

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**with Independent Auditors' Report  
For the Years Ended December 31, 2023 and 2022**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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## Representation Letter

The entities that are required to be included in the combined financial statements of China Metal Products Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, China Metal Products Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: China Metal Products Co., Ltd.

Chairman: Ting Fung, Lin

Date: March 14, 2024.



安侯建業聯合會計師事務所

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## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of China Metal Products Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of CMP Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), IFRIC Interpretations (“IFRIC”), and SIC Interpretations (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagement of by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Based on our professional judgment, key audit matters pertain to the most important matters in the audit of consolidated financial statements for the year ended December 31, 2023 of CMP Group. Those matters have been addressed in our audit opinion on the said consolidated financial statements and during the formation of our audit opinion. However, we do not express an opinion on these matters individually. The key audit matters that, in our professional judgment, should be communicated are as follows:

#### 1. Revenue recognition of the metal manufacturing segment

For the revenue recognition account policy of the metal manufacturing segment, please refer to Note4(q); for the details of the revenue recognition during the years, please refer to Note 6(w).

Description of key audit matter:

CMP Group's manufacturing segment mainly produces automotive and industrial products. The revenue recognition of CMP Group's metal manufacturing product selling is the timing of the transfer of control varied by the individual terms of the sales agreement, which is mainly at the time when the goods are loading to the export ship and to the determined shipping point. The recognition of revenue is also varied by the terms of acceptance and return of goods in the sale contracts between CMP Group and the clients who are large vehicle parts suppliers and manufacturers. CMP Group evaluates the terms of the sale contracts individually to determine the timing of revenue recognition. There is risk of misstatement when the timing of revenue recognition is earlier than the transfers of control. Therefore, the revenue recognition is considered as one of the key audit matters.

Corresponding audit procedure:

Our main audit procedures for the above key audit matters include: understanding and evaluating the design, operation and implantation of the effectiveness of internal control on revenue recognition; understanding the major types of revenue, contract terms and transaction terms to determine the appropriateness timing of revenue recognition, also sampling the major customers and reviewing the contracts and sales orders to evaluate the revenue recognition; sampling the transaction records of sales around the balance sheet date and obtaining the transaction documents (i.e. delivery order signed by the recipient, bill of lading, documents from the warehouse custodian) to evaluate the appropriateness timing of revenue recognition; comparing the actual sales return and discount after the financial reporting date with the estimated allowance for sales return and discount on the financial reporting date and the previous financial reporting period to evaluate the reasonableness of the estimation; evaluating whether the recognition period of inventory and cost of goods sold is appropriate; performing inventory observation and checking the inventory quantity with the records.

2. Allowance for accounts receivable

For the estimation of allowance for bad debt accounting policy, please refer to Note 4(g); for the significant assumptions and judgments, and major sources of estimation uncertainty of the loss allowance of accounts receivable, please refer to Note 5; for the details of the loss allowance of accounts receivable during the years, please refer to Note 6(c).

Description of key audit matter:

The loss allowance of accounts receivable for CMP Group is based on the management's judgments of the estimation of the expected credit loss which comprised of the credit reliability of the customers, the current market, forward-looking estimation and customer-specific terms. The estimation involves subjective judgment. The balance of accounts receivable is significant and the current economic and environment risk increase the risk of recovering. Therefore, the estimation of accounts receivable loss allowance is considered as one of the key audit matters.

Corresponding audit procedure:

Our main audit procedures for the above key audit matters include: understanding and evaluating the design, operation and implementation of the effectiveness of internal control on management's credit control of customers, recovery of the receivables and the estimations of allowance for receivables; evaluating the appropriateness of the accounting policies regarding the allowance for receivables, sampling sales invoices and comparing them with other transaction documents to check the accuracy of receivable aging; understanding and recalculating the rolling rates of overdue accounts receivable and expected loss rates to evaluate whether the management estimation of the loss allowance is considered the customers' industry status, the receivables overdue status, forward-looking estimation and payment records; sampling the receivables for cash collecting after the balance sheet date.

### 3. Litigation provision assessment

For the accounting policy of litigation provision assessment, please refer to the Note 4(p) Provisions; for the accounting estimate and uncertain hypothesis, please refer to Note 5; for the details of estimated litigation, please refer to Note 6(q).

#### Description of key audit matter:

Sunflower Investment Co., Ltd. had sought administrative remedies for the administrative penalties arose from enterprise income tax, value-added tax, and undistributed earning tax of the Daguangsan non-performing receivable case, which the total amount of tax and penalties amounted to \$564,452 thousand. As of the reporting date, CMP Group has paid \$46,174 thousand and estimated the regarding litigation provision at \$236,052 thousand.

The estimation of litigation contingent liabilities is based on the management's assessment of the result of litigation, which is likely to be unfavorable to CMP Group. However, there are significant uncertainties in the litigation. Therefore, the litigation provision estimation is considered as one of the key audit matters.

#### Corresponding audit procedure:

Our main audit procedures for the above key audit matters include: interviewing CMP Group's management to understand the method of assessment; obtaining management's major litigation memorandum and its provision assessment documents, and reviewing the latest court verdict documents of the major litigation to assess the reasonableness of their estimates; obtaining auditors' legal confirmation letters from external lawyers to verify the progress of pending litigation; assessing whether CMP Group's pending litigation cases and contingent liabilities have been properly disclosed.

#### **Other Matter**

China Metal Products Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing CMP Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CMP Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing CMP Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CMP Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CMP Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CMP Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within CMP Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tseng, Kuo-Yang and Chih, Shih-Chin.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2024

#### **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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit 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****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

| Assets                     |  | December 31, 2023    |            | December 31, 2022    |            | Liabilities and equity          |   | December 31, 2023    |            | December 31, 2022    |            |
|----------------------------|--|----------------------|------------|----------------------|------------|---------------------------------|---|----------------------|------------|----------------------|------------|
|                            |  | Amount               | %          | Amount               | %          |                                 |   | Amount               | %          | Amount               | %          |
| <b>Current assets:</b>     |  |                      |            |                      |            | <b>Current liabilities:</b>     |   |                      |            |                      |            |
| 1100                       | Cash and cash equivalents (Notes 6(a) and (z))   | \$ 6,556,648         | 12         | 6,068,902            | 11         | 2100                            | Short-term borrowings (Notes 6(m) and (z))  | \$ 11,193,977        | 21         | 11,582,617           | 22         |
| 1170                       | Notes and accounts receivable, net (Notes 6(c), (w) and (z))                                       | 3,659,978            | 7          | 3,814,610            | 7          | 2130                            | Current contract liabilities (Notes 6(w), 7 and 9(a))                                       | 4,994,268            | 9          | 4,864,716            | 9          |
| 1180                       | Accounts receivable due from related parties, net (Notes 6(z) and 7)                               | 5,993                | -          | 9,163                | -          | 2170                            | Notes and accounts payable (Notes 6(z) and 7)   | 4,087,130            | 8          | 3,029,941            | 6          |
| 1200                       | Other receivables (Note 6(z))  | 66,931               | -          | 78,170               | -          | 2180                            | Accounts payable due to related parties (Notes 6(z) and 7)                                  | 26,087               | -          | 40,301               | -          |
| 1210                       | Other receivables due from related parties (Notes 6(z) and 7)                                      | 4,503                | -          | 4,888                | -          | 2200                            | Other payables (Note 6(z))  | 1,724,133            | 3          | 1,383,231            | 3          |
| 130X                       | Inventories (Notes 6(d), 8 and 9(a))   | 22,791,079           | 42         | 22,046,213           | 42         | 2220                            | Other payables due to related parties (Notes 6(z) and 7)                                    | 835                  | -          | 749                  | -          |
| 1410                       | Prepayments (Note 9(a))  | 171,744              | -          | 194,796              | -          | 2230                            | Current income tax liabilities  | 250,651              | -          | 86,957               | -          |
| 1476                       | Other current financial assets (Notes 6(z), 8 and 9(a))  | 1,654,490            | 3          | 1,900,962            | 4          | 2280                            | Current lease liabilities (Notes 6(p) and (z))  | 202,937              | -          | 188,005              | -          |
| 1479                       | Other current assets, others   | 480,231              | 1          | 360,259              | 1          | 2322                            | Long-term borrowings, current portion (Notes 6(n) and (z))                                  | 2,971,393            | 6          | 2,470,335            | 5          |
| 1480                       | Incremental costs of obtaining contracts   | 423,267              | 1          | 429,344              | 1          | 2399                            | Other current liabilities (Note 6(s))   | 186,413              | -          | 171,969              | -          |
|                            | <b>Total current assets</b>  | <u>35,814,864</u>    | <u>66</u>  | <u>34,907,307</u>    | <u>66</u>  |                                 | <b>Total current liabilities</b>  | <u>25,637,824</u>    | <u>47</u>  | <u>23,818,821</u>    | <u>45</u>  |
| <b>Non-current assets:</b> |  |                      |            |                      |            | <b>Non-current liabilities:</b> |   |                      |            |                      |            |
| 1510                       | Non-current financial assets at fair value through profit or loss (Notes 6(o) and (z))             | 156                  | -          | -                    | -          | 2500                            | Non-current financial liabilities at fair value through profit or loss (Notes 6(o) and (z)) | -                    | -          | 8,253                | -          |
| 1517                       | Non-current financial assets at fair value through other comprehensive income (Notes 6(b) and (z)) | 192,751              | -          | 179,363              | -          | 2530                            | Bonds payable (Notes 6(o) and (z))  | 1,445,763            | 3          | 1,560,633            | 3          |
| 1550                       | Investments accounted for using equity method (Notes 6(e) and (f))                                 | 685,724              | 1          | 707,979              | 1          | 2540                            | Long-term borrowings (Notes 6(n) and (z))   | 7,710,742            | 14         | 8,456,951            | 16         |
| 1600                       | Property, plant and equipment (Notes 6(g), 8 and 9(a))   | 10,588,497           | 20         | 10,610,646           | 20         | 2570                            | Deferred tax liabilities (Note 6(t))  | 501,892              | 1          | 512,520              | 1          |
| 1755                       | Right-of-use assets (Notes 6(h) and 9(a))  | 1,673,213            | 3          | 1,859,349            | 4          | 2580                            | Non-current lease liabilities (Notes 6(p) and (z))  | 1,294,887            | 2          | 1,479,111            | 3          |
| 1760                       | Investment property, net (Notes 6(i) and 8)  | 661,229              | 1          | 663,386              | 1          | 2640                            | Non-current net defined benefit liabilities (Note 6(s))                                     | 29,185               | -          | 29,643               | -          |
| 1780                       | Intangible assets (Note 6(j))  | 429,275              | 1          | 426,746              | 1          | 2670                            | Other non-current liabilities, others (Notes 6(q), (z) and 7)                               | 342,104              | 1          | 478,573              | 1          |
| 1840                       | Deferred tax assets (Note 6(t))  | 186,598              | -          | 175,561              | -          |                                 | <b>Total non-current liabilities</b>  | <u>11,324,573</u>    | <u>21</u>  | <u>12,525,684</u>    | <u>24</u>  |
| 1975                       | Non-current net defined benefit assets (Note 6(s))   | -                    | -          | 633                  | -          |                                 | <b>Total liabilities</b>  | <u>36,962,397</u>    | <u>68</u>  | <u>36,344,505</u>    | <u>69</u>  |
| 1980                       | Other non-current financial assets (Notes 6(k), (z), 7 and 9(a))                                   | 704,533              | 2          | 686,862              | 1          |                                 | <b>Equity attributable to owners of parent (Note 6(u)):</b>                                 |                      |            |                      |            |
| 1990                       | Other non-current assets, others (Notes 6(l), 7, 8 and 9(a))                                       | 3,212,749            | 6          | 2,811,563            | 6          | 3100                            | Ordinary share  | 3,787,865            | 7          | 3,761,221            | 7          |
|                            | <b>Total non-current assets</b>  | <u>18,334,725</u>    | <u>34</u>  | <u>18,122,088</u>    | <u>34</u>  | 3200                            | Capital surplus (Note 6(o))   | 1,600,373            | 3          | 1,542,440            | 3          |
|                            |  |                      |            |                      |            | 3300                            | Retained earnings   | 8,004,646            | 15         | 7,492,071            | 14         |
|                            |  |                      |            |                      |            | 3400                            | Other equity  | (110,385)            | -          | 61,209               | -          |
|                            |  |                      |            |                      |            |                                 | <b>Total equity attributable to owners of parent:</b>                                       | <u>13,282,499</u>    | <u>25</u>  | <u>12,856,941</u>    | <u>24</u>  |
|                            |  |                      |            |                      |            | 36XX                            | Non-controlling interests   | 3,904,693            | 7          | 3,827,949            | 7          |
|                            |  |                      |            |                      |            |                                 | <b>Total equity</b>   | <u>17,187,192</u>    | <u>32</u>  | <u>16,684,890</u>    | <u>31</u>  |
|                            |  |                      |            |                      |            |                                 | <b>Total liabilities and equity</b>   | <u>\$ 54,149,589</u> | <u>100</u> | <u>\$ 53,029,395</u> | <u>100</u> |
|                            | <b>Total assets</b>  | <u>\$ 54,149,589</u> | <u>100</u> | <u>\$ 53,029,395</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 Years Ended December 31, 2023 and 2022

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

|      |   | 2023                |             | 2022                |             |
|------|---|---------------------|-------------|---------------------|-------------|
|      |   | Amount              | %           | Amount              | %           |
| 4000 | <b>Operating revenues (Notes 6(w) and 7)</b>  | \$ 17,619,443       | 100         | 14,630,178          | 100         |
| 5000 | <b>Operating costs (Notes 6(d) and 7)</b>   | <u>(13,501,665)</u> | <u>(77)</u> | <u>(11,337,623)</u> | <u>(78)</u> |
|      | <b>Gross profit from operations</b>   | <u>4,117,778</u>    | <u>23</u>   | <u>3,292,555</u>    | <u>22</u>   |
|      | <b>Operating expenses (Note 7):</b>   |                     |             |                     |             |
| 6100 | Selling expenses  | (566,394)           | (3)         | (563,390)           | (4)         |
| 6200 | Administrative expenses (Note 6(x))   | (1,826,420)         | (10)        | (1,654,882)         | (11)        |
| 6300 | Research and development expenses   | (13,736)            | -           | (22,328)            | -           |
| 6450 | Expected credit gains (losses) (Note 6(c))  | <u>107</u>          | <u>-</u>    | <u>(1,512)</u>      | <u>-</u>    |
|      | <b>Total operating expenses</b>   | <u>(2,406,443)</u>  | <u>(13)</u> | <u>(2,242,112)</u>  | <u>(15)</u> |
|      | <b>Net operating income</b>   | <u>1,711,335</u>    | <u>10</u>   | <u>1,050,443</u>    | <u>7</u>    |
|      | <b>Non-operating income and expenses:</b>   |                     |             |                     |             |
| 7100 | Interest income (Notes 6(y) and 7)  | 79,835              | -           | 39,870              | -           |
| 7010 | Other income (Notes 6(y) and 7)   | 261,638             | 1           | 119,361             | 1           |
| 7020 | Other gains and losses (Notes 6(o) and (y))   | 23,915              | -           | 111,377             | 1           |
| 7050 | Finance costs (Notes 6(y) and 7)  | (413,318)           | (2)         | (274,775)           | (2)         |
| 7060 | Share of loss of associates and joint ventures accounted for using equity method, net (Note 6(e))                                       | <u>(39,561)</u>     | <u>-</u>    | <u>(56,976)</u>     | <u>-</u>    |
|      | <b>Total non-operating income and expenses</b>  | <u>(87,491)</u>     | <u>(1)</u>  | <u>(61,143)</u>     | <u>-</u>    |
|      | <b>Profit from continuing operations before tax</b>   | 1,623,844           | 9           | 989,300             | 7           |
| 7950 | <b>Less: Tax expense (Note 6(t))</b>  | <u>(314,302)</u>    | <u>(2)</u>  | <u>(390)</u>        | <u>-</u>    |
| 8200 | <b>Net profit</b>   | <u>1,309,542</u>    | <u>7</u>    | <u>988,910</u>      | <u>7</u>    |
| 8300 | <b>Other comprehensive income:</b>  |                     |             |                     |             |
| 8310 | <b>Items that may not be reclassified subsequently to profit or loss:</b>   |                     |             |                     |             |
| 8311 | Gains on remeasurements of defined benefit plans (Note 6(s))  | 653                 | -           | 7,843               | -           |
| 8316 | Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(u) and (z)) | (3,112)             | -           | (20,742)            | -           |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss                    | <u>-</u>            | <u>-</u>    | <u>-</u>            | <u>-</u>    |
|      | <b>Total items that may not be reclassified subsequently to profit or loss</b>  | <u>(2,459)</u>      | <u>-</u>    | <u>(12,899)</u>     | <u>-</u>    |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss:</b>   |                     |             |                     |             |
| 8361 | Exchange differences on translation of foreign financial statements (Note 6(u))   | (201,948)           | (1)         | 58,938              | -           |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss                        | <u>-</u>            | <u>-</u>    | <u>-</u>            | <u>-</u>    |
|      | <b>Total items that may be reclassified subsequently to profit or loss</b>  | <u>(201,948)</u>    | <u>(1)</u>  | <u>58,938</u>       | <u>-</u>    |
| 8300 | <b>Other comprehensive income (after tax)</b>   | <u>(204,407)</u>    | <u>(1)</u>  | <u>46,039</u>       | <u>-</u>    |
| 8500 | <b>Comprehensive income</b>   | <u>\$ 1,105,135</u> | <u>6</u>    | <u>1,034,949</u>    | <u>7</u>    |
|      | <b>Net profit, attributable to:</b>   |                     |             |                     |             |
| 8610 | Owners of parent  | \$ 965,227          | 5           | 805,125             | 6           |
| 8620 | Non-controlling interests   | <u>344,315</u>      | <u>2</u>    | <u>183,785</u>      | <u>1</u>    |
|      |   | <u>\$ 1,309,542</u> | <u>7</u>    | <u>988,910</u>      | <u>7</u>    |
|      | <b>Comprehensive income attributable to:</b>  |                     |             |                     |             |
| 8710 | Owners of parent  | \$ 792,328          | 4           | 827,294             | 6           |
| 8720 | Non-controlling interests   | <u>312,807</u>      | <u>2</u>    | <u>207,655</u>      | <u>1</u>    |
|      |   | <u>\$ 1,105,135</u> | <u>6</u>    | <u>1,034,949</u>    | <u>7</u>    |
|      | <b>Earnings per share (expressed in dollars) (Note 6(v))</b>  |                     |             |                     |             |
| 9750 | <b>Basic earnings per share</b>   | <u>\$ 2.56</u>      |             | <u>2.14</u>         |             |
| 9850 | <b>Diluted earnings per share</b>   | <u>\$ 2.20</u>      |             | <u>1.85</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 Years Ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|   | Equity Attributable to Owners of Parent |                  |                   |                 |                                  |   |   |                   |   |                           |              |
|---|---|------------------|-------------------|-----------------|----------------------------------|---|---|-------------------|---|---------------------------|--------------|
|   | Share Capital                           |                  | Retained Earnings |                 |                                  | Other Equity  |   |                   |   |                           | Total 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 |              |
|   |   |                  |                   |                 |                                  |   |   |                   |   |                           |              |
| <b>Balance at January 1, 2022</b>   | \$ 3,761,221                            | 1,488,270        | 1,844,008         | 49,081          | 5,579,250                        | (25,292)  | 78,077  | 12,774,615        | 3,973,038                                     | 16,747,653                |              |
| Profit for the year ended December 31, 2022   | -                                       | -                | -                 | -               | 805,125                          | -   | -   | 805,125           | 183,785                                       | 988,910                   |              |
| Other comprehensive income for the year ended December 31, 2022   | -                                       | -                | -                 | -               | 7,425                            | 35,488  | (20,744)  | 22,169            | 23,870  | 46,039                    |              |
| Total comprehensive income for the year ended December 31, 2022   | -                                       | -                | -                 | -               | 812,550                          | 35,488  | (20,744)  | 827,294           | 207,655                                       | 1,034,949                 |              |
| 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              | -                                       | 5,608            | -                 | -               | -                                | -   | -   | 5,608             | -   | 5,608                     |              |
| Changes in equity of associates and joint ventures accounted for using equity method                      | -                                       | -                | -                 | -               | (5,520)                          | -   | -   | (5,520)           | (1,348)                                       | (6,868)                   |              |
| Recognition of equity component items from convertible bonds  | -                                       | 48,562           | -                 | -               | -                                | -   | -   | 48,562            | -   | 48,562                    |              |
| Changes in non-controlling interests  | -                                       | -                | -                 | -               | -                                | -   | -   | -                 | 6,181   | 6,181                     |              |
| Cash dividends paid to non-controlling interests  | -                                       | -                | -                 | -               | -                                | -   | -   | -                 | (357,577)                                     | (357,577)                 |              |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -                                       | -                | -                 | -               | 6,320                            | -   | (6,320)   | -                 | -   | -                         |              |
| Balance on December 31, 2022  | 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 year ended December 31, 2023   | -                                       | -                | -                 | -               | 965,227                          | -   | -   | 965,227           | 344,315                                       | 1,309,542                 |              |
| Other comprehensive income for the year ended December 31, 2023   | -                                       | -                | -                 | -               | 498                              | (170,285)   | (3,112)   | (172,899)         | (31,508)                                      | (204,407)                 |              |
| Total comprehensive income for the year ended December 31, 2023   | -                                       | -                | -                 | -               | 965,725                          | (170,285)   | (3,112)   | 792,328           | 312,807                                       | 1,105,135                 |              |
| Appropriation and distribution of retained earnings:  |   |                  |                   |                 |                                  |   |   |                   |   |                           |              |
| Legal reserve   | -                                       | -                | 81,335            | -               | (81,335)                         | -   | -   | -                 | -   | -                         |              |
| Cash dividends  | -                                       | -                | -                 | -               | (451,347)                        | -   | -   | (451,347)         | -   | (451,347)                 |              |
| Conversion of convertible bonds   | 26,644                                  | 57,933           | -                 | -               | -                                | -   | -   | 84,577            | -   | 84,577                    |              |
| Changes in non-controlling interests  | -                                       | -                | -                 | -               | -                                | -   | -   | -                 | 29,951  | 29,951                    |              |
| Cash dividends paid to non-controlling interests  | -                                       | -                | -                 | -               | -                                | -   | -   | -                 | (266,014)                                     | (266,014)                 |              |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -                                       | -                | -                 | -               | (1,803)                          | -   | 1,803   | -                 | -   | -                         |              |
| <b>Balance on December 31, 2023</b>   | <b>\$ 3,787,865</b>                     | <b>1,600,373</b> | <b>2,046,183</b>  | <b>49,081</b>   | <b>5,909,382</b>                 | <b>(160,089)</b>  | <b>49,704</b>   | <b>13,282,499</b> | <b>3,904,693</b>                              | <b>17,187,192</b>         |              |

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 Years Ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

|  | <u>2023</u>         | <u>2022</u>        |
|--|---------------------|--------------------|
| <b>Cash flows from operating activities:</b>   |                     |                    |
| <b>Profit before tax</b>   | \$ 1,623,844        | 989,300            |
| <b>Adjustments:</b>  |                     |                    |
| Adjustments to reconcile profit (loss):  |                     |                    |
| Depreciation expense   | 1,067,203           | 1,057,893          |
| Amortization expense   | 5,187               | 5,583              |
| Expected credit (gains) losses   | (107)               | 1,512              |
| Net (gains) losses on financial assets or liabilities at fair value through profit or loss           | (8,409)             | 3,961              |
| Interest expense   | 413,318             | 274,775            |
| Interest income  | (79,835)            | (39,870)           |
| Dividend income  | (15,689)            | (16,423)           |
| Share of profit loss of associates and joint ventures accounted for using equity method              | 39,561              | 56,976             |
| Losses on disposal of property, plant and equipment  | 5,723               | 7,774              |
| Property, plant and equipment transferred to expenses  | 899                 | 10,451             |
| Lease modification gains   | (25)                | (65)               |
| Deferred credits recognized as other income  | (56,484)            | -                  |
| Other losses   | -                   | 459                |
| Effect of exchange rate changes on short-term and long-term borrowings                               | 12,671              | 51,728             |
| <b>Total adjustments to reconcile profit</b>   | <u>1,384,013</u>    | <u>1,414,754</u>   |
| <b>Changes in operating assets and liabilities:</b>  |                     |                    |
| <b>Changes in operating assets:</b>  |                     |                    |
| Notes and accounts receivable, net   | 88,274              | 310,994            |
| Accounts receivable due from related parties, net  | 6,479               | (6,463)            |
| Other receivables  | 1,210               | (229,347)          |
| Inventories  | (665,929)           | (1,884,615)        |
| Prepayments  | (395)               | 137,621            |
| Other current assets   | (102,152)           | (33,298)           |
| Other financial assets   | (182,888)           | 162,030            |
| Incremental costs of obtaining contracts   | 6,077               | (115,431)          |
| <b>Total changes in operating assets</b>   | <u>(849,324)</u>    | <u>(1,658,509)</u> |
| <b>Changes in operating liabilities:</b>   |                     |                    |
| Notes and accounts payable (including related parties), net  | 1,069,204           | (408,614)          |
| Other payables   | 174,492             | (42,908)           |
| Current contract liabilities   | 129,687             | 1,243,267          |
| Other current liabilities  | 21,978              | 49,883             |
| Increase in net defined benefit liability  | 2,162               | -                  |
| Other non-current liabilities  | (10,454)            | (26,734)           |
| <b>Total changes in operating liabilities</b>  | <u>1,387,069</u>    | <u>814,894</u>     |
| <b>Total changes in operating assets and liabilities</b>   | <u>537,745</u>      | <u>(843,615)</u>   |
| <b>Total adjustments</b>   | <u>1,921,758</u>    | <u>571,139</u>     |
| Cash inflow generated from operations  | 3,545,602           | 1,560,439          |
| Interest received  | 67,957              | 26,103             |
| Dividends received   | 15,689              | 130,423            |
| Interest paid  | (565,130)           | (370,960)          |
| Income taxes paid  | (162,880)           | (123,769)          |
| <b>Net cash flows generated from operating activities</b>  | <u>2,901,238</u>    | <u>1,222,236</u>   |
| <b>Cash flows from investing activities:</b>   |                     |                    |
| 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 | 3,500               | 8,000              |
| Acquisition of investments accounted for using equity method   | -                   | (150,015)          |
| Proceeds from capital reduction of investments accounted for using equity method                     | 33,944              | 16,432             |
| Acquisition of property, plant and equipment   | (784,052)           | (654,941)          |
| Proceeds from disposal of property, plant and equipment  | 1,963               | 6,650              |
| Acquisition of intangible assets   | (11,977)            | (14,190)           |
| Decrease in other financial assets   | 411,037             | 134,766            |
| Increase in other non-current assets   | (488,782)           | (968,246)          |
| <b>Net cash flows used in investing activities</b>   | <u>(854,367)</u>    | <u>(1,614,354)</u> |
| <b>Cash flows from financing activities:</b>   |                     |                    |
| Increase in short-term borrowings  | 10,271,443          | 10,520,858         |
| Decrease in short-term borrowings  | (10,627,378)        | (8,127,786)        |
| Increase in short-term notes and bills payable   | 1,213               | 30,022             |
| Proceeds from issuing bonds  | -                   | 1,644,717          |
| Proceeds from long-term borrowings   | 9,165,400           | 7,375,000          |
| Repayments of long-term borrowings   | (9,407,683)         | (8,707,827)        |
| Payment of lease liabilities   | (196,519)           | (193,794)          |
| Increase in other non-current liabilities  | 1,077               | 2,704              |
| Cash dividends paid  | (451,347)           | (793,618)          |
| Cash dividends paid to non-controlling interests   | (266,014)           | (357,577)          |
| Change in non-controlling interests  | 29,951              | 7,235              |
| <b>Net cash flows (used in) generated from financing activities</b>                                  | <u>(1,479,857)</u>  | <u>1,399,934</u>   |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                  | <u>(79,268)</u>     | <u>21,441</u>      |
| <b>Net increase in cash and cash equivalents</b>   | <u>487,746</u>      | <u>1,029,257</u>   |
| <b>Cash and cash equivalents at the beginning of the period</b>                                      | <u>6,068,902</u>    | <u>5,039,645</u>   |
| <b>Cash and cash equivalents at the end of the period</b>  | <u>\$ 6,556,648</u> | <u>6,068,902</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 Years Ended December 31, 2023 and 2022**

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

**(1) Company history**

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

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2024.

**(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 issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 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 material accounting policies**

The material accounting policies presented in the consolidated financial statements are summarized as follows. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise specified in Note 3.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC and SIC endorsed by the Financial Supervisory Commission, ROC.

- (b) Basis of preparation

- (i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are recognized as the fair value of the plan assets less the present value of the defined obligation, which is limited as explained in Note 4(s).

- (ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The Group’s consolidated financial statements are presented in New Taiwan dollar, which is the Company’s functional currency. All financial information presented in New Taiwan dollar has been rounded to the nearest thousand.

(Continued)

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the noncontrolling interests in a subsidiary are allocated to the noncontrolling interests, even if doing so causes the noncontrolling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

(ii) List of subsidiaries in the consolidated financial statements

| Investor                             | Name of Subsidiary  | Principal Activity  | Percentage Ownership |                   | Note   |
|--------------------------------------|---|---|----------------------|-------------------|--------|
|                                      |   |   | December 31, 2023    | December 31, 2022 |        |
| The Company                          | United Elite Agents Limited (UEA)   | Investing   | 100.00 %             | 100.00 %          |        |
| The Company and Sunflower Investment | Atrans Precision Industries Co., Ltd. (Atrans Precision)                            | Vehicle parts processing  | 85.51 %              | 85.51 %           |        |
| The Company                          | Sunflower Investment Co., Ltd. (Sunflower Investment)                               | Investing   | 99.01 %              | 99.01 %           |        |
| 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 %          |        |
| The Company                          | CMAI CO., LIMITED. (CMAI)   | Vehicle parts retailing   | 100.00 %             | 100.00 %          | Note 1 |
| The Company                          | CMJ CO., LTD. (CMJ)   | Cast iron product retailing   | 83.33 %              | 83.33 %           |        |
| The Company                          | National Management Co., Ltd. (National Management)                                 | Management and consulting services  | 100.00 %             | 100.00 %          |        |
| 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 %           |        |
| The Company                          | Shangrila Tourism Co., Ltd. (Shangrila Tourism)                                     | Amusement park and hotel services   | 100.00 %             | 100.00 %          |        |
| The Company                          | Taichung CMP Hospitality Management Consulting Co., Ltd. (Taichung CMP Hospitality) | International tourist hotel services  | 100.00 %             | 100.00 %          | Note 4 |
| The Company                          | Calligraphy Greenway Plaza Co., Ltd. (Calligraphy Greenway Plaza)                   | Management and consulting services  | 100.00 %             | 100.00 %          |        |

(Continued)

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

| Investor               | Name of Subsidiary  | Principal Activity   | Percentage Ownership |                   | Note   |
|------------------------|---|--|----------------------|-------------------|--------|
|                        |   |  | December 31, 2023    | December 31, 2022 |        |
| The Company            | Great Naturalistic Block Co., Ltd. (Great Naturalistic Block)                 | Management and consulting services   | 100.00 %             | - %               | Note 2 |
| UEA                    | China Metal International Holdings Inc. (CMI)                                 | Investing and cast iron product retailing  | 83.27 %              | 83.27 %           |        |
| CMI                    | China Metal International (BVI) Limited (CMI (BVI))                           | Investing  | 100.00 %             | 100.00 %          |        |
| CMI                    | CMW (Cayman Islands) Co., Ltd. (CMW (C.I.))                                   | Investing  | 100.00 %             | 100.00 %          |        |
| CMI                    | CMB (H.K.) Co., Ltd. (CMB (H.K.))   | Investing  | 100.00 %             | 100.00 %          |        |
| CMB (H.K.)             | Suzhou CMB Machinery Co., Ltd. (Suzhou CMB)                                   | Cast iron product designing, manufacturing and retailing   | 100.00 %             | 100.00 %          |        |
| CMI (BVI)              | CMP (H.K.) Industry Co., Ltd. (CMP (H.K.))                                    | Investing  | 100.00 %             | 100.00 %          |        |
| 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 %          |        |
| 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 %          |        |
| 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 %          |        |
| 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 %          |        |
| CMJ                    | Qingdao Sourcing Specialists Trading Co., Ltd. (Qingdao Sourcing Specialists) | Cast iron product retailing  | 100.00 %             | 100.00 %          |        |
| Atrans Precision       | FAR HSING (SAMOA) ENTERPRISE CO., LTD. (FAR HSING (SAMOA))                    | Investing  | 100.00 %             | 100.00 %          |        |
| PUJEN Land Development | CHINGENG Land Development Co., Ltd. (CHINGENG Land Development)               | Residents, commercial buildings and factories leasing and developing   | 50.00 %              | 50.00 %           |        |
| 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 %           |        |
| PUJEN Land Development | PUCHIA Land Development Co., Ltd. (PUCHIA Land Development)                   | Residents, commercial buildings and factories leasing and developing   | - %                  | 50.00 %           | Note 3 |
| PUJEN Land Development | PUZHI Construction Co., Ltd. (PUZHI Construction)                             | Comprehensive construction Activities, residents, commercial buildings and factories leasing and developing  | 100.00 %             | 100.00 %          |        |
| CMAI                   | CMAI Holding, Inc. (CMAI Holding)   | Investing  | 100.00 %             | 100.00 %          |        |
| CMAI Holding           | Pilot Drive LLC (Pilot)   | Assets leasing   | 100.00 %             | 100.00 %          |        |

(Continued)



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

| Investor              | Name of Subsidiary                                   | Principal Activity   | Percentage Ownership |                   | Note   |
|-----------------------|--|--|----------------------|-------------------|--------|
|                       |  |  | December 31, 2023    | December 31, 2022 |        |
| Pilot                 | CMAI INDUSTRIES, INC. (CMAI N.A.)                    | Vehicle parts retailing  | 100.00 %             | 100.00 %          |        |
| CMAI Holding          | CMAI-MEX Holding LLC(CMAI-MEX)                       | Investing  | 100.00 %             | - %               | Note 5 |
| CMAI Holding&CMAI-MEX | MEXICO CMI-CMAI S. de R.L. de C.V. (MEXICO CMI-CMAI) | Mechanical equipment, electronic parts and other equipment manufacturing | 100.00 %             | - %               | Note 5 |

Note 1: Formerly named as the “CHINA METAL AUTOMOTIVE INTERNATIONAL CO.,LTD ”.

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

Note 3: The liquidation procedure was completed on June 27, 2023.

Note 4: Formerly named as the “InterContinental Taichung Co., Ltd.”

Note 5: The establishments of both CMAI-MEX and MEXICO CMI-CMAI had registered on June 19, 2023 and December 14, 2023, respectively, with the stock remittance that yet to be made for the year ended December 31, 2023.

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the translation.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- An investment in equity securities designated as at fair value through other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the New Taiwan dollar at average rate. Exchange differences are recognized in other comprehensive income and presented in the foreign currency translation differences in equity.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

The major business activities are iron hardware manufacturing and casting, residents and commercial buildings developing, leasing and selling, international hotel servicing and department store retailing. Except for the developing, leasing and selling residents and commercial building business, which the operating cycle is over one year and the regarding accounts are classified by its operating cycle, the entity shall classify an asset as current when:

- (i) It is expected to be realized the asset, or intended to be sold or consumed, during the normal operating cycle ;
- (ii) It is held primarily for the purpose of trading ;
- (iii) It is expected to be realized within twelve months after the reporting period ; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under following criteria, and all other liabilities are classified as non-current. The entity shall classify a liability as current when:

- (i) It is expected to be settled within the Group's normal operating cycle ;
- (ii) It is held primarily for the purpose of trading ;
- (iii) It is due to be settled within twelve months after the reporting period ; or
- (iv) The Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits meet aforementioned definitions that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash and cash equivalents.

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

(g) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

Financial assets which are trade as regular purchases or sales are recognized and derecognized on a trade date basis.

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The time deposits held by the Group was determined as low credit risk since the trading and performing parties are the financial institutions above the investment grade.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization;  
or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

(Continued)

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

When the Group enters into transactions whereby it transfers assets but retains either all or substantially all of the risks and rewards of the assets, the transferred assets are not derecognized from statement of balance sheet.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity instruments

Debt or equity instruments issued by the Group are classified as financial liabilities or equity instruments in accordance with the substance of the contractual agreement.

2) Equity instrument

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued is recognized as the amount of consideration received less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified under FVTPL if it is recognized as held-for-trading, derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or expired. When the terms of a financial liability are modified and the cash flows of the modified liability are substantially different, the Group derecognizes the original financial liability and recognized a new financial liability at fair value based on the modified terms.

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

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

6) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of a loss it incurs because a specified debtor fails to pay on due date in accordance with the original or modified terms of a debt instrument.

At initial recognition, a financial guarantee contracts not designated as financial liabilities at fair value through profit or loss by the Group is recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at the higher of (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The weighted average costing method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to finished goods and work in progress.

Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

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

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) **Joint Arrangements**

Joint arrangement is the arrangement of two or multiple parties with joint controls over a delegated entity. Joint arrangement includes joint operation and joint venture, its traits are as follows:

- (i) The participants are bound by a contractual arrangement; and
- (ii) The contractual arrangement gives two or more of the parties joint control of the arrangement.

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

IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities that significantly affect the return of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint ventures) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard. Please refer to Note 4(i) for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

|                               |            |
|-------------------------------|------------|
| 1) Buildings                  | 2~60 years |
| 2) Machinery                  | 2~20 years |
| 3) Transportation equipment   | 2~10 years |
| 4) Office and other equipment | 2~30 years |
| 5) Leasehold improvement      | 1~39 years |

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

When changing the usage purpose of self-use properties, the self-use properties shall be reclassified to investment properties.

(m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straightline method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- 4) there is a change of its assessment of lease period on whether it will exercise a extension or termination option; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including partial offices, office facilities, dormitory and company cars. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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For sale-and-leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group will continue to recognize the transferred asset and shall recognize the financial liability equal to the transfer proceeds.

As a practical expedient, the Group elects not to assess whether eligible rent concessions that meets all the following conditions for lease modifications:

- 1) the rent concessions occurring as a direct consequence of the covid19 pandemic;
- 2) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments affects only payments originally due on, or before, June 30, 2022; and
- 4) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

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

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as rental revenue.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

|                          |            |
|--------------------------|------------|
| 1) Computer software     | 2~10 years |
| 2) Customer relationship | 10 years   |
| 3) Patent                | 8~9 years  |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

(o) Impairment of nonfinancial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Provisions

A provision (includes warranties, financial security contract and contingencies from legal law suits) is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and an outflow of economic benefits is possibly required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(q) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

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

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

The Group grants its main customers the right to return the product within certain period. Therefore, the Group reduces its revenue by the amount of expected returns and discounts, and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns and discounts at the time of sale. Also, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns and discounts.

2) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and the transfer of properties to the customer is complete. If the Group only meets one of the two criteria at the reporting date, the revenue is recognized as well.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is, therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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3) Customer loyalty program

The Group operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

4) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. For those contracts which are over one year, the effects of the transaction prices for the time value of money are not significant after the assessment.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(r) Government grants and government assistance

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(t) Income taxes

Income taxes comprise both current taxes and deferred taxes. Except for expenses that are related to business combinations, expenses recognized in equity or other comprehensive income directly, and other related expenses, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
- 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(u) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(v) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements in conformity with the IFRSs 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Judgment regarding acting as a principal or as an agent on commission

In respect of commissions, the Group concludes that the following indicators provide further evidence that it does not control the specified goods before they are transferred to the customer, and therefore it acts as an agent.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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- The Group does not obtain the ownership of the goods and does not obligate to the sale of the goods.
- The revenue is received by the Group, but the credit risk of the goods is undertaken by the supplier.
- The Group cannot vary the selling prices set by the supplier.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The information on impairment loss, please refer to Note 6(c).

(b) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(d) for further description of the valuation of inventories.

(c) Impairment of goodwill

The assessment of impairment of goodwill is based on the estimated growth rate, gross profit margin and income under cash basis, which requires the Group's management to determine the valuation method, major assumption and to calculate the equity value. In addition, impairment of goodwill depends on the Group to make subjective judgments which involves highly estimation uncertainty. Please refer to Note 6(j) for the impairment of goodwill.

(d) Recognition and measurement of provisions and contingent liabilities

Provision for unsettled litigation and claims is recognized when it is probable that it will result in an outflow of the Group's resources and the amount can be reasonably estimated. Since the ultimate resolution of litigation and claims cannot be predicted with certainty, the final outcome or the actual cash outflow may be materially different from the estimated liability. Please refer to Note 6(q) for further description of provisions and contingent liabilities.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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(e) Measurement of defined benefit obligations

Accrued pension liabilities (assets) and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to Note 6(s) for further description of the actuarial assumptions and sensitivity analysis.

The Group's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. If there is market observable inputs, it will be considered as fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to notes listed below for assumptions used in measuring fair value.

(i) Note 6(z), Financial instruments

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

|                           | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------|------------------------------|------------------------------|
| Cash on hand              | \$ 5,499                     | 6,561                        |
| Cash in banks             | 4,457,079                    | 4,008,099                    |
| Time deposits             | <u>2,094,070</u>             | <u>2,054,242</u>             |
| Cash and cash equivalents | <b><u>\$ 6,556,648</u></b>   | <b><u>6,068,902</u></b>      |

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

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

|  | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><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                            |
| Stocks unlisted on domestic markets—GUANGYUAN Investment Co., Ltd.                   | 31,134                             | 30,418                             |
| Stocks unlisted on domestic markets—DEVELOPMENT Venture Capital Co., Ltd.            | 11,662                             | 15,757                             |
| Stocks unlisted on domestic markets— Asia World Engineering & Construction Co., Ltd. | 30,000                             | 30,000                             |
| Stocks unlisted on domestic markets— MASADA Technology Limited Co., Ltd.             | 20,000                             | -                                  |
| Total  | <u>\$ 192,751</u>                  | <u>179,363</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 years ended December 31, 2023 and 2022, the Group received dividend income amounting to \$15,689 thousand and \$16,423 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) The Group had strategic investments in YUHUA Venture Capital Co., Ltd. and FUHUA Venture Capital Co., Ltd., whose liquidation registration procedures had been completed in 2023, resulting in the investment amounts, which had been remitted back to the Group, to be reclassified from FVOCI to other receivables, and the accumulated losses of \$1,803 thousand to be reclassified from other comprehensive income to retained earnings.
- (v) Please refer to Note 6(z) for the information on credit risk (including the impairment of debt instrument investments) and market risk.
- (vi) As of December 31, 2023 and 2022, the financial assets were not pledged as collateral.

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

## (c) Notes and accounts receivable

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Notes receivable from operating activities     | \$ 601,091                   | 475,583                      |
| Accounts receivable measured as amortized cost | <u>3,063,571</u>             | <u>3,344,375</u>             |
| Subtotal                                       | 3,664,662                    | 3,819,958                    |
| Less: Loss allowance                           | <u>(4,684)</u>               | <u>(5,348)</u>               |
| Total  | <u><u>\$ 3,659,978</u></u>   | <u><u>3,814,610</u></u>      |

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

|                             | <b>December 31, 2023</b>         |   |                                     |
|-----------------------------|----------------------------------|---|-------------------------------------|
|                             | <b>Gross Carrying<br/>Amount</b> | <b>Weighted<br/>Average<br/>Loss Rate</b> | <b>Loss Allowance<br/>Provision</b> |
| Current                     | \$ 3,515,929                     | 0%  | -                                   |
| 1 to 30 days past due       | 81,888                           | 0%  | -                                   |
| 31 to 90 days past due      | 31,553                           | 0%  | -                                   |
| 91 to 120 days past due     | 14,044                           | 0%  | -                                   |
| 121 days to a year past due | 8,350                            | 27.03%~68.26%                             | 4,222                               |
| Over a year past due        | <u>12,898</u>                    | 100%                                      | <u>462</u>                          |
|                             | <u><u>\$ 3,664,662</u></u>       |   | <u><u>4,684</u></u>                 |
|                             | <b>December 31, 2022</b>         |   |                                     |
|                             | <b>Gross Carrying<br/>Amount</b> | <b>Weighted<br/>Average<br/>Loss Rate</b> | <b>Loss Allowance<br/>Provision</b> |
| Current                     | \$ 3,609,369                     | 0%  | -                                   |
| 1 to 30 days past due       | 108,785                          | 0%  | -                                   |
| 31 to 90 days past due      | 86,405                           | 0%  | -                                   |
| 91 to 120 days past due     | 5,456                            | 0%  | -                                   |
| 121 days to a year past due | 7,839                            | 25.23%~49.96%                             | 3,244                               |
| Over a year past due        | <u>2,104</u>                     | 100%                                      | <u>2,104</u>                        |
|                             | <u><u>\$ 3,819,958</u></u>       |   | <u><u>5,348</u></u>                 |

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

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

|   | <b>For the Years Ended December 31</b> |              |
|---|--|--------------|
|   | <b>2023</b>                            | <b>2022</b>  |
| Balance on January 1                    | \$ 5,348                               | 3,764        |
| Impairment losses (reversed) recognized | (107)                                  | 1,512        |
| Amounts written off                     | (510)                                  | -            |
| Foreign exchange (gains) losses         | (47)                                   | 72           |
| Balance on December 31                  | <u>\$ 4,684</u>                        | <u>5,348</u> |

The financial assets mentioned above were not pledged as collateral.

(d) Inventories

|                                   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-----------------------------------|------------------------------|------------------------------|
| Raw materials                     | \$ 174,117                   | 231,287                      |
| Work in process                   | 200,848                      | 335,389                      |
| Semi-finished goods               | 101,620                      | 151,676                      |
| Finished goods                    | 1,154,947                    | 1,486,432                    |
| Merchandise                       | 147,271                      | 138,209                      |
| Land held for development         | 4,151,545                    | 8,551,179                    |
| Properties and land held for sale | 6,634,989                    | 164,881                      |
| Construction-in-progress          | 10,111,274                   | 10,573,140                   |
| Prepayments for land              | 60,070                       | 226,765                      |
| Other inventories                 | 54,398                       | 187,255                      |
|                                   | <u>\$ 22,791,079</u>         | <u>22,046,213</u>            |

- (i) For the years ended December 31, 2023 and 2022, the cost of goods sold amounted to \$13,501,665 thousand and \$11,337,623 thousand, respectively. For the years ended December 31, 2023 and 2022, the (loss for inventory obsolescence) reversal gain from the (decrease) increase in inventories' net realizable value amounted to \$(7,460) thousand and \$7,720 thousand, respectively.
- (ii) For the information on inventories pledged as collateral, as of December 31, 2023 and 2022, please refer to Note 8.
- (iii) For the years ended December 31, 2023 and 2022, the capitalized interest expense recognized in the inventory amounted to \$126,407 thousand and \$69,746 thousand, respectively. The interest rate of capitalization were 2.40%~2.59% and 1.68%~2.17%, respectively.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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(e) Investments accounted for using equity method

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

|                | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------|------------------------------|------------------------------|
| Associates     | \$ 331,711                   | 391,050                      |
| Joint ventures | 354,013                      | 316,929                      |
|                | <b><u>\$ 685,724</u></b>     | <b><u>707,979</u></b>        |

(i) Associates

Due to the fact that the Group does not have the obligation of assuming the excess losses, it ceased the recognition of the losses from the investment of Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets). For the years ended December 31, 2023 and 2022, the unrealized investment losses amounted to \$405 thousand and \$359 thousand, respectively; the accumulated unrealized investment losses, as of December 31, 2023 and 2022, amounted to \$58,532 thousand and \$58,127 thousand, respectively.

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

|  | <b>December 31,<br/>2023</b>                  | <b>December 31,<br/>2022</b> |
|--|---|------------------------------|
| Carrying amount of individually insignificant associates' equity | <b><u>\$ 331,711</u></b>                      | <b><u>391,050</u></b>        |
|  | <b><u>For the Years Ended December 31</u></b> |                              |
|  | <b><u>2023</u></b>                            | <b><u>2022</u></b>           |
| Attributable to the Group:                                       |   |                              |
| Net loss   | \$ (23,935)                                   | (8,200)                      |
| Other comprehensive income                                       | -   | -                            |
| Comprehensive income   | <b><u>\$ (23,935)</u></b>                     | <b><u>(8,200)</u></b>        |

(ii) Joint ventures

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Carrying amount of individually insignificant joint ventures' equity | <b><u>\$ 354,013</u></b>     | <b><u>316,929</u></b>        |

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|                            | <b>For the Years Ended December 31</b> |                 |
|----------------------------|--|-----------------|
|                            | <b>2023</b>                            | <b>2022</b>     |
| Attributable to the Group: |  |                 |
| Net loss                   | \$ (15,626)                            | (48,776)        |
| Other comprehensive income | -                                      | -               |
| Comprehensive income       | <b>\$ (15,626)</b>                     | <b>(48,776)</b> |

(iii) Pledge to secure

As of December 31, 2023 and 2022, the investments accounted for using equity method were not pledged as collateral.

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

(i) Acquisition of additional shares interests of subsidiary

For the year ended December 31, 2022, the Group obtained Sunflower Investment and PUJEN Land Development additional equity on \$96 thousand and \$7,669 thousand, respectively, increasing the percentage ownership from 99.00% to 99.01% and 71.72% to 71.82%, respectively.

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

|  | <b>For the Year Ended December 31</b> |                               |
|--|---------------------------------------|-------------------------------|
|  | <b>2022</b>                           |                               |
|  | <b>Sunflower Investment</b>           | <b>PUJEN Land Development</b> |
| Acquisition of non-controlling interests   | \$ 331                                | 7,905                         |
| Payment to non-controlling interests   | (96)                                  | (7,669)                       |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed of | <b>\$ 235</b>                         | <b>236</b>                    |

(ii) For the year ended December 31, 2022, the Group obtained PUZHI Construction 100% equity on \$34,800 thousand and generated goodwill of \$12,300 thousand. Please refer to Note 6(j).

(g) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 are as follows:

| Cost:                         | Land                | Buildings        | Machinery         | Office Equipment | Transportation Equipment | Leasehold Improvement | Other Equipment | Construction in Progress | Total             |
|-------------------------------|---------------------|------------------|-------------------|------------------|--------------------------|-----------------------|-----------------|--------------------------|-------------------|
| 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              | 11,594           | 95,608            | 8,614            | 81                       | 25,762                | 29,599          | 595,342                  | 784,052           |
| Disposals                     | -                   | (170)            | (180,918)         | (9,919)          | (4,167)                  | (26,896)              | (17,541)        | -                        | (239,611)         |
| Reclassification              | 29,056              | 28,024           | 606,422           | 5,609            | 3,202                    | 10,491                | 99,591          | (619,101)                | 163,294           |
| Influence from exchange rates | -                   | (58,341)         | (168,129)         | (1,172)          | (869)                    | (4,725)               | (8,531)         | (3,646)                  | (245,413)         |
| Balance on December 31, 2023  | <b>\$ 3,176,092</b> | <b>4,313,532</b> | <b>10,409,370</b> | <b>127,203</b>   | <b>57,156</b>            | <b>265,880</b>        | <b>971,520</b>  | <b>973,794</b>           | <b>20,294,547</b> |

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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|  | <u>Land</u>         | <u>Buildings</u> | <u>Machinery</u>  | <u>Office<br/>Equipment</u> | <u>Transportation<br/>Equipment</u> | <u>Leasehold<br/>Improvement</u> | <u>Other<br/>Equipment</u> | <u>Construction in<br/>Progress</u> | <u>Total</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                                    | 10,663              | 5,219            | 129,785           | 5,195                       | 1,246                               | 36,117                           | 47,588                     | 419,128                             | 654,941           |
| Disposals                                    | -                   | (50)             | (235,415)         | (2,237)                     | (3,608)                             | (16,831)                         | (24,285)                   | -                                   | (282,426)         |
| Reclassification                             | -                   | 436,911          | 272,009           | 8,850                       | 2,081                               | 50,488                           | 109,071                    | (759,512)                           | 119,898           |
| Influence from exchange rates                | 826                 | 50,225           | 139,902           | 1,460                       | 471                                 | 3,629                            | 6,139                      | 20,083                              | 222,735           |
| Balance on December 31, 2022                 | <u>\$ 3,129,584</u> | <u>4,332,425</u> | <u>10,056,387</u> | <u>124,071</u>              | <u>58,909</u>                       | <u>261,248</u>                   | <u>868,402</u>             | <u>1,001,199</u>                    | <u>19,832,225</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                                 | -                   | 126,192          | 587,476           | 13,117                      | 3,967                               | 38,737                           | 86,981                     | -                                   | 856,470           |
| Disposals                                    | -                   | (170)            | (174,099)         | (9,594)                     | (4,055)                             | (26,896)                         | (17,111)                   | -                                   | (231,925)         |
| Reclassification                             | -                   | -                | 4,986             | 197                         | -                                   | -                                | (197)                      | -                                   | 4,986             |
| Influence from exchange rates                | -                   | (20,478)         | (114,691)         | (933)                       | (750)                               | (2,215)                          | (5,993)                    | -                                   | (145,060)         |
| Balance on December 31, 2023                 | <u>\$ -</u>         | <u>1,780,961</u> | <u>7,011,127</u>  | <u>97,729</u>               | <u>48,484</u>                       | <u>125,445</u>                   | <u>642,304</u>             | <u>-</u>                            | <u>9,706,050</u>  |
| Balance on January 1, 2022                   | \$ -                | 1,539,755        | 6,255,051         | 85,183                      | 45,545                              | 89,124                           | 512,370                    | -                                   | 8,527,028         |
| Depreciation                                 | -                   | 119,677          | 586,192           | 11,425                      | 2,778                               | 41,820                           | 82,792                     | -                                   | 844,684           |
| Disposals                                    | -                   | (50)             | (224,383)         | (2,084)                     | (1,485)                             | (16,831)                         | (23,169)                   | -                                   | (268,002)         |
| Reclassification                             | -                   | -                | -                 | (871)                       | 2,081                               | -                                | 2,081                      | -                                   | 3,291             |
| Influence from exchange rates                | -                   | 16,035           | 90,595            | 1,289                       | 403                                 | 1,706                            | 4,550                      | -                                   | 114,578           |
| Balance on December 31, 2022                 | <u>\$ -</u>         | <u>1,675,417</u> | <u>6,707,455</u>  | <u>94,942</u>               | <u>49,322</u>                       | <u>115,819</u>                   | <u>578,624</u>             | <u>-</u>                            | <u>9,221,579</u>  |
| Carrying value:                              |                     |                  |                   |                             |                                     |                                  |                            |                                     |                   |
| Balance on December 31, 2023                 | <u>\$ 3,176,092</u> | <u>2,532,571</u> | <u>3,398,243</u>  | <u>29,474</u>               | <u>8,672</u>                        | <u>140,435</u>                   | <u>329,216</u>             | <u>973,794</u>                      | <u>10,588,497</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 December 31, 2022                 | <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> |

As of December 31, 2023 and 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.

(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 years ended December 31, 2023 and 2022 are as follows:

|                               | <u>Land</u>         | <u>Buildings</u> | <u>Machinery</u> | <u>Transportation<br/>Equipment</u> | <u>Office<br/>Equipment</u> | <u>Other<br/>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            | 21,754           | 6,855                               | 436                         | 120                        | 30,307           |
| Reduction for expiration      | -                   | (2,553)          | (16,980)         | (6,581)                             | (617)                       | (64)                       | (26,795)         |
| Influence from exchange rates | (6,232)             | (152)            | (610)            | 15                                  | 3                           | -                          | (6,976)          |
| Balance on December 31, 2023  | <u>\$ 1,003,993</u> | <u>2,399,913</u> | <u>37,451</u>    | <u>22,439</u>                       | <u>1,584</u>                | <u>120,726</u>             | <u>3,586,106</u> |
| Balance on January 1, 2022    | \$ 1,004,772        | 2,393,697        | 47,835           | 23,183                              | 2,046                       | 122,673                    | 3,594,206        |
| Additions                     | -                   | 10,924           | 18,730           | 3,561                               | -                           | -                          | 33,215           |
| Reduction for expiration      | -                   | (3,126)          | (33,945)         | (4,680)                             | (344)                       | (2,003)                    | (44,098)         |
| Influence from exchange rates | 5,453               | (19)             | 667              | 86                                  | 60                          | -                          | 6,247            |
| Balance on December 31, 2022  | <u>\$ 1,010,225</u> | <u>2,401,476</u> | <u>33,287</u>    | <u>22,150</u>                       | <u>1,762</u>                | <u>120,670</u>             | <u>3,589,570</u> |

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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|                                  | <u>Land</u>       | <u>Buildings</u> | <u>Machinery</u> | <u>Transportation<br/>Equipment</u> | <u>Office<br/>Equipment</u> | <u>Other<br/>Equipment</u> | <u>Total</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                     | 23,572            | 163,276          | 11,825           | 6,429                               | 330                         | 3,144                      | 208,576          |
| Transferred to construction cost | -                 | 434              | -                | -                                   | -                           | -                          | 434              |
| Reduction for expiration         | -                 | (2,553)          | (16,980)         | (3,902)                             | (617)                       | (64)                       | (24,116)         |
| Influence from exchange rates    | (1,901)           | (90)             | (241)            | 3                                   | 7                           | -                          | (2,222)          |
| Balance on December 31, 2023     | <u>\$ 224,598</u> | <u>1,639,220</u> | <u>15,028</u>    | <u>11,206</u>                       | <u>788</u>                  | <u>22,053</u>              | <u>1,912,893</u> |
| Balance on January 1, 2022       | \$ 177,882        | 1,317,008        | 39,869           | 7,254                               | 966                         | 17,466                     | 1,560,445        |
| Depreciation                     | 23,603            | 163,189          | 13,904           | 6,040                               | 398                         | 3,444                      | 210,578          |
| Transferred to construction cost | -                 | 841              | -                | -                                   | -                           | -                          | 841              |
| Reduction for expiration         | -                 | (2,879)          | (33,945)         | (4,680)                             | (344)                       | (1,937)                    | (43,785)         |
| Influence from exchange rates    | 1,442             | (6)              | 596              | 62                                  | 48                          | -                          | 2,142            |
| Balance on December 31, 2022     | <u>\$ 202,927</u> | <u>1,478,153</u> | <u>20,424</u>    | <u>8,676</u>                        | <u>1,068</u>                | <u>18,973</u>              | <u>1,730,221</u> |
| Carrying value:                  |                   |                  |                  |                                     |                             |                            |                  |
| Balance on December 31, 2023     | <u>\$ 779,395</u> | <u>760,693</u>   | <u>22,423</u>    | <u>11,233</u>                       | <u>796</u>                  | <u>98,673</u>              | <u>1,673,213</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 December 31, 2022     | <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> |

(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:

|                              | <u>Owned Property</u> |                  | <u>Total</u>   |
|------------------------------|-----------------------|------------------|----------------|
|                              | <u>Land</u>           | <u>Buildings</u> |                |
| Cost:                        |                       |                  |                |
| Balance on January 1, 2023   | \$ 596,723            | 121,530          | 718,253        |
| Balance on December 31, 2023 | <u>\$ 596,723</u>     | <u>121,530</u>   | <u>718,253</u> |
| Balance on January 1, 2022   | \$ 609,567            | 151,549          | 761,116        |
| Transfer to inventories      | (12,844)              | (30,019)         | (42,863)       |
| Balance on December 31, 2022 | <u>\$ 596,723</u>     | <u>121,530</u>   | <u>718,253</u> |

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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|                              | <b>Owned Property</b> |                  | <b>Total</b>        |
|------------------------------|-----------------------|------------------|---------------------|
|                              | <b>Land</b>           | <b>Buildings</b> |                     |
| Depreciation:                |                       |                  |                     |
| Balance on January 1, 2023   | \$ -                  | 54,867           | 54,867              |
| Depreciation                 | -                     | 2,157            | 2,157               |
| Balance on December 31, 2023 | <u>\$ -</u>           | <u>57,024</u>    | <u>57,024</u>       |
| Balance on January 1, 2022   | \$ -                  | 54,442           | 54,442              |
| Depreciation                 | -                     | 2,631            | 2,631               |
| Transfer to inventories      | -                     | (2,206)          | (2,206)             |
| Balance on December 31, 2022 | <u>\$ -</u>           | <u>54,867</u>    | <u>54,867</u>       |
| Carrying value:              |                       |                  |                     |
| Balance on December 31, 2023 | <u>\$ 596,723</u>     | <u>64,506</u>    | <u>661,229</u>      |
| Balance on January 1, 2022   | <u>\$ 609,567</u>     | <u>97,107</u>    | <u>706,674</u>      |
| Balance on December 31, 2022 | <u>\$ 596,723</u>     | <u>66,663</u>    | <u>663,386</u>      |
| Fair value:                  |                       |                  |                     |
| Balance on December 31, 2023 |                       |                  | <u>\$ 1,081,534</u> |
| Balance on January 1, 2022   |                       |                  | <u>\$ 1,119,223</u> |
| Balance on December 31, 2022 |                       |                  | <u>\$ 1,074,791</u> |

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

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

The fair value of investment properties is based on recent transaction price of similar location and areas on the website of Department of Land Administration M.O.I. and the website of real estate trading. Under the valuation techniques for financial instruments measured at fair value, the inputs are categorized at level 3.

As of December 31, 2023 and 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**  
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(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<br/>Relationship</u> | <u>Computer<br/>Software</u> | <u>Total</u>   |
|-------------------------------|-------------------|----------------|--------------------------------|------------------------------|----------------|
| Cost:                         |                   |                |                                |                              |                |
| Balance on January 1, 2023    | \$ 414,417        | 64,105         | 231,424                        | 46,300                       | 756,246        |
| Acquisitions                  | -                 | -              | -                              | 11,977                       | 11,977         |
| Disposal                      | -                 | -              | -                              | (1,962)                      | (1,962)        |
| Influence from exchange rates | <u>(4,261)</u>    | <u>(1,163)</u> | <u>(4,198)</u>                 | -                            | <u>(9,622)</u> |
| Balance on December 31, 2023  | <u>\$ 410,156</u> | <u>62,942</u>  | <u>227,226</u>                 | <u>56,315</u>                | <u>756,639</u> |
| Balance on January 1, 2022    | \$ 385,268        | 63,088         | 227,751                        | 43,337                       | 719,444        |
| Acquisitions                  | 12,300            | -              | -                              | 1,890                        | 14,190         |
| Reclassification              | -                 | -              | -                              | 746                          | 746            |
| Influence from exchange rates | <u>16,849</u>     | <u>1,017</u>   | <u>3,673</u>                   | <u>327</u>                   | <u>21,866</u>  |
| Balance on December 31, 2022  | <u>\$ 414,417</u> | <u>64,105</u>  | <u>231,424</u>                 | <u>46,300</u>                | <u>756,246</u> |
| Accumulated amortization:     |                   |                |                                |                              |                |
| Balance on January 1, 2023    | \$ -              | 64,105         | 231,424                        | 33,971                       | 329,500        |
| Amortization                  | -                 | -              | -                              | 5,187                        | 5,187          |
| Disposal                      | -                 | -              | -                              | (1,962)                      | (1,962)        |
| Influence from exchange rates | <u>-</u>          | <u>(1,163)</u> | <u>(4,198)</u>                 | <u>-</u>                     | <u>(5,361)</u> |
| Balance on December 31, 2023  | <u>\$ -</u>       | <u>62,942</u>  | <u>227,226</u>                 | <u>37,196</u>                | <u>327,364</u> |
| Balance on January 1, 2022    | \$ -              | 63,088         | 227,751                        | 28,061                       | 318,900        |
| Amortization                  | -                 | -              | -                              | 5,583                        | 5,583          |
| Influence from exchange rates | <u>-</u>          | <u>1,017</u>   | <u>3,673</u>                   | <u>327</u>                   | <u>5,017</u>   |
| Balance on December 31, 2022  | <u>\$ -</u>       | <u>64,105</u>  | <u>231,424</u>                 | <u>33,971</u>                | <u>329,500</u> |
| Carrying value:               |                   |                |                                |                              |                |
| Balance on December 31, 2023  | <u>\$ 410,156</u> | <u>-</u>       | <u>-</u>                       | <u>19,119</u>                | <u>429,275</u> |
| Balance on January 1, 2022    | <u>\$ 385,268</u> | <u>-</u>       | <u>-</u>                       | <u>15,276</u>                | <u>400,544</u> |
| Balance on December 31, 2022  | <u>\$ 414,417</u> | <u>-</u>       | <u>-</u>                       | <u>12,329</u>                | <u>426,746</u> |

- (i) The Group conducts impairment assessment on goodwill at least once a year on the reporting date. The goodwill on December 31, 2023 and 2022 arose from the subsidiaries UEA and CMI, which held 100% equity of CMW (C.I.) as a long-term investment. The original investment amount of long-term equity investment amounted to US \$75,157 thousand. The Company used the discounted cash flow method of the income method under CMW (C.I.) operating income for evaluation method, and used free cash flows as the criterion for measuring the recoverable cash flow of goodwill. The recoverable amounts on December 31, 2023 and 2022, were both higher than the book value of the equity investment on the evaluation date, which were resulting in no impairment loss. These recoverable amounts were estimated by using discounted cash flows, which were classified as Level 3 for using significant unobservable inputs.

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The discount rate is based on the industry-weighted average cost of capital, respectively. The cash flow estimates were based on the five-year financial budget suggested by the management, and were extrapolated to subsequent years with a flat growth rate. The values of the aforementioned key assumptions are the management's assessment indicators of the future trends of the relevant industry, while taking into account of historical information from internal and external sources.

(ii) For the year ended December 31, 2022, the Group obtained PUZHI Construction 100% equity and generated goodwill of \$12,300 thousand, Please refer to Note 6(f).

(k) Other non-current financial assets

|  | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|--|------------------------------|------------------------------|
| Debt obligation receivable— The Splendor Hospitality International Co., Ltd.         | \$ 575,000                   | 575,000                      |
| Debt obligation receivable— Chin Ling Steel Co., Ltd. — Non-guaranteed               | -                            | 23,250                       |
| Less: Accumulated impairment— Debt obligation receivable — Chin Ling Steel Co., Ltd. | -                            | (23,250)                     |
| Refundable deposits  | <u>129,533</u>               | <u>111,862</u>               |
|  | <u><b>\$ 704,533</b></u>     | <u><b>686,862</b></u>        |

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

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**December 31, 2023**

| <u>Underlying</u>                      | <u>Obligation<br/>Cost</u> | <u>Obligation<br/>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 Colliers International Real Estate Appraiser Joint Office, the valuation of mortgage is \$8,453,706 thousand. After deducting the 1 <sup>st</sup> security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$2,246,853 thousand. | The building of The Splendor Hospitality International (the 2 <sup>nd</sup> security) |

**December 31, 2022**

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

(ii) As of December 31, 2023 and 2022, the cost and principal of debt obligation from Chin Ling Steel were \$23,250 thousand and \$118,561 thousand, respectively. Chin Ling steel had been liquidated, wherein the account receivables has been written off in 2023.

(l) Other non-current assets

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

|                          | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|--------------------------|------------------------------|------------------------------|
| Construction in progress | \$ 3,062,212                 | 2,681,197                    |
| Land                     | 44,299                       | 44,299                       |
| Other                    | <u>106,238</u>               | <u>86,067</u>                |
|                          | <u>\$ 3,212,749</u>          | <u>2,811,563</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.

(Continued)

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

(iii) For the years ended December 31, 2023 and 2022, the capitalized interest expense recognized in other non-current assets amounted to \$32,828 thousand and \$17,797 thousand, respectively. The interest rate of capitalization were 2.38%~2.50% and 1.90%~2.38%, respectively.

(m) Short-term borrowings

|                           | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------|------------------------------|------------------------------|
| Unsecured bank borrowings | \$ 5,252,529                 | 5,265,681                    |
| Secured bank borrowings   | 5,365,415                    | 5,802,116                    |
| Notes and bills payable   | <u>576,033</u>               | <u>514,820</u>               |
| Total                     | <u>\$ 11,193,977</u>         | <u>11,582,617</u>            |
| Unused credit limit       | <u>\$ 6,208,717</u>          | <u>7,500,727</u>             |
| Range of interest rates   | <u>1.35%~6.61%</u>           | <u>1.64%~6.20%</u>           |

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

(n) Long-term borrowings

The details and terms of the long-term borrowings are as follows:

|  | <b>December 31, 2023</b> |                                    |             |                     |
|--|--------------------------|------------------------------------|-------------|---------------------|
|  | <b>Currency</b>          | <b>Range of<br/>Interest Rates</b> | <b>Term</b> | <b>Amount</b>       |
| Unsecured bank borrowings              | NTD,CNY                  | 1.75%~4.78%                        | 2024~2026   | \$ 2,995,170        |
| Secured bank borrowings                | NTD                      | 1.73%~2.55%                        | 2024~2028   | 7,686,979           |
| Less: Current portion                  |                          |                                    |             | (2,971,393)         |
| Unamortized long-term borrowings costs |                          |                                    |             | <u>(14)</u>         |
| Total                                  |                          |                                    |             | <u>\$ 7,710,742</u> |
| Unused credit limit                    |                          |                                    |             | <u>\$ 954,630</u>   |
|  | <b>December 31, 2022</b> |                                    |             |                     |
|  | <b>Currency</b>          | <b>Range of<br/>Interest Rates</b> | <b>Term</b> | <b>Amount</b>       |
| Unsecured bank borrowings              | NTD                      | 1.40%~3.00%                        | 2023~2025   | \$ 2,600,000        |
| Secured bank borrowings                | NTD, HKD                 | 1.60%~5.96%                        | 2023~2026   | 8,327,315           |
| Less: Current portion                  |                          |                                    |             | (2,470,335)         |
| Unamortized long-term borrowings costs |                          |                                    |             | <u>(29)</u>         |
| Total                                  |                          |                                    |             | <u>\$ 8,456,951</u> |
| Unused credit limit                    |                          |                                    |             | <u>\$ 712,939</u>   |

(Continued)

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

(i) Collateral for bank borrowings

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

(ii) Borrowing covenants

The Group entered into a borrowing contract in a total credit of \$3,150,000 thousand with a financial institution on April 23, 2019. According to the contract, during the borrowing repayment periods the Company should file annual and semi-annual consolidated financial statements which were audited and reviewed by CPA and must comply with certain financial covenants, such as the current ratio shall be greater than or equal to 100%, the financial debt ratio shall be less than or equal to 180%, the interest coverage ratio shall be greater than or equal to 5 times, and the tangible net value shall be greater than or equal to \$14,000,000 thousand. The compliance with the aforementioned covenants will be examined semi-annually. As of December 31, 2023, the Group was in compliance with the above borrowing covenants.

(o) Bonds payable

The details of the bonds payable are as follows:

|  | <b>December 31,<br/>2023</b>           | <b>December<br/>31, 2022</b> |
|--|--|------------------------------|
| Unsecured convertible bonds  | \$ 1,417,400                           | 1,500,000                    |
| Unamortized premium on bonds payable   | 28,363                                 | 60,633                       |
|  | <b>\$ 1,445,763</b>                    | <b>1,560,633</b>             |
| Embedded derivative-call option (which is listed under "non-current financial assets at FVTPL")                          | <b>\$ 156</b>                          | -                            |
| Embedded derivative-put option (which is listed under "non-current financial liabilities at FVTPL")                      | \$ -                                   | <b>8,253</b>                 |
| Equity component-convertible option (which is listed under "capital surplus-stock option")                               | <b>\$ 45,888</b>                       | <b>48,562</b>                |
|  | <b>For the Years Ended December 31</b> |                              |
|  | <b>2023</b>                            | <b>2022</b>                  |
| Embedded derivative-gains (losses) on remeasurements through fair value (which is listed under "other gains and losses") | <b>\$ 8,409</b>                        | <b>(3,961)</b>               |
| Interest expense   | <b>\$ (30,294)</b>                     | <b>(31,229)</b>              |

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.

(Continued)

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

(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).

(vii) For the year ended December 31, 2023, the holders had converted their bonds into 3,125 and 2,661,267 ordinary shares of the Company, with the face value of \$100 thousand and \$82,500 thousand, and the conversion prices of \$32.0 and \$31.0 per share, respectively. However, the relevant statutory registration procedures of 1,238,700 ordinary shares have yet to be completed as the date of report.

(p) Lease liabilities

The details of the lease liabilities are as follows:

|             | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|-------------|------------------------------|------------------------------|
| Current     | <u>\$ 202,937</u>            | <u>188,005</u>               |
| Non-current | <u>\$ 1,294,887</u>          | <u>1,479,111</u>             |

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

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

The amounts recognized in profit or loss are as follows:

|  | <b>For the Years Ended December 31</b> |               |
|--|--|---------------|
|  | <b>2023</b>                            | <b>2022</b>   |
| Interest on lease liabilities  | <u>\$ 21,108</u>                       | <u>22,916</u> |
| Variable lease payments not included in the measurement of lease liabilities | <u>\$ 882</u>                          | <u>-</u>      |
| Expenses relating to leases short-term assets                                | <u>\$ 9,175</u>                        | <u>8,521</u>  |

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

|                               | <b>For the Years Ended December 31</b> |                |
|-------------------------------|--|----------------|
|                               | <b>2023</b>                            | <b>2022</b>    |
| Total cash outflow for leases | <u>\$ 227,684</u>                      | <u>225,231</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.

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.

(Continued)

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

## (q) Provisions

|                               | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|-------------------------------|------------------------------|------------------------------|
| Non-current:                  |                              |                              |
| Financial guarantee contracts | \$ 50,203                    | 9,112                        |
| Legal                         | <u>236,052</u>               | <u>236,052</u>               |
| Total                         | <u>\$ 286,255</u>            | <u>245,164</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.

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

|                                   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2022</u> |
|-----------------------------------|------------------------------|------------------------------|
| Less than one year                | \$ 11,728                    | 14,247                       |
| One to two years                  | 6,273                        | 5,664                        |
| Two to three years                | <u>1,363</u>                 | <u>-</u>                     |
| Total undiscounted lease payments | <u>\$ 19,364</u>             | <u>19,911</u>                |

For the years ended December 31, 2023 and 2022, rental revenues from investment properties amounted to \$14,869 thousand and \$13,151 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "operating costs") are \$0 thousands.

(Continued)

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

(s) Employee benefits

(i) Defined benefit plans

The reconciliation of fair value of defined benefit plans and plan assets are as follows:

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Present value of defined benefit obligation | \$ 64,328                    | 71,979                       |
| Fair value of plan assets                   | (35,143)                     | (42,969)                     |
| Net defined benefit obligation              | <b>\$ 29,185</b>             | <b>29,010</b>                |
| Net defined benefit assets                  | \$ -                         | <b>633</b>                   |
| Net defined benefit liabilities             | <b>\$ (29,185)</b>           | <b>(29,643)</b>              |

Employee benefit liabilities are listed as follows:

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Short-term paid leave liabilities and other liabilities<br>(recognized under other current liabilities) | <b>\$ 9,590</b>              | <b>11,190</b>                |

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Group sets aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Group's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to \$36,182 thousand on the reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

According to the Labor Standards Law and the Labor Pension Act, the Company, Shangrila Tourism and the Hotel National have settled the old pension accounts with the employees, the settlement amount is withdrawn from the special account, and the balance has been returned to the Company, Shangrila Tourism and the Hotel National, respectively.

(Continued)

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

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2023 and 2022 are as follows:

|   | <b>For the Years Ended December 31</b> |               |
|---|--|---------------|
|   | <b>2023</b>                            | <b>2022</b>   |
| Defined benefit obligations on January 1                | \$ 71,979                              | 118,082       |
| Current service costs and interest                      | 1,455                                  | 784           |
| Remeasurements of the net defined benefit liability     |  |               |
| — Return on plan assets excluding interest income       | 21                                     | 694           |
| — Actuarial gains from changes in financial assumption  | (351)                                  | (782)         |
| Prior service cost and gain or loss from the settlement | (5,731)                                | (46,325)      |
| Benefits paid by the plan                               | (3,045)                                | (474)         |
| Defined benefit obligation on December 31               | <u>\$ 64,328</u>                       | <u>71,979</u> |

3) Movements of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2023 and 2022 are as follows:

|   | <b>For the Years Ended December 31</b> |               |
|---|--|---------------|
|   | <b>2023</b>                            | <b>2022</b>   |
| Fair value of plan assets on January 1                        | \$ 42,969                              | 106,907       |
| Interest revenue  | 461                                    | 642           |
| Remeasurements of the net defined benefit liability           |  |               |
| — Return on plan assets (not including current interest cost) | 323                                    | 7,755         |
| Contributed amount  | 607                                    | 1,845         |
| Benefits paid by the plan                                     | (2,632)                                | (49,071)      |
| Cash returned from the pension fund                           | (6,585)                                | (25,109)      |
| Fair value of plan asset on December 31                       | <u>\$ 35,143</u>                       | <u>42,969</u> |

(Continued)



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

- 4) Changes in the effect of the asset ceilings: None.
- 5) Expenses recognized in profit and loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 are as follows:

|   | <b>For the Years Ended December 31</b> |                     |
|---|--|---------------------|
|   | <b>2023</b>                            | <b>2022</b>         |
| Current service cost                                    | \$ 968                                 | 216                 |
| Net interest on net defined benefit liability (assets)  | 26                                     | (74)                |
| Prior service cost and gain or loss from the settlement | <u>7,556</u>                           | <u>(305)</u>        |
|   | <b><u>\$ 8,550</u></b>                 | <b><u>(163)</u></b> |

- 6) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

|                                  | <b>For the Years Ended December 31</b> |                      |
|----------------------------------|--|----------------------|
|                                  | <b>2023</b>                            | <b>2022</b>          |
| Cumulative amount on January 1   | \$ 31,516                              | 39,359               |
| Recognized during the year       | <u>(653)</u>                           | <u>(7,843)</u>       |
| Cumulative amount on December 31 | <b><u>\$ 30,863</u></b>                | <b><u>31,516</u></b> |

- 7) Actuarial assumptions

The key actuarial assumptions at the reporting date are as follows:

|                             | <b>2023.12.31</b> | <b>2022.12.31</b> |
|-----------------------------|-------------------|-------------------|
| Discount rate               | 1.15%~1.38%       | 1.15%~1.5%        |
| Future salary increase rate | 1.5%~4%           | 1%~5%             |

Based on the actuarial report, the Group is expected to make a contribution payment of \$328 thousand to the defined benefit plans for the one year period after the reporting date of 2023.

The weighted average duration of the defined benefit plans is between 6.80 to 8.50 years.

(Continued)

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

8) Sensitivity analysis

As of December 31, 2023 and 2022, the changes in the principal actuarial assumptions that will impact on the present value of defined benefit obligation are as follows:

|                             | <b>Impact on Present Value of<br/>Defined Benefit Obligations</b> |                              |
|-----------------------------|---|------------------------------|
|                             | <b>Increase by<br/>0.25%</b>                                      | <b>Decrease by<br/>0.25%</b> |
| December 31, 2023           |   |                              |
| Discount rate               | \$ (302)  | 311                          |
| Future salary increase rate | 973   | (902)                        |
| December 31, 2022           |   |                              |
| Discount rate               | (453)   | 465                          |
| Future salary increase rate | 1,173   | (1,090)                      |

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Group contributes an amount at the rate of the employees' monthly wages to the Labor Pension personal account with the Bureau of Labor Insurance and Council of Labor Affairs in R.O.C. and relative social insurance institutions in accordance with the provisions of the Labor Pension Act and pension regulations in other business area. The Group's contributions to the Bureau of Labor Insurance for the employees' pension benefits, as well as to the labor and social security bureau, require no further payment of additional legal or constructive obligations.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2023 and 2022 amounted to \$89,906 thousand and \$87,667 thousand, respectively.

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

(t) Income tax

- (i) Applied legal tax rates of foreign subsidiaries: China: 10%~25%; Japan: 33.79%; the USA: 21%.
- (ii) The income tax expense are as follows:

|   | <b>For the Years Ended December 31</b> |                   |
|---|--|-------------------|
|   | <b>2023</b>                            | <b>2022</b>       |
| Current income tax expense                        |  |                   |
| Current period incurred                           | \$ 302,682                             | 113,135           |
| Land value increment taxes                        | 43,963                                 | 28,016            |
| Undistributed profit tax                          | 16,636                                 | 26,961            |
| Adjustment for prior periods                      | <u>(26,230)</u>                        | <u>(41,350)</u>   |
|   | <u>337,051</u>                         | <u>126,762</u>    |
| Deferred tax income                               |  |                   |
| Origination and reversal of temporary differences | <u>(22,749)</u>                        | <u>(126,372)</u>  |
| Income tax expense                                | <b><u>\$ 314,302</u></b>               | <b><u>390</u></b> |

Income tax on pre-tax financial income was reconciled with income tax expense for the years ended December 31, 2023 and 2022 as follows:

|   | <b>For the Years Ended December 31</b> |                   |
|---|--|-------------------|
|   | <b>2023</b>                            | <b>2022</b>       |
| Profit before income tax  | \$ <u>1,623,844</u>                    | <u>989,300</u>    |
| Income tax expense at domestic statutory tax rate                                     | 324,769                                | 197,860           |
| Difference of the applicable tax rate between the parent company and its subsidiaries | 1,451                                  | 21,412            |
| Investment losses accounted for using equity method                                   | 7,912                                  | 11,395            |
| Domestic investment income under Article 42 of Income Tax Act                         | (2,922)                                | (3,285)           |
| Land tax exemption  | (67,507)                               | (49,162)          |
| Difference between financial and taxable filing income                                | (12,767)                               | (4,104)           |
| Land value increment tax  | 43,963                                 | 28,016            |
| Undistributed profit tax  | 16,636                                 | 26,961            |
| Prior overestimate income tax   | (26,230)                               | (41,350)          |
| Recognition of previously unrecognized tax losses                                     | -                                      | (123,281)         |
| Others  | <u>28,997</u>                          | <u>(64,072)</u>   |
| Income tax expense  | <b><u>\$ 314,302</u></b>               | <b><u>390</u></b> |

(Continued)

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

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The unrecognized deferred tax assets are as follows:

|                                  | <u>December 31,</u><br><u>2023</u> | <u>December 31,</u><br><u>2022</u> |
|----------------------------------|------------------------------------|------------------------------------|
| Deductible temporary differences | \$ 6,317                           | 5,973                              |
| Tax losses                       | 221,103                            | 207,846                            |
|                                  | <u>\$ 227,420</u>                  | <u>213,819</u>                     |

The ROC Income Tax Act allows the carry forward of net losses, as assessed by the tax authorities, to offset against taxable income. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize as temporary difference.

As of December 31, 2023, the Group had not recognized the prior years' loss carryforwards as deferred tax assets, and the expiry years' thereof are as follows:

| <u>Unused Balance</u> | <u>Expiry Year</u> |
|-----------------------|--------------------|
| \$ 77,306             | 2024               |
| 71,450                | 2025               |
| 68,583                | 2026               |
| 73,264                | 2027               |
| 50,681                | 2028               |
| 51,929                | 2029               |
| 72,719                | 2030               |
| 525,121               | 2031               |
| 22,141                | 2032               |
| 69,916                | After 2033         |
| <u>\$ 1,083,110</u>   |                    |

(Continued)

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

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 are as follows:

Deferred tax assets:

|                                     | <u>Tax Losses</u> | <u>Others</u> | <u>Total</u>   |
|-------------------------------------|-------------------|---------------|----------------|
| <b>Balance on January 1, 2023</b>   | \$ 123,281        | 52,280        | 175,561        |
| Credit on income statement          | -                 | 11,037        | 11,037         |
| <b>Balance on December 31, 2023</b> | <u>\$ 123,281</u> | <u>63,317</u> | <u>186,598</u> |
| <b>Balance on January 1, 2022</b>   | \$ -              | 34,713        | 34,713         |
| Credit on income statement          | 123,281           | 17,567        | 140,848        |
| <b>Balance on December 31, 2022</b> | <u>\$ 123,281</u> | <u>52,280</u> | <u>175,561</u> |

Deferred tax liabilities:

|                                     | <u>Gains from<br/>Sale Leaseback</u> | <u>Others</u>  | <u>Total</u>   |
|-------------------------------------|--------------------------------------|----------------|----------------|
| <b>Balance on January 1, 2023</b>   | \$ 75,236                            | 437,284        | 512,520        |
| (Credit) Debit on income statement  | (13,084)                             | 2,456          | (10,628)       |
| <b>Balance on December 31, 2023</b> | <u>\$ 62,152</u>                     | <u>439,740</u> | <u>501,892</u> |
| <b>Balance on January 1, 2022</b>   | \$ 88,320                            | 410,072        | 498,392        |
| (Credit) debit on income statement  | (13,084)                             | 27,212         | 14,128         |
| <b>Balance on December 31, 2022</b> | <u>\$ 75,236</u>                     | <u>437,284</u> | <u>512,520</u> |

(iv) 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

(i) Capital stock

As of December 31, 2023 and 2022, the Company's authorized share capital are 5,000,000 thousands, with par value of \$10 per share and the issued capital are \$3,787,865 thousand and \$3,761,221 thousand respectively. All the proceeds from the issued capital have been remitted. However, the relevant statutory registration procedures of 1,238,700 ordinary shares have yet to be completed as the date of report.

(Continued)

**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:

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| From issuance of share capital   | \$ 671,879                   | 611,272                      |
| Employee stock option of subsidiaries  | 33,352                       | 33,352                       |
| Stock option of convertible bonds  | 45,888                       | 48,562                       |
| From conversion of convertible bonds   | 843,035                      | 843,035                      |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed of | 6,219                        | 6,219                        |
|  | <b>\$ 1,600,373</b>          | <b>1,542,440</b>             |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(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) Legal reserve

When a company incurs no loss for the year, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

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

2) Special reserve

The Company chose to apply the exemption under IFRS 1 at its initial adoption of IFRSs. Any unrealized revaluation surplus, accumulated translation adjustment, and increasing amount incurred from adopting the fair value as cost for the assets classified as investment property at the transition date, are classified to retained earnings at the amount of \$49,081 thousand. The Company shall allocate the same amount in special reserve in accordance with the requirements issued by the Financial Supervisory Commission. When there is any subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and proportionately appropriate the earnings distribution originally allocated to special reserve. The amounts of special reserve as of December 31, 2023 and 2022 were \$49,081 thousand.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. When the Company distributes its 2021 earnings in 2022, a portion of its current-period earnings and undistributed prior-period earnings shall be reclassified to special earnings reserve. When the Company distributes its 2023 earnings in 2023, the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current-period earnings and undistributed prior-period earnings, shall be reclassified to special earnings reserve. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) 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. The appropriations of other earnings for 2022 and 2021 had been approved in the shareholders' meeting on June 15, 2023 and June 24, 2022 respectively. These earnings are appropriated as follows:

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

(Continued)

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

The amount of cash dividends of appropriations of the Company's 2023 earnings was based on the resolutions decided during the meetings of the Board of Directors held on March 14, 2024.

|   | <b>For the Year Ended December 31</b>                                      |  |                                 |                  |
|---|--|--|---------------------------------|------------------|
|   | <b>2023</b>  |  |                                 |                  |
|   | <b>Allotment (NTD)</b>   | <b>Amount</b>  |                                 |                  |
| Common stock dividends per share  |  |  |                                 |                  |
| Cash  | \$   | 1.51   | <b>571,968</b>                  |                  |
| <br>(iv) Other equity (net of tax)  |  |  |                                 |                  |
|   | <b>Exchange Differences on Translation of Foreign Financial Statements</b> | <b>Unrealized Gains (Losses) from Financial Assets Measured at FVOCI</b> | <b>Non-controlling Interest</b> | <b>Total</b>     |
| Balance on January 1, 2023  | \$ 10,196  | 51,013   | 3,827,949                       | 3,889,158        |
| Profit attributable to non-controlling interests  | -  | -  | 344,315                         | 344,315          |
| Exchange differences on foreign operations  | (170,285)  | -  | (31,663)                        | (201,948)        |
| Unrealized losses on financial assets measured at FVOCI   | -  | (3,112)  | -                               | (3,112)          |
| Changes in non-controlling interest   | -  | -  | 29,951                          | 29,951           |
| Cash dividends paid to non-controlling interests  | -  | -  | (266,014)                       | (266,014)        |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -  | 1,803  | -                               | 1,803            |
| Others  | -  | -  | 155                             | 155              |
| Balance on December 31, 2023  | <b>\$ (160,089)</b>  | <b>49,704</b>  | <b>3,904,693</b>                | <b>3,794,308</b> |
| Balance on January 1, 2022  | \$ (25,292)  | 78,077   | 3,973,038                       | 4,025,823        |
| Profit attributable to non-controlling interests  | -  | -  | 183,785                         | 183,785          |
| Exchange differences on foreign operations  | 35,488   | -  | 23,450                          | 58,938           |
| Unrealized (losses) gains on financial assets measured at FVOCI   | -  | (20,744)   | 2                               | (20,742)         |
| Changes in equity of associates and joint ventures accounted for using equity method                      | -  | -  | (1,348)                         | (1,348)          |
| Changes in non-controlling interest   | -  | -  | 6,181                           | 6,181            |
| Cash dividends paid to non-controlling interests  | -  | -  | (357,577)                       | (357,577)        |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | -  | (6,320)  | -                               | (6,320)          |
| Others  | -  | -  | 418                             | 418              |
| Balance on December 31, 2022  | <b>\$ 10,196</b>   | <b>51,013</b>  | <b>3,827,949</b>                | <b>3,889,158</b> |

(Continued)



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

## (v) Earnings per share

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

|   | <b>For the Years Ended December 31</b> |                 |
|---|--|-----------------|
|   | <b>2023</b>                            | <b>2022</b>     |
| <b>Basic earnings per share</b>   |  |                 |
| Profit attributable to owners of the parent   | \$ <u>965,227</u>                      | <u>805,125</u>  |
| Weighted average number of ordinary shares  | <u>376,666</u>                         | <u>376,122</u>  |
| <b>Basic earnings per share</b>   | <u>\$ 2.56</u>                         | <u>2.14</u>     |
| <b>Diluted earnings per share</b>   |  |                 |
| Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares) | 965,227                                | 805,125         |
| Effect of potential diluted ordinary shares   |  |                 |
| Convertible bonds   | <u>(32,644)</u>                        | <u>(21,022)</u> |
| Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares) | <u>\$ 932,583</u>                      | <u>784,103</u>  |
| Weighted average number of ordinary shares  | 376,666                                | 376,122         |
| Effect of potential diluted ordinary shares   |  |                 |
| Employee stock option   | 788                                    | 1,019           |
| Convertible bonds   | <u>45,723</u>                          | <u>46,490</u>   |
| Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)  | <u>423,177</u>                         | <u>423,631</u>  |
| <b>Diluted earnings per share</b>   | <u>\$ 2.20</u>                         | <u>1.85</u>     |

## (w) Revenue from contracts with customers

## (i) Disaggregation of revenue

|                           | <b>For the Year Ended December 31, 2023</b> |  |   |                   |
|---------------------------|---|--|---|-------------------|
|                           | <b>Metal<br/>Manufacturing<br/>Segment</b>  | <b>Real Estate<br/>Development<br/>Segment</b> | <b>Lifestyle<br/>Innovation<br/>Segment</b> | <b>Total</b>      |
| Major geographic markets: |   |  |   |                   |
| Taiwan                    | \$ 319,802                                  | 5,977,406                                      | 648,366                                     | 6,945,574         |
| United States             | 1,495,117                                   | -  | -   | 1,495,117         |
| Japan                     | 1,765,852                                   | -  | -   | 1,765,852         |
| China                     | 5,877,442                                   | -  | -   | 5,877,442         |
| Europe                    | 519,289                                     | -  | -   | 519,289           |
| South America             | 498,034                                     | -  | -   | 498,034           |
| Others                    | 518,135                                     | -  | -   | 518,135           |
|                           | <u>\$ 10,993,671</u>                        | <u>5,977,406</u>                               | <u>648,366</u>                              | <u>17,619,443</u> |

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

| <b>For the Year Ended December 31, 2023</b> |  |  |   |                   |
|---|--|--|---|-------------------|
|   | <b>Metal<br/>Manufacturing<br/>Segment</b> | <b>Real Estate<br/>Development<br/>Segment</b> | <b>Lifestyle<br/>Innovation<br/>Segment</b> | <b>Total</b>      |
| Major product/service lines:                |  |  |   |                   |
| Iron casting hardware                       | \$ 10,959,322                              | -  | -   | 10,959,322        |
| Construction                                | -  | 5,962,537                                      | -   | 5,962,537         |
| Counter commissions                         | -  | -  | 442,815                                     | 442,815           |
| Others                                      | 34,349                                     | 14,869   | 205,551                                     | 254,769           |
|   | <u>\$ 10,993,671</u>                       | <u>5,977,406</u>                               | <u>648,366</u>                              | <u>17,619,443</u> |
| <b>For the Year Ended December 31, 2022</b> |  |  |   |                   |
|   | <b>Metal<br/>Manufacturing<br/>Segment</b> | <b>Real Estate<br/>Development<br/>Segment</b> | <b>Lifestyle<br/>Innovation<br/>Segment</b> | <b>Total</b>      |
| Major geographic markets:                   |  |  |   |                   |
| Taiwan                                      | \$ 496,491                                 | 1,800,361                                      | 657,194                                     | 2,954,046         |
| United States                               | 2,037,998                                  | -  | -   | 2,037,998         |
| Japan                                       | 1,910,688                                  | -  | -   | 1,910,688         |
| China                                       | 5,911,716                                  | -  | -   | 5,911,716         |
| Europe                                      | 523,668                                    | -  | -   | 523,668           |
| South America                               | 649,196                                    | -  | -   | 649,196           |
| Others                                      | 642,866                                    | -  | -   | 642,866           |
|   | <u>\$ 12,172,623</u>                       | <u>1,800,361</u>                               | <u>657,194</u>                              | <u>14,630,178</u> |
| Major product/service lines:                |  |  |   |                   |
| Iron casting hardware                       | \$ 12,104,278                              | -  | -   | 12,104,278        |
| Construction                                | -  | 1,783,554                                      | -   | 1,783,554         |
| Counter commissions                         | -  | -  | 399,100                                     | 399,100           |
| Others                                      | 68,345                                     | 16,807   | 258,094                                     | 343,246           |
|   | <u>\$ 12,172,623</u>                       | <u>1,800,361</u>                               | <u>657,194</u>                              | <u>14,630,178</u> |

## (ii) Contract balances

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> | <b>January 1,<br/>2022</b> |
|---|------------------------------|------------------------------|----------------------------|
| Notes and accounts receivable                     | \$ 3,664,662                 | 3,819,958                    | 4,074,833                  |
| Less: Loss allowance                              | (4,684)                      | (5,348)                      | (3,764)                    |
| Total   | <u>\$ 3,659,978</u>          | <u>3,814,610</u>             | <u>4,071,069</u>           |
| Contract assets                                   | <u>\$ -</u>                  | <u>-</u>                     | <u>-</u>                   |
| Contract liabilities—Advance real estate receipts | <u>\$ 4,949,634</u>          | <u>4,825,091</u>             | <u>3,568,282</u>           |
| Contract liabilities—Advance receipts             | <u>\$ 44,634</u>             | <u>39,625</u>                | <u>52,252</u>              |

(Continued)

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

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

The amount of revenue recognized for the years ended December 31, 2023 and 2022, that were included in the contract liabilities balance at the beginning of the period were \$1,359,325 thousand and \$396,934 thousand, respectively.

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

(x) Employees' compensation and remuneration of directors

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

For the years ended December 31, 2023 and 2022, appropriated employees' compensation by \$28,094 thousand and \$19,953 thousand, respectively, and appropriated remuneration of directors by \$25,084 thousand and \$17,815 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.

There were no difference between employees' compensation and remuneration of directors approved by the Board of Directors meeting and the estimated amount for the years of 2022.

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

(Continued)

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

(y) Non-operating income and expenses

(i) Interest income

The information on interest income is listed as follows:

|  | <b>For the Years Ended December 31</b> |               |
|--|--|---------------|
|  | <b>2023</b>                            | <b>2022</b>   |
| Interest income from bank deposits                 | \$ 65,824                              | 24,009        |
| Interest income from financial guarantee contracts | 11,620                                 | 14,085        |
| Other interest income                              | 2,391                                  | 1,776         |
| Total Interest income                              | <b>\$ 79,835</b>                       | <b>39,870</b> |

(ii) Other income

The information on other income is listed as follows:

|                    | <b>For the Years Ended December 31</b> |                |
|--------------------|--|----------------|
|                    | <b>2023</b>                            | <b>2022</b>    |
| Rental revenue     | \$ 21,832                              | 20,972         |
| Dividend income    | 15,689                                 | 16,423         |
| Others             | 224,117                                | 81,966         |
| Total other income | <b>\$ 261,638</b>                      | <b>119,361</b> |

(iii) Other gains and losses

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

|   | <b>For the Years Ended December 31</b> |                |
|---|--|----------------|
|   | <b>2023</b>                            | <b>2022</b>    |
| Losses on disposal of property, plant and equipment | \$ (5,723)                             | (7,774)        |
| Lease modification gains                            | 25                                     | 65             |
| Foreign exchange gains                              | 21,664                                 | 123,520        |
| Gains (losses) on financial assets at FVTPL         | 8,409                                  | (3,961)        |
| Other losses  | (460)                                  | (473)          |
| Net amount of other gains and losses                | <b>\$ 23,915</b>                       | <b>111,377</b> |

(Continued)

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

(iv) Finance costs

The information on interest expense is listed as follows:

|                                      | <b>For the Years Ended December 31</b> |                       |
|--------------------------------------|--|-----------------------|
|                                      | <b>2023</b>                            | <b>2022</b>           |
| Borrowing interest expense           | \$ 580,503                             | 368,236               |
| Lease liability interest expense     | 21,108                                 | 22,916                |
| Capitalized interest expense         | (159,235)                              | (87,543)              |
| Bonds interest expense               | (30,294)                               | (31,229)              |
| Amortized long term borrowings costs | <u>1,236</u>                           | <u>2,395</u>          |
| Net amount of finance costs          | <b><u>\$ 413,318</u></b>               | <b><u>274,775</u></b> |

(z) Financial instruments

(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 years ended December 31, 2023 and 2022, please refer to Note 6(c).

(Continued)

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

(ii) Liquidity risk

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

|  | <u>Contractual<br/>Cash Flow</u> | <u>Within 6<br/>Months</u> | <u>6-12<br/>Months</u> | <u>1-2 Years</u> | <u>2-5 Years</u> | <u>Over 5<br/>Years</u> |
|--|----------------------------------|----------------------------|------------------------|------------------|------------------|-------------------------|
| <b>December 31, 2023</b>                                   |                                  |                            |                        |                  |                  |                         |
| Non-derivative financial liabilities                       |                                  |                            |                        |                  |                  |                         |
| Bank borrowings  | \$ 22,856,372                    | 6,406,821                  | 2,828,247              | 4,770,175        | 8,851,129        | -                       |
| Bonds payable  | 1,417,400                        | -                          | -                      | 1,417,400        | -                | -                       |
| Lease liabilities  | 1,683,711                        | 111,377                    | 109,740                | 213,022          | 555,334          | 694,238                 |
| Notes and accounts payables<br>(including related parties) | 4,113,217                        | 4,113,217                  | -                      | -                | -                | -                       |
| Other payables (including related<br>parties)              | 1,724,968                        | 1,724,968                  | -                      | -                | -                | -                       |
|  | <u>\$ 31,795,668</u>             | <u>12,356,383</u>          | <u>2,937,987</u>       | <u>6,400,597</u> | <u>9,406,463</u> | <u>694,238</u>          |
| <b>December 31, 2022</b>                                   |                                  |                            |                        |                  |                  |                         |
| Non-derivative financial liabilities                       |                                  |                            |                        |                  |                  |                         |
| Bank borrowings  | \$ 23,338,560                    | 6,931,888                  | 4,608,521              | 6,306,770        | 3,524,426        | 1,966,955               |
| Bonds payable  | 1,500,000                        | -                          | -                      | -                | 1,500,000        | -                       |
| Lease liabilities  | 1,872,314                        | 103,927                    | 104,298                | 211,734          | 603,892          | 848,463                 |
| Notes and accounts payables<br>(including related parties) | 3,070,242                        | 3,070,242                  | -                      | -                | -                | -                       |
| Other payables (including related<br>parties)              | 1,383,980                        | 1,383,980                  | -                      | -                | -                | -                       |
|  | <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>        |

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

(iii) Currency risk

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

|                         | <u>December 31, 2023</u>    |                          |            | <u>December 31, 2022</u>    |                          |            |
|-------------------------|-----------------------------|--------------------------|------------|-----------------------------|--------------------------|------------|
|                         | <u>Foreign<br/>Currency</u> | <u>Exchange<br/>Rate</u> | <u>NTD</u> | <u>Foreign<br/>Currency</u> | <u>Exchange<br/>Rate</u> | <u>NTD</u> |
| <u>Financial assets</u> |                             |                          |            |                             |                          |            |
| <u>Monetary items</u>   |                             |                          |            |                             |                          |            |
| USD:NTD                 | \$ 6,992                    | 30.71                    | 214,733    | 16,689                      | 30.71                    | 512,530    |
| USD:CNY                 | 28,207                      | 7.09                     | 866,229    | 139,710                     | 6.96                     | 4,290,482  |
| USD:JPY                 | 1,245                       | 141.39                   | 38,227     | 1,261                       | 132.14                   | 38,723     |
| EUR:NTD                 | 520                         | 33.98                    | 17,665     | 1,112                       | 32.72                    | 36,390     |
| EUR:CNY                 | 2,085                       | 7.85                     | 70,855     | 3,086                       | 7.42                     | 100,989    |
| JPY:NTD                 | 141,726                     | 0.22                     | 30,783     | 97,524                      | 0.23                     | 22,665     |
| JPY:CNY                 | 1,149,283                   | 0.05                     | 249,624    | 59,696                      | 0.05                     | 13,873     |
| HKD:USD                 | 16                          | 0.13                     | 64         | 8,448                       | 0.13                     | 33,283     |
| HKD:NTD                 | 9,056                       | 3.93                     | 35,590     | -                           | -                        | -          |

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

|                              | December 31, 2023   |                  |         | December 31, 2022   |                  |         |
|------------------------------|---------------------|------------------|---------|---------------------|------------------|---------|
|                              | Foreign<br>Currency | Exchange<br>Rate | NTD     | Foreign<br>Currency | Exchange<br>Rate | NTD     |
| <u>Financial liabilities</u> |                     |                  |         |                     |                  |         |
| <u>Monetary items</u>        |                     |                  |         |                     |                  |         |
| USD:CNY                      | 29,919              | 7.09             | 918,800 | 29,564              | 6.96             | 907,911 |
| EUR:CNY                      | 1,258               | 7.85             | 42,738  | 1,995               | 7.42             | 65,290  |
| HKD:USD                      | -                   | -                | -       | 219,637             | 0.13             | 865,370 |
| JPY:CNY                      | 1,874,821           | 0.05             | 407,211 | 8,033               | 0.05             | 1,867   |

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 December 31, 2023 and 2022 would have increased (decreased) the after-tax net income for the years ended December 31, 2023 and 2022 by \$1,240 thousand and \$25,668 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 years ended December 31, 2023 and 2022, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$21,664 thousand and \$123,520 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.

If the interest rate increases or decreases by 1% the Group's net income will increase /decrease by \$103,962 thousand and \$105,869 thousand for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate bank borrowings.

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

(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 Years Ended December 31                  |                                      |  |                                      |
|--------------|--|--------------------------------------|--|--------------------------------------|
|              | 2023   |                                      | 2022   |                                      |
|              | Other<br>Comprehensive<br>Income<br>(net of tax) | Net Income<br>(Loss)<br>(net of tax) | Other<br>Comprehensive<br>Income<br>(net of tax) | Net Income<br>(Loss)<br>(net of tax) |
| Increase 10% | \$ 19,275  | 16                                   | 17,936   | (825)                                |
| Decrease 10% | \$ (19,275)                                      | (16)                                 | (17,936)   | 825                                  |

(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:

|  | December 31, 2023 |            |         |         |         |
|--|-------------------|------------|---------|---------|---------|
|  | Book Value        | Fair Value |         |         | Total   |
|  |                   | Level 1    | Level 2 | Level 3 |         |
| Non-current financial assets at FVOCI            | \$ 192,751        | -          | -       | 204,091 | 204,091 |
| Non-current financial assets at FVTPL            | \$ 156            | -          | -       | 156     | 156     |
| Financial assets measured at amortized cost      | \$ 12,651,422     | -          | -       | -       | -       |
| Financial liabilities measured at amortized cost | \$ 30,690,216     | -          | -       | -       | -       |
|  |                   |            |         |         |         |
|  | December 31, 2022 |            |         |         |         |
|  | Book Value        | Fair Value |         |         | Total   |
|  |                   | Level 1    | Level 2 | Level 3 |         |
| Non-current financial assets at FVOCI            | \$ 179,363        | -          | -       | 179,363 | 179,363 |
| Non-current financial liabilities at FVTPL       | \$ 8,253          | -          | -       | 8,253   | 8,253   |
| Financial assets measured at amortized cost      | \$ 12,551,986     | -          | -       | -       | -       |
| Financial liabilities measured at amortized cost | \$ 30,216,965     | -          | -       | -       | -       |

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

2) Valuation techniques for financial instruments measured at fair value

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

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

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

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

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

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 years ended December 31, 2023 and 2022.

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

4) Reconciliation of Level 3 instruments

|  | <b>Non-current Financial<br/>Assets at FVOCI</b>  |
|--|---|
|  | <b>Equity Instrument<br/>without Quoted Price</b> |
| Balance on January 1, 2023               | \$ 179,363  |
| Purchase                                 | 20,000  |
| Total gains or losses                    |   |
| Recognized as other comprehensive income | (3,112)   |
| Capital reduction                        | (3,500)   |
| Balance on December 31, 2023             | <b>\$ 192,751</b>                                 |
| Balance on January 1, 2022               | \$ 215,295  |
| Purchase                                 | 30,000  |
| Disposals                                | (37,190)  |
| Total gains or losses                    |   |
| Recognized as other comprehensive income | (20,742)  |
| Capital reduction                        | (8,000)   |
| Balance on December 31, 2022             | <b>\$ 179,363</b>                                 |

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

|   | <b>For the Years Ended<br/>December 31</b> |                 |
|---|--|-----------------|
|   | <b>2023</b>                                | <b>2022</b>     |
| Total gains or losses   |  |                 |
| Recognized as other comprehensive income (which is listed under "unrealized losses on financial assets of FVOCI") | <b>\$ (3,112)</b>                          | <b>(20,742)</b> |

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.

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

Quantified information regarding significant unobservable inputs are as follows:

| <u>Item</u>  | <u>Valuation Technique</u>                      | <u>Significant Unobservable Inputs</u>  | <u>Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement</u>                    |
|--|---|---|---|
| Financial assets at FVOCI equity investments without active market | Dividend discount model, Net asset value method | · Average expected future dividend income of 5 years (As of December 31, 2023 and 2022, were \$251~18,916 thousand and \$251~23,510 thousand respectively.) | · The estimated fair value would increase, if the 5- year average expected future dividend income is increased. |
|  |   | · Weighted average capital cost (As of December 31, 2023 and 2022, were 2.73% and 4.68%, respectively.)   | · The estimated fair value would decrease, if the weighted average capital cost is increased.                   |
|  |   | · Discounting rate without market liquidity (As of December 31, 2023 and 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> |
| <b>December 31, 2023</b>                    |               |                              |                                   |                    |
| Financial assets at FVOCI                   |               |                              |                                   |                    |
| Equity investments without an active market | 2.73 %        | 1%                           | 5,335                             | (5,062)            |
| <b>December 31, 2022</b>                    |               |                              |                                   |                    |
| Financial assets at FVOCI                   |               |                              |                                   |                    |
| Equity investments without an active market | 4.68 %        | 1%                           | 5,427                             | (5,158)            |

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.

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

(aa) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group has assigned the manager of the relating department for assessing, controlling and monitoring the strategic, financial and operating risks. The manager reports risk status to the management and regularly reports to the Board of Directors on its activities.

(iii) Credit risk

Credit risk means the potential loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Accounts and other receivables

The exposure of the credit risk depends on each customer. The Group assesses the customers' credit risk based on their basic information, which comprises of the default risk in their industry and country. For the years ended December 31, 2023 and 2022, there were no geographical concentration of credit risk.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The allowance for bad debts is reflected the losses incurred in the accounts and other receivables, which are mainly comprised of specific loss from significant individual exposure and incurred, but unidentified portfolio loss from group assets. The assessment of portfolio loss is based on the historical statistics of payment.

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

2) Investments

The exposure to credit risk for the bank deposits and financial instruments is measured and monitored by the Group's finance department. The Group only deals with counterparties with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Group has assessed the counterparties' credit rating when invested in financial assets measured at cost, therefore, it does not expect any significant credit risk.

3) Guarantees

As of December 31, 2023 and 2022, please refer to Note 7 and 13(a)(ii) for the details of financial guarantees for subsidiaries and joint venture provided by the Group.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the USD, HKD, EUR, JPY and CNY.

The Group held the accounts receivable denominated in foreign currencies other than the respective functional currencies of the Group entities. The exchange gain or loss from the exchange rates change can be offsetted by exchange gain or loss from short-term loan denominated in foreign currencies, which would mitigate the exposure of currency risk.

The borrowing interest is denominated by the principal's currency. The borrowing currencies are the same as the Group's operating cash flows which mainly are NTD, USD and HKD.

Other monetary assets and liabilities denominated in foreign currencies are using the current exchange rates to maintain the net currency risk at the acceptable level.

The Group and its subsidiaries did not engage in hedging for their investments.

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

2) Interest rate risk

The Group uses the floating interest rates for the long-term and short-term loans which the effective interest rates float with the market change. The Group's financial department is measuring and monitoring the market change.

3) Other market price risk

The Group does not enter into a contract, except for the expected use and sales. The contract is not under the net settlement basis.

(ab) Capital management

The objectives of the Board's policy are to maintain an optimal capital structure to keep the investors, creditors, the market faith, and the future operation.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2023, the Group's capital management strategy is consistent with the prior year as of December 31, 2022. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2023 and 2022, is as follows:

|                                 | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities               | \$ 36,962,397                | 36,344,505                   |
| Less: Cash and cash equivalents | <u>(6,556,648)</u>           | <u>(6,068,902)</u>           |
| Net debt                        | 30,405,749                   | 30,275,603                   |
| Total equity                    | <u>17,187,192</u>            | <u>16,684,890</u>            |
| Total capital                   | <b><u>\$ 47,592,941</u></b>  | <b><u>46,960,493</u></b>     |
| Debt-to-capital ratio           | <b><u>63.89 %</u></b>        | <b><u>64.47 %</u></b>        |

(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 December 31, 2023 and 2022, were as follows:

Reconciliation of assets arising from investing activities were as follows:

|                          | <b>January 1, 2023</b>     | <b>Cash flows</b>     | <b>Non-cash changes<br/>Reclassification</b> | <b>December 31,<br/>2023</b> |
|--------------------------|----------------------------|-----------------------|--|------------------------------|
| Other non-current assets | <b><u>\$ 2,811,563</u></b> | <b><u>488,782</u></b> | <b><u>(87,596)</u></b>                       | <b><u>3,212,749</u></b>      |
|                          |                            |                       | <b>Non-cash changes<br/>Reclassification</b> | <b>December 31,<br/>2022</b> |
| Other non-current assets | <b><u>\$ 2,106,431</u></b> | <b><u>968,246</u></b> | <b><u>(263,114)</u></b>                      | <b><u>2,811,563</u></b>      |

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

**(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.<br>(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.<br>(Amida Trustlink Assets)        | Associates                               |
| Keng-Hsin Urban Renewal Co., Ltd.<br>(Keng-Hsin Urban Renewal)                 | Associate of subsidiaries                |
| ADVANCISION (CAYMAN) Industries Co., Ltd.<br>(ADVANCISION (CAYMAN))            | Associate of subsidiaries                |
| Beyond Fitness Co., Ltd. (Beyond Fitness)                                      | Associate of subsidiaries                |
| Fuzhou Aprec Mechanical and Electrical Co., Ltd.<br>(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                           |

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

(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 Years Ended December 31</u> |              | <u>December 31, 2023</u>              | <u>December 31, 2022</u> |
|                       | <u>2023</u>                            | <u>2022</u>  |                                       |                          |
| Associates            | \$ 5,820                               | 7,284        | 5,831                                 | 8,973                    |
| Joint ventures        | 253                                    | 282          | -                                     | -                        |
| Other related parties | 684                                    | 1,691        | 162                                   | 190                      |
|                       | <u>\$ 6,757</u>                        | <u>9,257</u> | <u>5,993</u>                          | <u>9,163</u>             |

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

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

|                       | <u>Revenue recognized</u>              |             | <u>Advance real estate receipts</u> |                          |
|-----------------------|--|-------------|-------------------------------------|--------------------------|
|                       | <u>For the Years Ended December 31</u> |             | <u>December 31, 2023</u>            | <u>December 31, 2022</u> |
|                       | <u>2023</u>                            | <u>2022</u> |                                     |                          |
| Other related parties | \$ <u>147,510</u>                      | <u>-</u>    | <u>57,422</u>                       | <u>83,245</u>            |

As of December 31, 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.

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**Notes to the Consolidated Financial Statements**

(ii) Purchases from related parties

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

|                       | <b>Purchases</b>           |                | <b>Notes and Accounts Payable</b> |                 |
|-----------------------|----------------------------|----------------|-----------------------------------|-----------------|
|                       | <b>For the Years Ended</b> |                | <b>December</b>                   | <b>December</b> |
|                       | <b>December 31</b>         |                |                                   |                 |
|                       | <b>2023</b>                | <b>2022</b>    |                                   |                 |
| Associates            | \$ 117,123                 | 105,130        | 25,353                            | 39,603          |
| Joint ventures        | 2,406                      | 37             | 4                                 | -               |
| Other related parties | 5,433                      | 17             | 730                               | 698             |
|                       | <b>\$ 124,962</b>          | <b>105,184</b> | <b>26,087</b>                     | <b>40,301</b>   |

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.

- 2) The amounts of significant real estate costs between the Group and related parties are as follows:

|                       | <b>Costs recognized</b>                |             |
|-----------------------|--|-------------|
|                       | <b>For the Years Ended December 31</b> |             |
|                       | <b>2023</b>                            | <b>2022</b> |
| Other related parties | <b>\$ 133,146</b>                      | <b>-</b>    |

(iii) Leases

- 1) Rental expenses

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

|                        | <b>Rental Expenses</b> |              |
|------------------------|------------------------|--------------|
|                        | <b>2023</b>            | <b>2022</b>  |
| Other related parties: |                        |              |
| Mr. Ming Shiann, Ho    | \$ 2,432               | 2,432        |
| Others                 | -                      | 379          |
|                        | <b>\$ 2,432</b>        | <b>2,811</b> |

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

|  |                       | <b>Guarantee Deposit Paid<br/>(Recognized under other non-current financial assets)</b> |                              |
|--|-----------------------|---|------------------------------|
|  |                       | <b>December 31,<br/>2023</b>  | <b>December 31,<br/>2022</b> |
|  | Other related parties | \$ 443  | 443                          |

2) Rental revenues

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

|  |                       | <b>Rental Revenues</b> |             |
|--|-----------------------|------------------------|-------------|
|  |                       | <b>2023</b>            | <b>2022</b> |
|  | Associates            | \$ 262                 | 262         |
|  | Other related parties | 60                     | 570         |
|  |                       | \$ 322                 | 832         |

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

(iv) Providing services to related party

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

|  |                | <b>Service Revenues</b> |             |
|--|----------------|-------------------------|-------------|
|  |                | <b>2023</b>             | <b>2022</b> |
|  | Associates     | \$ -                    | 150         |
|  | Joint ventures | 5,545                   | 5,412       |
|  |                | \$ 5,545                | 5,562       |

(v) Non-performing receivables

|  |                          | <b>Total Claims</b>          |                              |
|--|--------------------------|------------------------------|------------------------------|
|  |                          | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|  | Joint ventures:          |                              |                              |
|  | The Splendor Hospitality | \$ 796,845                   | 796,845                      |

(Continued)

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

|                          | <b>Costs of Claims</b>       |                              |
|--------------------------|------------------------------|------------------------------|
|                          | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
| Joint ventures:          |                              |                              |
| The Splendor Hospitality | \$ <b>575,000</b>            | <b>575,000</b>               |

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

(vi) Guarantees and endorsements

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

|                          | <b>Borrowing Limits</b>      |                              |
|--------------------------|------------------------------|------------------------------|
|                          | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
| Joint ventures:          |                              |                              |
| The Splendor Hospitality | \$ 1,800,000                 | 1,950,000                    |
| Others                   | 10,000                       | 22,500                       |
|                          | \$ <b>1,810,000</b>          | <b>1,972,500</b>             |

|                          | <b>Actual Usage Amount</b>   |                              |
|--------------------------|------------------------------|------------------------------|
|                          | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
| Joint ventures:          |                              |                              |
| The Splendor Hospitality | \$ 1,450,000                 | 1,475,000                    |
| Others                   | 10,000                       | 13,948                       |
|                          | \$ <b>1,460,000</b>          | <b>1,488,948</b>             |

(vii) Guarantee for bank borrowings

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

(viii) Property transaction

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

|                       | <b>For the Years Ended December 31</b> |             |
|-----------------------|--|-------------|
|                       | <b>2023</b>                            | <b>2022</b> |
| Other related parties | \$ <b>1,493</b>                        | -           |

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
|  | Other related parties        | \$ <b>360</b>                |

(Continued)

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

## (ix) Other transactions

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

|                        | <b>For the Years Ended December 31</b> |              |
|------------------------|--|--------------|
|                        | <b>2023</b>                            | <b>2022</b>  |
| Other related parties: |  |              |
| Foundation             | \$ <u>9,175</u>                        | <u>5,425</u> |

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

|                       | <b>Other Expenses</b>                  |                   |
|-----------------------|--|-------------------|
|                       | <b>For the Years Ended December 31</b> |                   |
|                       | <b>2023</b>                            | <b>2022</b>       |
| Associates            | \$ 5                                   | 2                 |
| Joint ventures        | 197                                    | 490               |
| Other related parties | <u>170</u>                             | <u>91</u>         |
|                       | <b>\$ <u>372</u></b>                   | <b><u>583</u></b> |

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

|                          | <b>Interest Revenues</b>               |                      |
|--------------------------|--|----------------------|
|                          | <b>For the Years Ended December 31</b> |                      |
|                          | <b>2023</b>                            | <b>2022</b>          |
| Joint ventures:          |  |                      |
| The Splendor Hospitality | \$ 11,483                              | 13,925               |
| Others                   | <u>137</u>                             | <u>160</u>           |
|                          | <b>\$ <u>11,620</u></b>                | <b><u>14,085</u></b> |

- 4) Other receivables and advance payments from related parties

|  | <b>Other Receivables</b>            |                     |
|--|-------------------------------------|---------------------|
|  | <b>(including advance payments)</b> |                     |
|  | <b>December 31,</b>                 | <b>December 31,</b> |
|  | <b>2023</b>                         | <b>2022</b>         |
| Associates:                              |                                     |                     |
| Keng-Hsin Urban Renewal                  | \$ 125                              | 1,767               |
| Others                                   | 23                                  | 23                  |
| Joint ventures                           | 191                                 | 1,335               |
| Other related parties-LEESCO Development | 4,163                               | 1,757               |
| Others                                   | <u>1</u>                            | <u>6</u>            |
|  | <b>\$ <u>4,503</u></b>              | <b><u>4,888</u></b> |

(Continued)

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

5) Other payables and advance receipts from related parties

|                       | <b>Other Payables<br/>(including advance receipts)</b> |                              |
|-----------------------|--|------------------------------|
|                       | <b>December 31,<br/>2023</b>                           | <b>December 31,<br/>2022</b> |
| Joint ventures        | \$ 268   | 554                          |
| Other related parties | 350  | 192                          |
| Key management        | 217  | 3                            |
|                       | <b><u>\$ 835</u></b>                                   | <b><u>749</u></b>            |

(d) Key management transactions

The compensation of key management is as follows:

|                              | <b>For the Years Ended December 31</b> |                       |
|------------------------------|--|-----------------------|
|                              | <b>2023</b>                            | <b>2022</b>           |
| Short-term employee benefits | \$ 162,882                             | 126,233               |
| Post-employment benefits     | 7,773                                  | 7,068                 |
|                              | <b><u>\$ 170,655</u></b>               | <b><u>133,301</u></b> |

**(8) Pledged assets**

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

| <b>Pledged Assets</b>                        | <b>Object</b>   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|---|------------------------------|------------------------------|
| Land (including other non-current assets)    | The credit limits of long-term and short-term bank borrowings | \$ 1,424,715                 | 1,424,715                    |
| Buildings                                    | "   | 274,267                      | 289,120                      |
| Investment properties                        | "   | 591,041                      | 592,397                      |
| Inventories—Land held for development        | "   | 3,390,210                    | 7,863,722                    |
| Inventories—Construction in progress         | "   | 8,196,880                    | 8,309,120                    |
| Inventories—Buildings and land held for sale | The credit limits of short-term borrowings                    | 6,193,133                    | 7,820                        |
| Other current financial assets               | Bank acceptance bills   | 30,323                       | 8,001                        |
| "  | Trusts  | 1,012,654                    | 1,125,004                    |
|  |   | <b><u>\$ 21,113,223</u></b>  | <b><u>19,619,899</u></b>     |

(Continued)

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

**(9) Significant commitments and contingencies**

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

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

|                                  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|----------------------------------|------------------------------|------------------------------|
| Unused standby letters of credit | <u>\$ 54</u>                 | <u>286</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:

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Total contract price                      | <u>\$ 11,701,079</u>         | <u>15,572,738</u>            |
| Total amounts paid under contracts (Note) | <u>\$ 7,054,531</u>          | <u>8,730,814</u>             |

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

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

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Total contract price  | <u>\$ 15,431,149</u>         | <u>17,267,153</u>            |
| Total amounts received under contracts<br>(recognized under current contract liabilities) | <u>\$ 4,949,634</u>          | <u>4,825,091</u>             |

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

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

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Security deposits of joint construction projects<br>(recognized under other current and non-current<br>financial assets) | <u>\$ 418,080</u>            | <u>306,707</u>               |

(Continued)

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

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

|   | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|---|------------------------------|------------------------------|
| Security deposits (recognized under other current and non-current financial assets) | <b>\$ 106,190</b>            | <b>101,650</b>               |

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

|  | <b>December 31,<br/>2023</b> | <b>December 31,<br/>2022</b> |
|--|------------------------------|------------------------------|
| Total contract price   | <b>\$ 67,080</b>             | <b>839,376</b>               |
| Total amounts paid under contracts<br>(recognized under inventories — repayments for land) | <b>\$ 60,070</b>             | <b>226,765</b>               |

- (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 December 31, 2023 and 2022, the accumulated royalty payments amounted to \$126,000 thousand, respectively, which was recognized under right-of-use assets.
- 2) The Group leased a parcel of land to construct several buildings for its shopping malls and hotels. The Group agreed that the ownership of the buildings would still be under the title deed of the Presbyterian Church in Taiwan even after the completion of the construction. Upon maturity of the lease period, the Group shall dismantle the buildings and related facilities, and return the land to the Presbyterian Church in Taiwan.
- 3) The security deposits paid by the Group for land development and leased land and buildings for operating use amounted to \$106,110 thousand and \$101,460 thousand, as of December 31, 2023 and 2022, respectively.
- (ix) The Group entered into various services agreement with InterContinental Hotels Group for its hotel operation, including planning, constructing and building, as well as during the pre-opening phase, and the period from the pre-opening phase to the opening day and fifteen years afterwards. According to the contract, the fees shall either be paid based on the services rendered, or be calculated in accordance with certain ratio of the gross revenue for the fiscal year or each accounting period.
- (b) Contingencies
- (i) Please refer to Note 7 for the Group's guarantees and endorsements for related parties' loans as of December 31, 2023 and 2022.

(Continued)

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

- (ii) Contingencies for the Company and its subsidiary, Sunflower Investment, regarding the stages of Daguangsan tax petition for real estate transaction and non-performing receivables is as follows:

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

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

**(12) Other:**

- (a) The Securities and Futures Investors Protection Center (SFIPC) filed a criminal incidental civil action on behalf of the Company against the former chairman of the Company, Mr. Ming Shiann, Ho. The appeal was handed back over to the High Court for reconsideration on August 22, 2019, which is in trial in the Tainan Branch of Taiwan High Court.
- (b) The SFIPC filed a lawsuit against the Company, its directors and supervisors, and certain employees of the Group. On January 2, 2020, Taiwan High Court dismissed the appeal filed by the SFIPC for the second time. On February 5, 2020, the SFIPC filed an appeal to the Supreme Court against the aforementioned conviction. On September 7, 2022, the Supreme Court remanded the original decision, which is in trial in the Taiwan High Court. On January 17, 2024, Taiwan High Court dismissed the appeal filed by SFIPC for third time, On February 17, 2024, the SFIPC filed an appeal to the Supreme Court against the aforementioned conviction.

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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 Years Ended December 31 |                    |           |                 |                    |           |
|----------------------------|-------------|---------------------------------|--------------------|-----------|-----------------|--------------------|-----------|
|                            |             | 2023                            |                    |           | 2022            |                    |           |
|                            |             | Operating Costs                 | Operating Expenses | Total     | Operating Costs | Operating Expenses | Total     |
| Employee benefits          |             |                                 |                    |           |                 |                    |           |
| Salary                     |             | 681,074                         | 747,186            | 1,428,260 | 718,160         | 610,903            | 1,329,063 |
| Labor and health insurance |             | 60,257                          | 53,807             | 114,064   | 62,016          | 50,650             | 112,666   |
| Pension                    |             | 47,832                          | 50,624             | 98,456    | 49,474          | 38,030             | 87,504    |
| Remuneration of directors  |             | -                               | 75,428             | 75,428    | -               | 54,862             | 54,862    |
| Others                     |             | 74,017                          | 56,110             | 130,127   | 71,167          | 42,993             | 114,160   |
| Depreciation               |             | 753,169                         | 314,034            | 1,067,203 | 744,555         | 313,338            | 1,057,893 |
| Amortization               |             | 1,418                           | 3,769              | 5,187     | 1,319           | 4,264              | 5,583     |

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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 years ended December 31, 2023, required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

## (i) Loans to other parties:

(In Thousands of NTD)

| No. | Lender        | Borrower                 | Financial Statement Account                  | Related Parties | Highest Balance During the Period | Ending Balance (Note 1) | Actual Borrowing Amount | Interest Rate | Nature for Financing (Note 2) | Transaction Amount for Business | Reasons for Short-term Financing | Allowance for Doubtful Accounts | Collateral                      |        | Financing Limit for Each Borrower (Note 3) | Aggregate Financing Limit (Note 4) |
|-----|---------------|--------------------------|--|-----------------|-----------------------------------|-------------------------|-------------------------|---------------|-------------------------------|---------------------------------|----------------------------------|---------------------------------|---------------------------------|--------|--|------------------------------------|
|     |               |                          |  |                 |                                   |                         |                         |               |                               |                                 |                                  |                                 | Item                            | Value  |  |                                    |
| 0   | The Company   | Taichung CMP Hospitality | Accounts receivable due from related parties | Yes             | 1,260,000                         | 1,260,000               | -                       | 2.50%         | 2                             | -                               | Operation requirements           | -                               |                                 | -      | 3,984,749                                  | 5,312,999                          |
| 0   | The Company   | UEA                      | Accounts receivable due from related parties | Yes             | 32,430                            | -                       | -                       | 4.00%         | 2                             | -                               | Operation requirements           | -                               |                                 | -      | 3,984,749                                  | 5,312,999                          |
| 1   | Tianjin CMT   | Suzhou CMB               | Accounts receivable due from related parties | Yes             | 111,250                           | -                       | -                       | 0.75%         | 2                             | -                               | Operation requirements           | -                               |                                 | -      | 321,617                                    | 428,823                            |
| 1   | Tianjin CMT   | CMH                      | Accounts receivable due from related parties | Yes             | 311,500                           | 303,100                 | 303,100                 | 0.75%         | 2                             | -                               | Operation requirements           | -                               |                                 | -      | 321,617                                    | 428,823                            |
| 2   | Suzhou CMS    | CMH                      | Accounts receivable due from related parties | Yes             | 934,500                           | 671,150                 | 671,150                 | 0.75%         | 2                             | -                               | Operation requirements           | -                               |                                 | -      | 1,368,940                                  | 1,825,254                          |
| 3   | CMAI          | Pilot                    | Accounts receivable due from related parties | Yes             | 39,975                            | 33,781                  | 33,781                  | 5.12%         | 2                             | -                               | Operation requirements           | -                               | Land, buildings and improvement | 68,732 | 53,081                                     | 70,775                             |
| 4   | CMW(C.I.)     | CMI                      | Accounts receivable due from related parties | Yes             | 445,000                           | 433,000                 | -                       | -             | 2                             | -                               | Operation requirements           | -                               |                                 | -      | 1,722,815                                  | 2,297,087                          |
| 5   | CMW (Tianjin) | CMH                      | Accounts receivable due from related parties | Yes             | 221,000                           | 216,500                 | 216,500                 | 0.75%         | 2                             | -                               | Operation requirements           | -                               |                                 | -      | 1,727,095                                  | 2,302,794                          |

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

Note 2: 1. For business transactions.

2. For the necessity of short-term financing.

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

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

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

(Continued)

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

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

(In Thousands of NTD)

| No. | Name of Guarantor/Endorse | Counter-party of Guarantee and Endorsement |  | Limitation on Amount of Guarantees and Endorsements for a Specific Enterprise (Note 4) | Highest Balance for Guarantees and Endorsements During the Period | Ending Balance (Note 2) | Actual Borrowing Amount | Property Pledged for Guarantees and Endorsements | Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements | Maximum Amount for Guarantees and Endorsements (Note 5) | Parent Company Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary (Note 3) | Subsidiary Endorsements/ Guarantees to Third Parties on Behalf of Parent Company (Note 3) | Endorsements/ Guarantees to Third Parties on Behalf of Companies in Mainland China (Note 3) |
|-----|---------------------------|--|--|--|---|-------------------------|-------------------------|--|---|---|---|---|---|
|     |                           | Name                                       | Relationship with the Company (Note 1) |  |   |                         |                         |  |   |   |   |   |   |
| 0   | The Company               | Sunflower Investment                       | 1                                      | 5,312,999  | 160,000   | 160,000                 | 91,000                  | -  | 1.20 %  | 6,641,249   | Y   | N   | N   |
| 0   | The Company               | The Hotel National                         | 1                                      | 5,312,999  | 50,000  | 50,000                  | -                       | -  | 0.38 %  | 6,641,249   | Y   | N   | N   |
| 0   | The Company               | Shangrila Tourism                          | 1                                      | 5,312,999  | 1,226,500   | 624,000                 | 406,000                 | -  | 4.70 %  | 6,641,249   | Y   | N   | N   |
| 0   | The Company               | The Splendor Hospitality                   | 2                                      | 5,312,999  | 3,400,000   | 1,800,000               | 1,450,000               | -  | 13.55 %   | 6,641,249   | N   | N   | N   |
| 0   | The Company               | CMAAN Health                               | 2                                      | 5,312,999  | 32,500  | 10,000                  | 10,000                  | -  | 0.08 %  | 6,641,249   | N   | N   | N   |
| 1   | CMI                       | UEA  | 3                                      | 3,566,919  | 864,940   | -                       | -                       | -  | - %   | 4,458,649   | 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 December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of NTD)

| Name of Holder       | Category and Name of Security                   | Relationship with Issued Company | Account                               | Ending Balance |                |                             |            | Highest Percentage of Ownership (%) | 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     | 3.12 %                              |      |
| The Company          | GUANGYUAN Investment Co., Ltd.                  | -                                | Non-current financial assets at FVOCI | 3,750,000      | 31,134         | 3.91 %                      | 31,134     | 3.91 %                              |      |
| The Company          | DEVELOPMENT Venture Capital Co., Ltd.           | The Company is the legal person  | Non-current financial assets at FVOCI | 3,260,000      | 11,662         | 4.00 %                      | 11,662     | 4.00 %                              |      |
| The Company          | Pacific Electric Wire & Cable Co., Ltd.         | -                                | Current financial assets at FVTPL     | 81,666         | -              | 0.01 %                      | -          | 0.01 %                              |      |
| Sunflower Investment | Fantasystory Inc.                               | -                                | Non-current financial assets at FVOCI | 653,530        | -              | 19.80 %                     | -          | 19.80 %                             |      |
| Sunflower Investment | il. COM, INC.                                   | -                                | Non-current financial assets at FVOCI | 100,000        | -              | 0.52 %                      | -          | 0.52 %                              |      |
| Sunflower Investment | Asia World Engineering & Construction Co., Ltd. | -                                | Non-current financial assets at FVOCI | 4,644,000      | 30,000         | 6.63 %                      | 41,340     | 6.63 %                              |      |
| Sunflower Investment | Masada Technology Limited Co., Ltd.             | -                                | Non-current financial assets at FVOCI | 2,000,000      | 20,000         | 5.95 %                      | 20,000     | 5.95 %                              |      |
| The Hotel National   | Century National Technology Co., Ltd.           | -                                | Non-current financial assets at FVOCI | 35,600         | -              | 2.34 %                      | -          | 2.34 %                              |      |
| Atrans Precision     | Acore Material Technology Co., Ltd.             | -                                | Non-current financial assets at FVOCI | 42,466         | -              | 2.12 %                      | -          | 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\$100 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 (Note) |
| The Company     | Shares                        | Investments accounted for using equity method | Taichung CMP Hospitality | Subsidiaries                  | 33,880            | 338,800 | 60,000    | 600,000 | -      | -     | -    | -                       | 93,880 | 938,800       |

Note: Original investment amount.

- (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                | 831,575   | 36.81 %                             | 180 days      | -   | -             | 1,775,953                           | 78.05%  |      |
| Suzhou CMB      | CMI           | Subsidiaries           | Sale                | 251,685   | 15.18 %                             | 180 days      | -   | -             | 195,926                             | 26.54%  |      |
| CMW (Tianjin)   | CMW (C.I.)    | Subsidiaries           | Sale                | 1,039,752 | 24.64 %                             | 180 days      | -   | -             | 1,627,089                           | 49.16%  |      |
| CMH             | CMW (Tianjin) | Affiliates             | Sale                | 115,199   | 56.25 %                             | 90 days       | -   | -             | 16,648                              | 26.39%  |      |

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 1,627,089      | 0.63          | -       | -            | CNY 15,467,902                        | -                       |
| Tianjin CMT     | CMI           | Subsidiaries           | Accounts receivable due from related parties 288,525        | -             | -       | -            | -                                     | -                       |
| CMB             | CMI           | Subsidiaries           | Accounts receivable due from related parties 195,926        | 0.99          | -       | -            | CNY 9,272,453                         | -                       |
| Suzhou CMS      | CMI           | Subsidiaries           | Accounts receivable due from related parties 1,775,953      | 0.46          | -       | -            | CNY 12,396,948                        | -                       |
| CMW (Tianjin)   | CMH           | Affiliates             | Accounts receivable due from related parties, other 216,500 | Note 2        | -       | -            | -                                     | -                       |
| Tianjin CMT     | CMH           | Affiliates             | Accounts receivable due from related parties, other 303,100 | Note 2        | -       | -            | -                                     | -                       |
| Suzhou CMS      | CMH           | Affiliates             | Accounts receivable due from related parties, other 671,150 | Note 2        | -       | -            | -                                     | -                       |

Note1: Intra-group transactions have been eliminated in the consolidated financial statements.

Note2: Balance of loans to other parties.

- (ix) Trading in derivative instruments: None.

(Continued)

**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.<br>(Note 1) | Name of Company          | Name of Counter-party  | Nature of Relationship<br>(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                                    | 37,865    | 90 days       | 0.21%   |
| 0               | China Metal Products     | Atrans Precision       | 1                                  | Operating revenue                                    | 26,320    | 60~90 days    | 0.15%   |
| 1               | CMW (Tianjin)            | CMW (C.I.)             | 2                                  | Operating revenue                                    | 1,039,752 | 180 days      | 5.90%   |
| 3               | Suzhou CMS               | CMI                    | 2                                  | Operating revenue                                    | 831,575   | 180 days      | 4.72%   |
| 3               | Suzhou CMS               | Suzhou CMB             | 3                                  | Operating revenue                                    | 37,274    | 90 days       | 0.21%   |
| 3               | Suzhou CMS               | CMP (H.K.)             | 2                                  | Operating revenue                                    | 53,453    | 180 days      | 0.30%   |
| 4               | Suzhou CMB               | Suzhou CMS             | 3                                  | Operating revenue                                    | 49,602    | 90 days       | 0.28%   |
| 4               | Suzhou CMB               | CMI                    | 2                                  | Operating revenue                                    | 251,685   | 180 days      | 1.43%   |
| 4               | Suzhou CMB               | CMB(H.K.)              | 2                                  | Operating revenue                                    | 91,856    | 180 days      | 0.52%   |
| 5               | National Management      | China Metal Products   | 2                                  | Operating revenue                                    | 82,357    | OA25 days     | 0.47%   |
| 7               | CMW(C.I.)                | CMAI                   | 3                                  | Operating revenue                                    | 13,621    | 180 days      | 0.08%   |
| 9               | CMH                      | CMW (Tianjin)          | 3                                  | Operating revenue                                    | 115,199   | 90 days       | 0.65%   |
| 9               | CMH                      | Suzhou CMB             | 3                                  | Operating revenue                                    | 20,066    | 90 days       | 0.11%   |
| 9               | CMH                      | Suzhou CMS             | 3                                  | Operating revenue                                    | 43,971    | 90 days       | 0.25%   |
| 10              | CMAI(N.A.)               | CMAI                   | 2                                  | Operating revenue                                    | 52,370    | 180 days      | 0.30%   |
| 10              | CMAI(N.A.)               | CMW (C.I.)             | 3                                  | Operating revenue                                    | 18,964    | 180 days      | 0.11%   |
| 14              | CMJ                      | CMI                    | 3                                  | Operating revenue                                    | 13,075    | 90~120 days   | 0.07%   |
| 1               | CMW (Tianjin)            | CMW(C.I.)              | 2                                  | Accounts receivable due from related parties         | 1,627,089 | 180 days      | 3.00%   |
| 2               | Tianjin CMT              | CMI                    | 2                                  | Accounts receivable due from related parties         | 288,525   | 180 days      | 0.53%   |
| 2               | Tianjin CMT              | CMW (Tianjin)          | 3                                  | Accounts receivable due from related parties         | 43,063    | 90 days       | 0.08%   |
| 9               | CMH                      | Suzhou CMS             | 3                                  | Accounts receivable due from related parties         | 19,950    | 90 days       | 0.04%   |
| 9               | CMH                      | CMW (Tianjin)          | 3                                  | Accounts receivable due from related parties         | 16,648    | 90 days       | 0.03%   |
| 3               | Suzhou CMS               | CMI                    | 2                                  | Accounts receivable due from related parties         | 1,775,953 | 180 days      | 3.28%   |
| 3               | Suzhou CMS               | CMP (H.K.)             | 2                                  | Accounts receivable due from related parties         | 29,420    | 180 days      | 0.05%   |
| 4               | Suzhou CMB               | CMB (H.K.)             | 2                                  | Accounts receivable due from related parties         | 64,181    | 180 days      | 0.12%   |
| 4               | Suzhou CMB               | CMI                    | 2                                  | Accounts receivable due from related parties         | 195,926   | 180 days      | 0.36%   |
| 4               | Suzhou CMB               | Suzhou CMS             | 3                                  | Accounts receivable due from related parties         | 25,787    | 90 days       | 0.05%   |
| 10              | CMAI(N.A.)               | CMAI                   | 2                                  | Accounts receivable due from related parties         | 21,939    | 180 days      | 0.04%   |
| 12              | Atrans Precision         | FAR HSING (SAMOA)      | 1                                  | Other receivables due from related parties           | 35,317    | -             | 0.07%   |
| 2               | Tianjin CMT              | Suzhou CMS             | 3                                  | Other receivables due from related parties           | 11,282    | -             | 0.02%   |
| 2               | Tianjin CMT              | CMH                    | 3                                  | Other receivables due from related parties           | 303,100   | -             | 0.56%   |
| 3               | Suzhou CMS               | CMH                    | 3                                  | Other receivables due from related parties           | 671,150   | -             | 1.24%   |
| 1               | CMW (Tianjin)            | CMH                    | 3                                  | Other receivables due from related parties           | 216,500   | -             | 0.40%   |
| 6               | CMI                      | CMH                    | 1                                  | Other receivables due from related parties           | 25,114    | -             | 0.05%   |
| 7               | CMW(C.I.)                | CMW (Tianjin)          | 1                                  | Other receivables due from related parties           | 46,043    | -             | 0.09%   |
| 11              | CMAI                     | Pilot                  | 1                                  | Other receivables due from related parties           | 34,213    | -             | 0.06%   |
| 13              | Taichung CMP Hospitality | PUJEN Land Development | 3                                  | Other receivables due from related parties           | 53,345    | -             | 0.10%   |
| 8               | CMB(H.K.)                | Suzhou CMB             | 1                                  | Other long-term receivables due from related parties | 26,681    | -             | 0.05%   |

(Continued)

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

### Notes to the Consolidated Financial Statements

- 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 year ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of NTD/In USD and CNY)

| Name of Investor     | Name of Investee                    | Location               | Main Businesses  | Original Investment Amount |                   | Balance as of December 31, 2023 |                         |                  | Highest Percentage of Ownership During the Period | Net Income (Losses) of Investee | Share of Profits/Losses of Investee | Note   |
|----------------------|-------------------------------------|------------------------|--|----------------------------|-------------------|---------------------------------|-------------------------|------------------|---|---------------------------------|-------------------------------------|--|
|                      |                                     |                        |  | December 31, 2023          | December 31, 2022 | Shares                          | Percentage of Ownership | Carrying Value   |   |                                 |                                     |  |
| The Company          | UEA                                 | British Virgin Islands | Investing in CMI   | 865,286                    | 865,286           | 667,820                         | 100.00 %                | 7,582,213        | 100.00 %  | 274,035                         | 274,035                             | Subsidiaries                                     |
| The Company          | Sunflower Investment                | Taiwan                 | Investing  | 99,096                     | 99,096            | 67,013,057                      | 99.01 %                 | 990,085          | 99.01 %   | 147,747                         | 146,284                             | Subsidiaries                                     |
| The Company          | Atrans Precision                    | Taiwan                 | Vehicle parts processing   | 247,218                    | 247,218           | 25,782,134                      | 72.24 %                 | 441,494          | 72.24 %   | 65,500                          | 48,672                              | Subsidiaries                                     |
| The Company          | CMJ                                 | Japan                  | Cast iron product retailing  | 4,887                      | 4,887             | 500                             | 83.33 %                 | 117,963          | 83.33 %   | 24,611                          | 20,509                              | Subsidiaries                                     |
| The Company          | CMAI                                | Hong Kong              | Vehicle parts retailing  | 24,036                     | 24,036            | 1,000,000                       | 100.00 %                | 176,937          | 100.00 %  | 32,886                          | 32,886                              | 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 %                 | 4,579,730        | 56.65 %   | 930,930                         | 532,802                             | 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)         | 35.21 %   | (849)                           | -                                   | 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 %                | 1,138,704        | 100.00 %  | 186,185                         | 184,256                             | Subsidiaries                                     |
| The Company          | National Management                 | Taiwan                 | Management and consulting services   | 10,000                     | 10,000            | 1,000,000                       | 100.00 %                | 25,564           | 100.00 %  | 9,827                           | 9,827                               | Subsidiaries                                     |
| The Company          | The Splendor Hospitality            | Taiwan                 | International tourist hotel services   | 1,125,000                  | 1,125,000         | 32,500,000                      | 50.00 %                 | 302,227          | 50.00 %   | (15,349)                        | (19,157)                            | 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 %                | 369,860          | 100.00 %  | (53,391)                        | (51,905)                            | Subsidiaries                                     |
| The Company          | CMAAN Health                        | Taiwan                 | Management and consulting services   | 50,000                     | 50,000            | 5,000,000                       | 50.00 %                 | 46,389           | 50.00 %   | 6,671                           | 3,199                               | Joint ventures accounted for using equity method |
| The Company          | Taichung CMP Hospitality            | Taiwan                 | International tourist hotel services   | 938,800                    | 338,800           | 93,880,000                      | 100.00 %                | 904,230          | 100.00 %  | (34,466)                        | (34,466)                            | Subsidiaries                                     |
| The Company          | Calligraphy Greenway Plaza Co., Ltd | Taiwan                 | Management and consulting services   | 59,000                     | 59,000            | 5,900,000                       | 100.00 %                | 67,579           | 100.00 %  | 7,860                           | 7,860                               | Subsidiaries                                     |
| The Company          | Great Naturalistic Block            | Taiwan                 | Management and consulting services   | 20,000                     | -                 | 2,000,000                       | 100.00 %                | 16,343           | 100.00 %  | (3,657)                         | (3,657)                             | Subsidiaries                                     |
| Sunflower Investment | PUJEN Land Development              | Taiwan                 | Residents, commercial buildings and factories leasing and developing                       | 288,437                    | 288,437           | 42,568,300                      | 15.18 %                 | 1,192,392        | 15.18 %   | 930,930                         | Exempt from disclosure              | Subsidiaries of the Company                      |
| Sunflower Investment | Astrans Precision                   | Taiwan                 | Vehicle parts processing   | 77,836                     | 77,836            | 4,737,380                       | 13.27 %                 | 80,468           | 13.27 %   | 65,500                          | 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)          | 12.50 %   | (849)                           | Exempt from disclosure              | Investee accounted for using equity method       |
| Sunflower investment | ADVANCISION (CAYMAN)                | Cayman Islands         | Investing and cast iron product retailing  | 23,457                     | 29,154            | 1,871,288                       | 4.46 %                  | 11,346           | 4.46 %  | (2,253)                         | Exempt from disclosure              | Investee accounted for using equity method       |
| UEA                  | CMI                                 | Cayman Islands         | Investing in CMI (BVI) and cast iron product retailing                                     | USD 136,536,250            | USD 136,536,250   | 823,281,475                     | 83.27 %                 | USD 246,185,159  | 83.27 %   | USD 12,261,196                  | 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 %                | CNY1,301,536,498 | 100.00 %  | CNY 39,188,387                  | 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 %                | CNY1,379,512,566 | 100.00 %  | CNY 57,790,262                  | 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 590,702,188  | 100.00 %  | CNY (6,669,609)                 | 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 %                | CNY1,303,444,275 | 100.00 %  | CNY 39,188,387                  | Exempt from disclosure              | Subsidiaries of CMI(BVI)                         |
| CMAI                 | CMAI Holding                        | USA                    | Investing  | USD 8,328,644              | USD 8,328,644     | 10,000                          | 100.00 %                | USD 2,783,107    | 100.00 %  | USD 204,356                     | Exempt from disclosure              | Subsidiaries of CMAI                             |
| CMAI Holding         | Pilot                               | USA                    | Assets leasing   | USD 8,328,644              | USD 8,328,644     | -                               | 100.00 %                | USD 2,783,107    | 100.00 %  | USD 204,356                     | 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 1,631,225    | 100.00 %  | USD 129,376                     | Exempt from disclosure              | Subsidiaries of Pilot                            |

(Continued)

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

| Name of Investor       | Name of Investee                | Location       | Main Businesses  | Original Investment Amount |                   | Balance as of December 31, 2023 |                         |                | Highest Percentage of Ownership During the Period | Net Income (Losses) of Investee | Share of Profits/Losses of Investee | Note   |
|------------------------|---------------------------------|----------------|--|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---|---------------------------------|-------------------------------------|--|
|                        |                                 |                |  | December 31, 2023          | December 31, 2022 | Shares                          | Percentage of Ownership | Carrying Value |   |                                 |                                     |  |
| Atrans Precision       | FAR HSING (SAMOA)               | SAMOA          | Investing  | USD 1,272,055              | USD 2,422,055     | 1,272,055                       | 100.00 %                | 28,976         | 100.00 %  | 158                             | Exempt from disclosure              | Subsidiaries of Atrans Precision   |
| FAR HSING (SAMOA)      | ADVANCISION (CAYMAN)            | Cayman Islands | Investing and cast iron product retailing                            | USD 4,052,188              | USD 4,959,029     | 9,068,414                       | 21.59 %                 | USD 932,761    | 21.59 %   | USD (72,410)                    | 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 %                 | 317,612        | 30.00 %   | (82,058)                        | 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 %                 | 5,345          | 50.00 %   | (130)                           | 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 %                 | 173,842        | 70.00 %   | (10)                            | Exempt from disclosure              | Subsidiaries of PUJEN Land Development                                     |
| PUJEN Land Development | PUCHIA Land Development         | Taiwan         | Residents, commercial buildings and factories leasing and developing | -                          | 50                | -                               | - %                     | -              | 50.00 %   | 3                               | 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 %                | 30,801         | 100.00 %  | (3,587)                         | 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 %                 | 5,397          | 50.00 %   | 664                             | 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 %                 | 3,594          | 36.82 %   | 3,447                           | 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 December 31, 2023 | Net Income (Losses) of the Investee | Percentage of Ownership | Highest 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  | 921,300 (USD30,000)             | 2                             | 388,238   | -                | -      | 388,238   | (4,798) (CNY1,090)                  | 83.27%                  | 83.27%                          | (3,995) (CNY908)                       | 1,072,059 (CNY247,589)   | 82,542  |
| Suzhou CMS                   | Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling  | 737,040 (USD24,000)             | 2                             | 423,406   | -                | -      | 423,406   | 172,092 (CNY39,112)                 | 83.27%                  | 83.27%                          | 143,191 (CNY32,543)                    | 4,563,608 (CNY1,053,951) | 14,601  |
| Suzhou CMB                   | Cast iron product designing, manufacturing and retailing  | 2,518,220 (USD82,000)           | 2                             | -   | -                | -      | -   | (18,306) (CNY4,160)                 | 83.27%                  | 83.27%                          | (15,244) (CNY3,464)                    | 2,563,323 (CNY591,991)   | -   |
| CMW (Tianjin)                | Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling  | 982,720 (USD32,000)             | 2                             | -   | -                | -      | -   | 364,449 (CNY82,829)                 | 83.27%                  | 83.27%                          | 309,196 (CNY70,272)                    | 5,733,312 (CNY1,324,091) | -   |
| 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 | 982,720 (USD32,000)             | 2                             | -   | -                | -      | -   | (145,520) (CNY33,073)               | 83.27%                  | 83.27%                          | (121,175) (CNY27,540)                  | 668,396 (CNY154,364)     | -   |
| Qingdao Sourcing Specialists | Cast iron product retailing   | 3,071 (USD100)                  | 2                             | -   | -                | -      | -   | 4,034 (JPY18,163)                   | 83.33%                  | 83.33%                          | 3,362 (JPY15,135)                      | 51,924 (JPY239,059)      | -   |

(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 December 31, 2023 | Investment Amount Authorized by the Investment Commission, MOEA (Note 6) | Upper Limit on Investment (Note 4) |
|--|--|------------------------------------|
| 811,644  | 6,406,750<br>(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 December 31, 2023, the company had obtained a surplus of \$3,256,084 thousand (USD108,140 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. |              | 56,739,965 | 14.97 %    |
| Mr. Ming Shiann, Ho             |              | 26,312,540 | 6.94 %     |

(Continued)



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

**(14) Segment information:**

(a) General information

The Group divides its business into three reportable segments, which comprised of Metal Manufacturing, Real Estate Development, and Lifestyle Innovation segments. Metal Manufacturing Segment focuses on the casting, manufacturing and selling of cast iron products; Real Estate Development Segment focuses on the developing and selling of residents and commercial buildings; Lifestyle Innovation Segment focus on retailing, amusement park and hotel operating.

The disclosed information is strategic business segments of the Group which provide different products and services. As each of the strategic business segment requires varied techniques and marketing strategies, they should be managed respectively.

(b) Reportable segments' profit or loss, assets, liabilities and their measurement and reconciliation

The Group's operating segments' accounting policies are similar to the ones described in Note 4 "Significant accounting policies". The Group's operating segments' profit or loss is based on operating income before taxes, which is also the basis of performance assessment of the segments. The transactions between the Group's segments are considered as trading with third parties, and are measured at fair value.

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

|   | For the Year Ended December 31, 2023 |                                       |                                    |                                      |                         |
|---|--------------------------------------|---------------------------------------|------------------------------------|--------------------------------------|-------------------------|
|   | Metal<br>Manufacturing<br>Segment    | Real Estate<br>Development<br>Segment | Lifestyle<br>Innovation<br>Segment | Reconciliation<br>and<br>Elimination | Total                   |
| Revenue:  |                                      |                                       |                                    |                                      |                         |
| Revenue from external customers   | \$ 10,993,671                        | 5,977,406                             | 648,366                            | -                                    | 17,619,443              |
| Intersegment revenues   | 2,745,404                            | 3,400                                 | 95,436                             | (2,844,240)                          | -                       |
| Interest income   | 54,499                               | 16,547                                | 5,257                              | 3,532                                | 79,835                  |
| Total revenue   | <u>\$ 13,793,574</u>                 | <u>5,997,353</u>                      | <u>749,059</u>                     | <u>(2,840,708)</u>                   | <u>17,699,278</u>       |
| Interest expenses   | <u>\$ (173,676)</u>                  | <u>(86,548)</u>                       | <u>(41,466)</u>                    | <u>(111,628)</u>                     | <u>(413,318)</u>        |
| Depreciation and amortization   | <u>\$ (817,554)</u>                  | <u>(8,774)</u>                        | <u>(220,212)</u>                   | <u>(25,850)</u>                      | <u>(1,072,390)</u>      |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | <u>\$ (16,445)</u>                   | <u>(23,116)</u>                       | <u>-</u>                           | <u>-</u>                             | <u>(39,561)</u>         |
| <b>Reportable segment profit or loss</b>  | <u><b>\$ 565,174</b></u>             | <u><b>1,516,625</b></u>               | <u><b>1,552</b></u>                | <u><b>(459,507)</b></u>              | <u><b>1,623,844</b></u> |
| Assets :  |                                      |                                       |                                    |                                      |                         |
| Investments accounted for using equity method   | <u>\$ 355,500</u>                    | <u>330,224</u>                        | <u>-</u>                           | <u>-</u>                             | <u>685,724</u>          |
| Non-current asset capital expenditure   | <u>\$ (205,675)</u>                  | <u>(2,090)</u>                        | <u>(586,894)</u>                   | <u>(1,370)</u>                       | <u>(796,029)</u>        |
| <b>Reportable segment assets (Note)</b>   | <u><b>\$ -</b></u>                   | <u><b>-</b></u>                       | <u><b>-</b></u>                    | <u><b>-</b></u>                      | <u><b>-</b></u>         |
| <b>Reportable segment liabilities (Note)</b>  | <u><b>\$ -</b></u>                   | <u><b>-</b></u>                       | <u><b>-</b></u>                    | <u><b>-</b></u>                      | <u><b>-</b></u>         |

(Continued)

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

|   | For the Year Ended December 31, 2022 |                                       |                                    |                                      |                       |
|---|--------------------------------------|---------------------------------------|------------------------------------|--------------------------------------|-----------------------|
|   | Metal<br>Manufacturing<br>Segment    | Real Estate<br>Development<br>Segment | Lifestyle<br>Innovation<br>Segment | Reconciliation<br>and<br>Elimination | Total                 |
| Revenue:  |                                      |                                       |                                    |                                      |                       |
| Revenue from external customers   | \$ 12,172,623                        | 1,800,361                             | 657,194                            | -                                    | 14,630,178            |
| Intersegment revenues   | 3,506,673                            | 3,799                                 | 83,143                             | (3,593,615)                          | -                     |
| Interest income   | 26,812                               | 2,513                                 | 2,728                              | 7,817                                | 39,870                |
| Total revenue   | <u>\$ 15,706,108</u>                 | <u>1,806,673</u>                      | <u>743,065</u>                     | <u>(3,585,798)</u>                   | <u>14,670,048</u>     |
| Interest expenses   | <u>\$ (115,359)</u>                  | <u>(53,310)</u>                       | <u>(36,683)</u>                    | <u>(69,423)</u>                      | <u>(274,775)</u>      |
| Depreciation and amortization   | <u>\$ (805,719)</u>                  | <u>(10,247)</u>                       | <u>(221,878)</u>                   | <u>(25,632)</u>                      | <u>(1,063,476)</u>    |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | <u>\$ (52,210)</u>                   | <u>(4,766)</u>                        | <u>-</u>                           | <u>-</u>                             | <u>(56,976)</u>       |
| <b>Reportable segment profit or loss</b>  | <b><u>\$ 938,632</u></b>             | <b><u>323,561</u></b>                 | <b><u>52,027</u></b>               | <b><u>(324,920)</u></b>              | <b><u>989,300</u></b> |
| Assets :  |                                      |                                       |                                    |                                      |                       |
| Investments accounted for using equity method   | <u>\$ 348,615</u>                    | <u>359,364</u>                        | <u>-</u>                           | <u>-</u>                             | <u>707,979</u>        |
| Non-current asset capital expenditure   | <u>\$ (418,555)</u>                  | <u>(14,203)</u>                       | <u>(231,173)</u>                   | <u>(5,200)</u>                       | <u>(669,131)</u>      |
| <b>Reportable segment assets (Note)</b>   | <b><u>\$ -</u></b>                   | <b><u>-</u></b>                       | <b><u>-</u></b>                    | <b><u>-</u></b>                      | <b><u>-</u></b>       |
| <b>Reportable segment liabilities (Note)</b>  | <b><u>\$ -</u></b>                   | <b><u>-</u></b>                       | <b><u>-</u></b>                    | <b><u>-</u></b>                      | <b><u>-</u></b>       |

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

(c) The information of product and service

The segmentation of the Group's reportable segments is based on their product and service. The information regarding external customer transactions is disclosed in the table above.

(d) Geographic information

In presenting information on the basis of geography, segment assets are categorized based on the geographical location of the assets. The geographical information for the years ended December 31, 2023 and 2022 is as follows:

| <b>Geographical information</b> | <b>For the Years Ended December 31</b> |                          |
|---------------------------------|--|--------------------------|
|                                 | <b>2023</b>                            | <b>2022</b>              |
| Non-current assets:             |  |                          |
| Taiwan                          | \$ 10,388,400                          | 9,615,410                |
| United States                   | 75,003                                 | 76,252                   |
| Japan                           | 375                                    | 32                       |
| China                           | 5,716,712                              | 6,291,263                |
| Others                          | <u>384,473</u>                         | <u>388,733</u>           |
| Total                           | <b><u>\$ 16,564,963</u></b>            | <b><u>16,371,690</u></b> |

(e) Information on major customers

|   | <b>For the Years Ended December 31</b> |                  |
|---|--|------------------|
|   | <b>2023</b>                            | <b>2022</b>      |
| Customer A from metal manufacturing segment | <u>\$ 1,758,685</u>                    | <u>2,162,763</u> |