372	90 days	0.05%
10	CMAI(N.A.)	CMAI	2	Accounts receivable due from related parties	66,377	90~120 days	0.13%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,516	-	0.02%
2	Tianjin CMT	CMH	3	Other receivables due from related parties	309,400	-	0.59%
3	Suzhou CMS	CMH	3	Other receivables due from related parties	707,200	-	1.34%
1	CMW (Tianjin)	CMH	3	Other receivables due from related parties	221,000	-	0.42%
6	CMI	CMH	1	Other receivables due from related parties	24,742	-	0.05%
7	CMW(C.I.)	CMW (Tianjin)	1	Other receivables due from related parties	47,000	-	0.09%

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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)
7	CMW(C.I.)	CMI	2	Other receivables due from related parties	180,889	-	0.34%
10	CMAI (N.A)	CMAI	2	Other receivables due from related parties	20,156	-	0.04%
11	CMAI	Pilot	1	Other receivables due from related parties	35,497	-	0.07%
11	CMAI	CMAI(N.A.)	1	Other receivables due from related parties	58,544	-	0.11%
8	CMB(H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	27,609	-	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 nine months ended September 30, 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 September 30, 2023			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 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 %	7,654,479	163,242	163,242	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,096	99,096	67,013,057	99.01 %	980,555	136,845	135,490	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	247,218	247,218	25,782,134	72.24 %	443,947	61,430	45,600	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	120,519	27,305	22,753	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	24,036	24,036	1,000,000	100.00 %	207,272	28,369	28,369	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 %	4,534,118	864,191	487,435	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)	(561)	-	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 %	1,286,279	167	(1,287)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	22,122	6,385	6,385	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	1,125,000	1,125,000	32,500,000	50.00 %	247,948	(25,291)	(22,151)	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 %	377,444	(45,436)	(44,321)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	46,136	6,275	3,020	Joint ventures accounted for using equity method
The Company	Taichung CMP Hospitality	Taiwan	International tourist hotel services	538,800	338,800	53,880,000	100.00 %	521,535	(17,161)	(17,161)	Subsidiaries
The Company	Calligraphy Greenway Plaza Co., Ltd	Taiwan	Management and consulting services	59,000	59,000	5,900,000	100.00 %	66,059	6,341	6,341	Subsidiaries
The Company	Great Naturalistic Block	Taiwan	Management and consulting services	20,000	-	2,000,000	100.00 %	19,265	(735)	(735)	Subsidiaries
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	288,437	288,437	42,568,300	15.18 %	1,179,989	864,191	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,836	77,836	4,737,380	13.27 %	80,943	61,430	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 %	(7,726)	(561)	Exempt from disclosure	Investee 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 %	11,662	(2,475)	Exempt from disclosure	Investee accounted for using equity method

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Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of September 30, 2023			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Value			
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 256,955,505	USD 7,378,513	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 1,291,139,426	CNY 28,918,079	Exempt from disclosure	Subsidiaries of CMI
CMI	CMW (C.I.)	Cayman Islands	Investing in CMW (Tianjin) and CMH	USD 75,156,500	USD 75,156,500	50,000,000	100.00 %	CNY 1,350,942,843	CNY 29,220,539	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 588,893,779	CNY (8,444,981)	Exempt from disclosure	Subsidiaries of CMI
CMI(BVI)	CMP (H.K.)	Hong Kong	Investing in Tianjin CMT and Suzhou CMS	USD 21,000,000	USD 21,000,000	21,000,000	100.00 %	CNY 1,293,173,966	CNY 28,918,079	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 3,038,408	USD 459,656	Exempt from disclosure	Subsidiaries of CMAI
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	-	100.00 %	USD 3,038,408	USD 459,656	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 1,907,070	USD 405,221	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 %	73,321	(5)	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 1,114,934	USD (80)	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 %	323,211	(63,396)	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 %	5,369	(81)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUJEN CHENGMEI Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	199,500	129,500	19,950,000	70.00 %	173,831	(27)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUCHIA Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	-	50	-	- %	-	-	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 %	31,553	(2,836)	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 %	5,457	783	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 %	3,210	2,404	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 September 30, 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	968,100 (USD30,000)	2	388,238	-	-	388,238	1,330 (CNY303)	83.27%	1,108 (CNY252)	1,100,501 (CNY248,982)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	774,480 (USD24,000)	2	423,406	-	-	423,406	121,094 (CNY27,584)	83.27%	100,753 (CNY22,951)	4,607,544 (CNY1,042,431)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,646,140 (USD82,000)	2	-	-	-	-	(30,342) (CNY6,912)	83.27%	(25,266) (CNY5,755)	2,604,442 (CNY589,240)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	1,032,640 (USD32,000)	2	-	-	-	-	217,546 (CNY49,555)	83.27%	188,457 (CNY42,929)	5,707,342 (CNY1,291,254)	-
CMH	Vehicle parts, farm wagon parts, industrial wagon parts household appliances parts and E&M as-casting and molds developing, manufacturing, selling and after sales services	1,032,640 (USD32,000)	2	-	-	-	-	(109,890) (CNY25,032)	83.27%	(91,505) (CNY20,844)	717,830 (CNY162,405)	-
Qingdao Sourcing Specialists	Cast iron product retailing	3,227 (USD100)	2	-	-	-	-	3,972 (JPY17,699)	83.33%	3,310 (JPY14,748)	52,953 (JPY244,928)	-

(Continued)

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 September 30, 2023	Investment Amount Authorized by the Investment Commission, MOEA (Note 6)	Upper Limit on Investment (Note 4)
811,644	6,732,199 (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 September 30, 2023, the company had obtained a surplus of \$3,221,038 thousand (USD106,993 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.		56,369,965	14.93 %
Mr. Ming Shiann, Ho		26,312,540	6.96 %

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

(14) Segment information:

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

	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Innovation Segment	Reconciliation and Elimination	Total
For the Three Months Ended September 30, 2023					
Revenue from external customers	\$ 2,974,888	2,311,246	163,013	-	5,449,147
Intersegment revenues	754,163	850	24,911	(779,924)	-
Total revenue	<u>\$ 3,729,051</u>	<u>2,312,096</u>	<u>187,924</u>	<u>(779,924)</u>	<u>5,449,147</u>
Reportable segment profit or loss	<u>\$ (11,393)</u>	<u>619,550</u>	<u>(548)</u>	<u>(1,105)</u>	<u>606,504</u>
For the Three Months Ended September 30, 2022					
Revenue from external customers	\$ 3,305,591	5,795	171,520	-	3,482,906
Intersegment revenues	890,867	1,252	21,722	(913,841)	-
Total revenue	<u>\$ 4,196,458</u>	<u>7,047</u>	<u>193,242</u>	<u>(913,841)</u>	<u>3,482,906</u>
Reportable segment profit or loss	<u>\$ 201,819</u>	<u>(56,357)</u>	<u>19,229</u>	<u>56,821</u>	<u>221,512</u>
For the Nine Months Ended September 30, 2023					
Revenue from external customers	\$ 8,311,980	4,193,783	476,096	-	12,981,859
Intersegment revenues	2,103,646	2,550	71,340	(2,177,536)	-
Total revenue	<u>\$ 10,415,626</u>	<u>4,196,333</u>	<u>547,436</u>	<u>(2,177,536)</u>	<u>12,981,859</u>
Reportable segment profit or loss	<u>\$ 256,738</u>	<u>1,098,286</u>	<u>9,521</u>	<u>(247,793)</u>	<u>1,116,752</u>
For the Nine Months Ended September 30, 2022					
Revenue from external customers	\$ 9,083,776	1,572,420	462,635	-	11,118,831
Intersegment revenues	2,715,313	2,950	59,667	(2,777,930)	-
Total revenue	<u>\$ 11,799,089</u>	<u>1,575,370</u>	<u>522,302</u>	<u>(2,777,930)</u>	<u>11,118,831</u>
Reportable segment profit or loss	<u>\$ 655,892</u>	<u>315,864</u>	<u>25,748</u>	<u>(227,445)</u>	<u>770,059</u>

Note 1: The amount of assets and liabilities of the Group's reportable segments was not provided to the management. It is not required for disclosure.

Note 2: The information on the "Lifestyle Hospitality Segment" was adjusted to "Lifestyle Innovation Segment" instead.