

**Chung Hung Steel Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2021 and 2020 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

Chung Hung Steel Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Chung Hung Steel Corporation (the Corporation) and its subsidiaries as of March 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended March 31, 2021 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Corporation and its subsidiaries as of March 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC.

The engagement partners on the reviews resulting in this independent auditor's review report are Yu-Hsiang Liu and Jia-Ling Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 3, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2021		December 31, 2020		March 31, 2020	
	(Reviewed)		(Audited)		(Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 482,037	2	\$ 287,373	1	\$ 124,346	-
Financial assets at fair value through profit or loss - current (Note 7)	160,093	1	242,410	1	161,305	1
Financial assets at fair value through other comprehensive income - current (Note 8)	857,529	3	819,454	3	627,420	2
Accounts receivable (Notes 9 and 23)	970,377	3	830,087	3	578,404	2
Accounts receivable from related parties (Notes 9, 23 and 29)	146,313	1	117,238	-	54,571	-
Other receivables (Note 9)	8,380	-	19,321	-	86,000	-
Other receivables from related parties (Notes 9 and 29)	53,266	-	26,672	-	210,756	1
Current tax assets	514	-	514	-	661	-
Inventories (Note 10)	4,976,459	18	4,236,420	16	6,782,694	23
Prepayments (Note 11)	143,937	-	150,961	1	232,215	1
Other financial assets - current (Notes 12 and 30)	302,800	1	301,700	1	301,700	1
Other current assets	142	-	3,961	-	1,070	-
Total current assets	<u>8,101,847</u>	<u>29</u>	<u>7,036,111</u>	<u>26</u>	<u>9,161,142</u>	<u>31</u>
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Note 8)	75,572	-	68,193	-	71,666	-
Investments accounted for using equity method (Note 13)	2,998,665	11	2,669,716	10	1,975,443	7
Property, plant and equipment (Notes 14 and 31)	11,133,675	39	11,162,643	41	12,339,053	42
Right-of-use assets (Note 15)	74,467	-	78,330	-	89,829	-
Investment properties (Note 16)	5,982,963	21	5,983,185	22	5,983,851	20
Prepayments for equipment (Note 31)	32,753	-	95,659	1	15,913	-
Refundable deposits	5,918	-	6,220	-	5,731	-
Total noncurrent assets	<u>20,304,013</u>	<u>71</u>	<u>20,063,946</u>	<u>74</u>	<u>20,481,486</u>	<u>69</u>
TOTAL	<u>\$ 28,405,860</u>	<u>100</u>	<u>\$ 27,100,057</u>	<u>100</u>	<u>\$ 29,642,628</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17, 29 and 30)	\$ 679,001	2	\$ 404,630	2	\$ 5,433,222	18
Short-term bills payable (Note 17)	1,999,805	7	3,599,577	13	1,899,573	6
Contract liabilities – current (Note 23)	147,945	1	57,283	-	50,597	-
Accounts payable (Note 19)	945,534	3	27,500	-	27,652	-
Accounts payable to related parties (Notes 19 and 29)	353,445	1	313,224	1	127,472	-
Other payables (Notes 20 and 29)	587,723	3	580,264	2	422,463	2
Current tax liabilities	138	-	5	-	-	-
Lease liabilities – current (Note 15)	15,274	-	15,230	-	15,087	-
Current portion of long-term borrowings (Note 17)	-	-	-	-	480,000	2
Refund liabilities	134,872	-	153,756	1	163,716	1
Other current liabilities	27,416	-	15,764	-	21,780	-
Total current liabilities	<u>4,891,153</u>	<u>17</u>	<u>5,167,233</u>	<u>19</u>	<u>8,641,562</u>	<u>29</u>
NONCURRENT LIABILITIES						
Bonds payable (Note 18)	2,995,323	11	2,995,039	11	1,996,897	7
Long-term borrowings (Note 17)	1,700,000	6	2,000,000	8	2,710,000	9
Long-term bills payable (Note 17)	1,139,299	4	1,109,674	4	1,909,407	7
Deferred tax liabilities	182,222	1	182,222	1	182,222	1
Lease liabilities - noncurrent (Note 15)	60,075	-	63,898	-	75,286	-
Net defined benefit liabilities (Notes 4 and 21)	294,010	1	313,717	1	358,848	1
Guarantee deposits received (Note 16)	35,000	-	35,000	-	35,000	-
Total noncurrent liabilities	<u>6,405,929</u>	<u>23</u>	<u>6,699,550</u>	<u>25</u>	<u>7,267,723</u>	<u>25</u>
Total liabilities	<u>11,297,082</u>	<u>40</u>	<u>11,866,783</u>	<u>44</u>	<u>15,909,285</u>	<u>54</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)						
Ordinary shares	14,355,444	51	14,355,444	53	14,355,444	48
Capital surplus	903	-	903	-	903	-
Retained earnings						
Legal reserve	90,568	-	90,568	-	90,450	-
Special reserve	549,578	2	549,578	2	497,607	2
Unappropriated earnings	2,363,709	8	662,620	3	48,776	-
Total retained earnings	<u>3,003,855</u>	<u>10</u>	<u>1,302,766</u>	<u>5</u>	<u>636,833</u>	<u>2</u>
Other equity	(251,424)	(1)	(425,839)	(2)	(1,259,837)	(4)
Total equity	<u>17,108,778</u>	<u>60</u>	<u>15,233,274</u>	<u>56</u>	<u>13,733,343</u>	<u>46</u>
TOTAL	<u>\$ 28,405,860</u>	<u>100</u>	<u>\$ 27,100,057</u>	<u>100</u>	<u>\$ 29,642,628</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 29)				
Sales	\$ 10,656,836	98	\$ 9,967,463	99
Service revenue	154,684	2	115,561	1
Other operating revenue	19,002	-	15,869	-
Total operating revenue	<u>10,830,522</u>	<u>100</u>	<u>10,098,893</u>	<u>100</u>
OPERATING COSTS (Notes 10, 24 and 29)	<u>8,882,388</u>	<u>82</u>	<u>9,816,496</u>	<u>97</u>
GROSS PROFIT	<u>1,948,134</u>	<u>18</u>	<u>282,397</u>	<u>3</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	122,692	1	306,462	3
General and administrative expenses	89,993	1	81,168	1
Total operating expenses	<u>212,685</u>	<u>2</u>	<u>387,630</u>	<u>4</u>
PROFIT (LOSS) FROM OPERATIONS	<u>1,735,449</u>	<u>16</u>	<u>(105,233)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 16, 24 and 29)				
Interest income	36	-	106	-
Other income	27,346	-	36,661	-
Other gains and losses	(50,012)	-	(29,830)	-
Finance costs	(11,585)	-	(25,416)	-
Share of the profit of associates	(1,083)	-	(1,583)	-
Total non-operating income and expenses	<u>(35,298)</u>	<u>-</u>	<u>(20,062)</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	<u>1,700,151</u>	<u>16</u>	<u>(125,295)</u>	<u>(1)</u>
INCOME TAX (Notes 4 and 25)	<u>133</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE PERIOD	<u>1,700,018</u>	<u>16</u>	<u>(125,295)</u>	<u>(1)</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	45,454	-	(161,063)	(2)
Share of the other comprehensive income of associates	130,032	1	(549,196)	(5)
	<u>175,486</u>	<u>1</u>	<u>(710,259)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,875,504</u>	<u>17</u>	<u>\$ (835,554)</u>	<u>(8)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	<u>\$ 1,700,018</u>	<u>16</u>	<u>\$ (125,295)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	<u>\$ 1,875,504</u>	<u>17</u>	<u>\$ (835,554)</u>	<u>(8)</u>
EARNINGS (DEFICIT) PER SHARE (Note 26)				
Basic	<u>\$ 1.18</u>		<u>\$ (0.09)</u>	
Diluted	<u>\$ 1.18</u>		<u>\$ (0.09)</u>	

The accompanying notes are an integral part of the consolidated financial statements.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Issued and Outstanding Ordinary Shares	Capital Surplus	Retained Earnings			Unappropriated Earnings	Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
			Legal Reserve	Special Reserve				
BALANCE AT JANUARY 1, 2021	\$ 14,355,444	\$ 903	\$ 90,568	\$ 549,578	\$ 662,620	(\$ 425,839)	\$ 15,233,274	
Net profit for the three months ended March 31, 2021	-	-	-	-	1,700,018	-	1,700,018	
Other comprehensive income for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	175,486	175,486	
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	1,700,018	175,486	1,875,504	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	1,071	(1,071)	-	
BALANCE AT MARCH 31, 2021	\$ 14,355,444	\$ 903	\$ 90,568	\$ 549,578	\$ 2,363,709	(\$ 251,424)	\$ 17,108,778	
BALANCE AT JANUARY 1, 2020	\$ 14,355,444	\$ 903	\$ 90,450	\$ 497,607	\$ 174,071	(\$ 549,578)	\$ 14,568,897	
Net loss for the three months ended March 31, 2020	-	-	-	-	(125,295)	-	(125,295)	
Other comprehensive income for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	(710,259)	(710,259)	
Total comprehensive income for the three months ended March 31, 2020	-	-	-	-	(125,295)	(710,259)	(835,554)	
BALANCE AT MARCH 31, 2020	\$ 14,355,444	\$ 903	\$ 90,450	\$ 497,607	\$ 48,776	(\$ 1,259,837)	\$ 13,733,343	

The accompanying notes are an integral part of the consolidated financial statements.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	\$ 1,700,151	(\$ 125,295)
Adjustments for:		
Depreciation expense	189,048	300,904
Net loss on financial assets and liabilities at fair value through profit or loss	55,381	20,046
Finance costs	11,585	25,416
Interest income	(36)	(106)
Dividends income	-	(8,146)
Share of the profit of associates	1,083	1,583
Loss on disposal of property, plant and equipment	-	11,545
Reversal of inventories	(23,459)	(144,626)
Others	284	53
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	26,936	-
Accounts receivable	(140,290)	(112,387)
Accounts receivable from related parties	(29,075)	(8,838)
Other receivables	10,941	(79,969)
Other receivables from related parties	(26,594)	330,658
Inventories	(716,580)	(60,431)
Prepayments	7,024	(3,684)
Other current assets	3,819	620
Contract liabilities	90,662	(234,455)
Accounts payable	918,034	(2,020)
Accounts payable to related parties	40,221	61,875
Other payables	(4,728)	(92,524)
Other current liabilities	11,652	5,346
Net defined benefit liabilities	(19,707)	(15,012)
Refund liabilities	(18,884)	10,104
Cash generated from (used in) operations	<u>2,087,468</u>	<u>(119,343)</u>
Net cash generated from (used in) operating activities	<u>2,087,468</u>	<u>(119,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(200,000)	-
Acquisition of property, plant and equipment	(70,297)	(57,192)
Decrease (increase) in refundable deposits	302	(99)
Increase in other financial assets	(1,100)	-
Interest received	36	106
Dividends received from others	-	<u>8,146</u>
Net cash used in investing activities	<u>(271,059)</u>	<u>(49,039)</u>

(Continued)

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 16,372,977	\$ 32,034,269
Repayments of short-term borrowings	(16,098,606)	(31,755,914)
Proceeds from short-term bills payable	400,228	2,800,023
Repayments of short-term bills payable	(2,000,000)	(2,700,000)
Issuance of bonds payable	-	1,996,844
Proceeds from long-term borrowings	300,000	1,150,000
Repayments of long-term borrowings	(600,000)	(2,570,000)
Proceeds from long-term bills payable	239,625	200,332
Repayments of long-term bills payable	(210,000)	(900,000)
Repayments of principal of lease liabilities	(3,779)	(3,733)
Interest paid	(22,190)	(26,121)
Net cash generated from (used in) financing activities	(1,621,745)	225,700
NET INCREASE IN CASH AND CASH EQUIVALENTS	194,664	57,318
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>287,373</u>	<u>67,028</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 482,037</u>	<u>\$ 124,346</u> (Concluded)

The accompanying notes are an integral part of the consolidated financial statements.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Chung Hung Steel Corporation (the Corporation) was incorporated in September 1983 and started operations in September 1985. It mainly manufactures and sells steel products, such as cold and hot rolled coils and steel pipes.

The Corporation's shares have been listed on the Taiwan Stock Exchange since February 1992.

As of March 31, 2021, and 2020, China Steel Corporation ("CSC"), the Corporation's parent and major shareholder (40.60%), controls the Corporation's management and operations.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Corporation's board of directors and approved for issue on May 3, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Corporation and its subsidiaries' (the Group) accounting policies.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"	April 1, 2021 (Note 8)
IFRS 17 "Insurance Contracts"	January 1, 2023

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 8: A lessee should apply the amendment for annual reporting periods beginning on or after April 1, 2021, recognizing the cumulative effect of initial application at the beginning of the annual reporting period.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Group is in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

For readers’ convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between

the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries). All intra-Group transactions, balances, income and expenses are eliminated in full upon consolidation.

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%)		
			March 31, 2021	December 31, 2020	March 31, 2020
Chung Hung Steel Corporation Ltd.	Hung Kao Investment Corporation	General investment	100	100	100

c. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period’s pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 640	\$ 640	\$ 640
Checking accounts and demand deposits	<u>481,397</u>	<u>286,733</u>	<u>123,706</u>
	<u>\$ 482,037</u>	<u>\$ 287,373</u>	<u>\$ 124,346</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets mandatorily classified as at FVTPL			
Emerging market shares	<u>\$ 160,093</u>	<u>\$ 242,410</u>	<u>\$ 161,305</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2021	December 31, 2020	March 31, 2020
Current			
Domestic Listed shares	<u>\$ 857,529</u>	<u>\$ 819,454</u>	<u>\$ 627,420</u>
Noncurrent			
Domestic listed shares	\$ 26,003	\$ 24,848	\$ 19,025
Domestic unlisted shares	<u>49,569</u>	<u>43,345</u>	<u>52,641</u>
	<u>\$ 75,572</u>	<u>\$ 68,193</u>	<u>\$ 71,666</u>

RisLink Venture Capital Corp. conducted capital reduction and refunded NT\$1,934 thousand in September 2020.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable			
Accounts receivable – non-related parties	<u>\$ 970,377</u>	<u>\$ 830,087</u>	<u>\$ 578,404</u>
Accounts receivable – related parties	<u>\$ 146,313</u>	<u>\$ 117,238</u>	<u>\$ 54,571</u>

(Continued)

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Other receivables (including related parties)</u>			
Receivables from disposal of scrap	\$ 44,861	\$ 32,961	\$ 30,075
Discount receivable	14,855	886	185,280
Income tax refund receivable	-	-	79,545
Others	<u>1,930</u>	<u>12,146</u>	<u>1,856</u>
	<u>\$ 61,646</u>	<u>\$ 45,993</u>	<u>\$ 296,756</u>
			(Concluded)

a. Accounts receivable

The Group allows an average credit period of 30 days (the aging of receivables from sales of goods is based upon the date of examination and acceptance of the goods settlement is monthly or 60 days after shipment date). Refer to Note 28 for credit risk management policies.

The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status rather than distinguishing each different customer group

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

March 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	100	
Gross carrying amount	\$ 1,116,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,116,690
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,116,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,116,690</u>

December 31, 2020

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	100	
Gross carrying amount	\$ 947,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 947,325
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 947,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 947,325</u>

March 31, 2020

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	100	
Gross carrying amount	\$ 632,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 632,975
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 632,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 632,975</u>

The amounts of accounts receivable from single customer that exceed 10% of total accounts receivable were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
A company	\$ 170,642	\$ 186,520	\$ 17,653
B company	110,587	-	-
C company	106,617	-	-
D company	98,952	95,493	23,156
E company	82,733	88,499	216,204
F company	9,134	147,430	8,363
G company	<u>-</u>	<u>-</u>	<u>170,100</u>
	<u>\$ 578,665</u>	<u>\$ 517,942</u>	<u>\$ 435,476</u>

The Corporation entered into accounts receivable factoring contract (without recourse). Under the contract, the Corporation is authorized to sell accounts receivable to Bank upon the delivery of products to customers and is required to complete related formalities on the next banking day. Under this contract, the Corporation does not bear the risk of the uncollectability of the accounts receivable.

Receivables sold for the three months ended March 31, 2021 and 2020 were as follows:

Buyer of Accounts Receivable	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected	Advances Received at Period - End	Interest Rates on Advances Received (%)	Credit Line
<u>For the Three Months Ended March 31, 2021</u>						
Mega Bank	\$ 601,245	\$ 242,645	\$ 265,367	\$ 578,523	1.03	NT\$817 million
Bank of Taiwan	67,274	54,635	48,612	73,297	1.03	NT\$200 million
Bank of Taiwan	14,577	2,270	14,577	2,270	1.49	USD20 million
	<u>\$ 683,096</u>	<u>\$ 299,550</u>	<u>\$ 328,556</u>	<u>\$ 654,090</u>		
<u>For the Three Months Ended March 31, 2020</u>						
Mega Bank	\$ 926,731	\$ 735,455	\$ 704,517	\$ 957,669	1.16	NT\$3 billion
Bank of Taiwan	-	72,821	-	72,821	1.16	NT\$200 million
Bank of Taiwan	124,214	133,314	64,486	193,042	3.08	USD20 million
	<u>\$ 1,050,945</u>	<u>\$ 941,590</u>	<u>\$ 769,003</u>	<u>\$ 1,223,532</u>		

b. Other receivables

The Group applies the approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for other receivable. The expected credit losses on other receivables are estimated using expected credit loss rate based on the other receivables overdue days. As of March 31, 2021, December 31, 2020 and March 31, 2020, there was no allowance for doubtful accounts.

10. INVENTORIES

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 1,686,494	\$ 1,608,738	\$ 4,686,347
Supplies	376,289	368,565	459,384
Work in progress	698,055	488,875	571,973
Finished goods	1,949,197	1,764,310	2,061,949
Others	6,171	3,872	782
Raw materials and supplies in transit	<u>260,253</u>	<u>2,060</u>	<u>2,259</u>
	<u>\$ 4,976,459</u>	<u>\$ 4,236,420</u>	<u>\$ 6,782,694</u>

The cost of inventories recognized as operating costs for the three months ended March 31, 2021 and 2020 was NT\$8,758,274 thousand and NT\$9,697,841 thousand, respectively, including reversal of loss of NT\$23,459 thousand and NT\$144,626 thousand, respectively. Reversal of inventory was mainly due to the increase in steel prices.

11. PREPAYMENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Input tax	\$ 91,149	\$ 104,098	\$ 170,994
Prepayments for purchases	44,305	41,340	54,097
Others	<u>8,483</u>	<u>5,523</u>	<u>7,124</u>
	<u>\$ 143,937</u>	<u>\$ 150,961</u>	<u>\$ 232,215</u>

12. OTHER FINANCIAL ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
<hr/> <p style="text-align: center;">Current</p> <hr/>			
Pledged time deposits (Note 30)	\$ 300,000	\$ 300,000	\$ 300,000
One-year time deposits	<u>2,800</u>	<u>1,700</u>	<u>1,700</u>
	<u>\$ 302,800</u>	<u>\$ 301,700</u>	<u>\$ 301,700</u>

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2021	December 31, 2020	March 31, 2020
Material associates			
Transglory Investment Corp. (TIC)	\$ 2,796,130	\$ 2,669,716	\$ 1,975,443
Associates that are not individually material	<u>202,535</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,998,665</u>	<u>\$ 2,669,716</u>	<u>\$ 1,975,443</u>

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)		
			March 31, 2021	December 31, 2020	March 31, 2020
TIC	General investment	Taiwan	40.91	40.91	40.91

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

TIC

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 2,905	\$ 2,470	\$ 1,314
Noncurrent assets	6,909,938	6,598,420	5,030,940
Current liabilities	(78,012)	(75,063)	(203,500)
Equity	<u>\$ 6,834,831</u>	<u>\$ 6,525,827</u>	<u>\$ 4,828,754</u>
Proportion of the Group's ownership (%)	40.91	40.91	40.91
Equity attributable to the Group	<u>\$ 2,796,130</u>	<u>\$ 2,669,716</u>	<u>\$ 1,975,443</u>
Carrying amount	<u>\$ 2,796,130</u>	<u>\$ 2,669,716</u>	<u>\$ 1,975,443</u>
		For the Three Months Ended March 31	
		2021	2020
Operating revenue		<u>\$ -</u>	<u>\$ -</u>
Net loss for the period		(\$ 2,877)	(\$ 3,869)
Other comprehensive income (loss)		<u>311,882</u>	<u>(1,342,449)</u>
Total comprehensive income for the period		<u>\$ 309,005</u>	<u>(\$ 1,346,318)</u>
Comprehensive income attributable to the Group		<u>\$ 126,414</u>	<u>(\$ 550,779)</u>

b. Information about associates that are not individually material was as follows:

	For the Three Months Ended March 31	
	2021	2020
The Corporation and its subsidiaries' share of		
Net profit for the period	\$ 93	\$ -
Other comprehensive income	<u>1,370</u>	<u>-</u>
Total comprehensive income	<u>\$ 1,463</u>	<u>\$ -</u>

Refer to Table 3 "Information on Investments" for the nature of main business, principle of business and countries of incorporation of associates that are not individually material.

14. PROPERTY, PLANT AND EQUIPMENT

For the Three Months Ended March 31, 2021

	Land	Buildings	Machinery and Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost							
Balance at January 1, 2021	\$ 3,988,983	\$ 5,001,703	\$ 22,862,804	\$ 4,483,434	\$ 1,291,199	\$ 125,357	\$ 37,753,480
Additions	-	1	196,250	7,108	48,472	(95,836)	155,995
Disposals	-	-	-	(9,838)	(2,234)	-	(12,072)
Balance at March 31, 2021	<u>\$ 3,988,983</u>	<u>\$ 5,001,704</u>	<u>\$ 23,059,054</u>	<u>\$ 4,480,704</u>	<u>\$ 1,337,437</u>	<u>\$ 29,521</u>	<u>\$ 37,897,403</u>
Accumulated depreciation							
Balance at January 1, 2021	\$ -	\$ 2,008,941	\$ 19,637,206	\$ 4,050,064	\$ 894,626	\$ -	\$ 26,590,837
Depreciation expense	-	32,892	87,324	24,199	40,548	-	184,963
Disposals	-	-	-	(9,838)	(2,234)	-	(12,072)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 2,041,833</u>	<u>\$ 19,724,530</u>	<u>\$ 4,064,425</u>	<u>\$ 932,940</u>	<u>\$ -</u>	<u>\$ 26,763,728</u>
Carrying amount at December 31, 2020	<u>\$ 3,988,983</u>	<u>\$ 2,992,762</u>	<u>\$ 3,225,598</u>	<u>\$ 433,370</u>	<u>\$ 396,573</u>	<u>\$ 125,357</u>	<u>\$ 11,162,643</u>
Carrying amount at March 31, 2021	<u>\$ 3,988,983</u>	<u>\$ 2,959,871</u>	<u>\$ 3,334,524</u>	<u>\$ 416,279</u>	<u>\$ 404,497</u>	<u>\$ 29,521</u>	<u>\$ 11,133,675</u>

For the Three Months Ended March 31, 2020

	Land	Buildings	Machinery and Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
Cost							
Balance at January 1, 2020	\$ 3,988,983	\$ 4,993,389	\$ 22,734,037	\$ 4,419,879	\$ 1,428,295	\$ 116,329	\$ 37,680,912
Additions	-	-	77,476	24,223	12,289	(18,856)	95,132
Disposals	-	-	(13,377)	(4,217)	(31,164)	-	(48,758)
Balance at March 31, 2020	<u>\$ 3,988,983</u>	<u>\$ 4,993,389</u>	<u>\$ 22,798,136</u>	<u>\$ 4,439,885</u>	<u>\$ 1,409,420</u>	<u>\$ 97,473</u>	<u>\$ 37,727,286</u>
Accumulated depreciation							
Balance at January 1, 2020	\$ -	\$ 1,877,331	\$ 18,539,349	\$ 3,938,749	\$ 773,196	\$ -	\$ 25,128,625
Depreciation expense	-	32,859	175,067	33,365	55,530	-	296,821
Disposals	-	-	(1,832)	(4,217)	(31,164)	-	(37,213)
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 1,910,190</u>	<u>\$ 18,712,584</u>	<u>\$ 3,967,897</u>	<u>\$ 797,562</u>	<u>\$ -</u>	<u>\$ 25,388,233</u>
Carrying amount at March 31, 2020	<u>\$ 3,988,983</u>	<u>\$ 3,083,199</u>	<u>\$ 4,085,552</u>	<u>\$ 471,988</u>	<u>\$ 611,858</u>	<u>\$ 97,473</u>	<u>\$ 12,339,053</u>

Depreciation of the rollers that belong to the cold-rolling departments, the hot rolling department and the skin pass mill of the pickling & galvanizing mill department is calculated based on their level of wear; depreciation of other assets is recognized based on the following useful lives:

Buildings	
Facility	5-50 years
Main structure	31-60 years
Machinery and equipment	
Power equipment	3-30 years
High-temperature equipment	5-18 years
Other equipment	
Computer equipment	3-10 years
Office, air condition and extinguishment equipment	3-20 years
Transportation equipment	5-16 years
Others	3-18 years
Tank	10 years

The Corporation bought farmlands for warehouse at the Jia Xing Section and Quing Shui Section of the Gangshan District in Kaohsiung City. However, certain regulations prohibit the Corporation from registering the title of these farmlands in the Corporation's name; thus, the registration was made in the name of an individual person. The individual person consented to fully cooperate with the Corporation in changing the land title in the future and pledged the land to the Corporation as collateral. As of March 31, 2021, December 31, 2020 and March 31, 2020, the book value of those remaining farmlands recognized as land were NT\$55,433 thousand, respectively.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

Carrying amounts	March 31, 2021	December 31, 2020	March 31, 2020
Land	\$ 65,127	\$ 68,233	\$ 77,460
Transportation equipment	<u>9,340</u>	<u>10,097</u>	<u>12,369</u>
	<u>\$ 74,467</u>	<u>\$ 78,330</u>	<u>\$ 89,829</u>
		For the Three Months Ended March 31	
		2021	2020
Additions to right-of-use assets		<u>\$ -</u>	<u>\$ 18,789</u>
Depreciation charge for right-of-use assets			
Land		\$ 3,106	\$ 3,104
Transportation equipment		<u>757</u>	<u>757</u>
		<u>\$ 3,863</u>	<u>\$ 3,861</u>

Except for the above-mentioned additions and depreciation expenses, there were no material subleases and impairment for the three months ended March 31, 2021 and 2020.

b. Lease liabilities

Carrying amounts	March 31, 2021	December 31, 2020	March 31, 2020
Current	<u>\$ 15,274</u>	<u>\$ 15,230</u>	<u>\$ 15,087</u>
Non-current	<u>\$ 60,075</u>	<u>\$ 63,898</u>	<u>\$ 75,286</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Land(%)	0.85-1.31	0.85-1.31	1.10-1.31
Transportation equipment(%)	0.76	0.76	0.76

c. Material lease activities and terms

The Corporation leases land for the use of steel products storing with lease terms of 5-10 years. The Corporation does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

	For the Three Months Ended March 31	
	2021	2020
Expenses relating to short-term leases	<u>\$ 2,631</u>	<u>\$ 5,729</u>
Expenses relating to low-value assets leases	<u>\$ 361</u>	<u>\$ 306</u>
Total cash outflow for leases	<u>(\$ 7,001)</u>	<u>(\$ 10,045)</u>

For transportation equipment which qualify as short-term leases and other equipment which qualify as low-value asset leases, the Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

For the three months ended March 31, 2021

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and March 31, 2021	<u>\$ 5,959,074</u>	<u>\$ 41,067</u>	<u>\$ 6,000,141</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ -	\$ 16,956	\$ 16,956
Depreciation expense	<u>-</u>	<u>222</u>	<u>222</u>
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 17,178</u>	<u>\$ 17,178</u>
Carrying amount at December 31, 2020	<u>\$ 5,959,074</u>	<u>\$ 24,111</u>	<u>\$ 5,983,185</u>
Carrying amount at March 31, 2021	<u>\$ 5,959,074</u>	<u>\$ 23,889</u>	<u>\$ 5,982,963</u>

For the three months ended March 31, 2020

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and March 31, 2020	<u>\$ 5,959,074</u>	<u>\$ 41,067</u>	<u>\$ 6,000,141</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ -	\$ 16,068	\$ 16,068
Depreciation expense	<u>-</u>	<u>222</u>	<u>222</u>
Balance at March 31, 2020	<u>\$ -</u>	<u>\$ 16,290</u>	<u>\$ 16,290</u>
Carrying amount at March 31, 2020	<u>\$ 5,959,074</u>	<u>\$ 24,777</u>	<u>\$ 5,983,851</u> (Concluded)

The Corporation signed a land lease contract of Long-Dong Block in Kaohsiung with non-related parties in June 30, 2010 and operating terms 20 years and according to the contract rent is charged monthly. The rent revenue recognized as other income for the three months ended March 31, 2021 and 2020 were NT\$20,716 thousand, NT\$20,329 thousand, respectively. As of March 31, 2021, December 31, 2020 and March 31, 2020, according to the contract, the Corporation received guarantee from the lessee were all NT\$35,000 thousand.

As of March 31, 2021, December 31, 2020 and March 31, 2020, accounting to the abovementioned lease contract, the Corporation had received the amount of notes receivable and recognized as unearned rent revenue as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable received	\$ 28,907	\$ 50,587	\$ 28,340
Less: unearned rent revenue	<u>28,907</u>	<u>50,587</u>	<u>28,340</u>
Carrying amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Year 1	\$ 90,247	\$ 87,569	\$ 88,613
Year 2	85,379	84,956	83,707
Year 3	87,009	86,618	85,379
Year 4	88,670	88,232	87,009
Year 5	90,443	89,996	88,670
Later than 5 years	<u>522,027</u>	<u>544,824</u>	<u>612,470</u>
	<u>\$ 963,775</u>	<u>\$ 982,195</u>	<u>\$ 1,045,848</u>

The land and buildings of investment properties are depreciated on a straight-line basis over 31-55 years useful lives.

The fair value of the investment properties was arrived at on the basis of valuations carried out in March and December 2017 and November 2019 by real estate appraiser and on the basis of information at the Ministry of the Interior's real estate transaction database website. Appraised lands and buildings were evaluated using Level 3 inputs under market approach, cost approach, income approach, and land development analysis approach. The important assumptions and fair value were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value	<u>\$ 9,996,358</u>	<u>\$ 9,996,358</u>	<u>\$ 9,996,358</u>
Expense rate (%)	25.14	25.14	25.14
Depreciation rate (%)	1.90-2.57	1.90-2.57	1.90-2.57

All investment properties are owned by the Group and had not been pledged to secure borrowings.

17. BORROWINGS

a. Short-term borrowings and bank overdrafts

	March 31, 2021	December 31, 2020	March 31, 2020
Letters of credit	\$ 304,657	\$ 50,000	\$ 1,716,481
Bank overdrafts (Note 30)	274,344	154,630	266,741
Unsecured loans	100,000	200,000	1,000,000
Loans from related parties (Note 29)	<u>-</u>	<u>-</u>	<u>2,450,000</u>
	<u>\$ 679,001</u>	<u>\$ 404,630</u>	<u>\$ 5,433,222</u>
Interest rate (%)	0.32-0.75	0.32-0.75	0.32-0.95

b. Short-term bills payable

	March 31, 2021	December 31, 2020	March 31, 2020
Commercial paper	\$ 2,000,000	\$ 3,600,000	\$ 1,900,000
Less: Unamortized discounts	<u>195</u>	<u>423</u>	<u>427</u>
	<u>\$ 1,999,805</u>	<u>\$ 3,599,577</u>	<u>\$ 1,899,573</u>
Interest rate (%)	0.30-0.31	0.35-0.36	0.66-0.68

On March 31, 2021, December 31, 2020 and March 31, 2020, all commercial papers were non-guarantee commercial paper.

c. Long-term borrowings

	March 31, 2021	December 31, 2020	March 31, 2020
Credit bank loans			
Due on various dates through December 2024	\$ 1,700,000	\$ 2,000,000	\$ 3,190,000
Less: Current portion	<u>-</u>	<u>-</u>	<u>480,000</u>
	<u>\$ 1,700,000</u>	<u>\$ 2,000,000</u>	<u>\$ 480,000</u>
Interest rate (%)	0.75-0.93	0.75-0.92	0.79-1.22

d. Long-term bills payable

	March 31, 2021	December 31, 2020	March 31, 2020
Commercial papers	\$ 1,140,000	\$ 1,110,000	\$ 1,910,000
Less: Unamortized discount	<u>701</u>	<u>326</u>	<u>530</u>
	<u>\$ 1,139,299</u>	<u>\$ 1,109,674</u>	<u>\$ 1,909,470</u>
Interest rate (%)	0.62-0.73	0.73-0.91	0.78-1.05

Commercial papers have revolving credit lines within the payment terms according to the contracts and need to be utilized to some extent. As of March 31, 2021 and December 31, 2020, all commercial papers were non-guarantee commercial paper. The borrowing from International Bills Financial Corporation was secured by Bangkok Bank as of March 31, 2020.

18. BONDS PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000	\$ 2,000,000
Less: Issuance cost of bonds payable	<u>4,677</u>	<u>4,961</u>	<u>3,103</u>
	<u>\$ 2,995,323</u>	<u>\$ 2,995,039</u>	<u>\$ 1,996,897</u>

The major terms of unsecured domestic bonds are as follows:

Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
March 2020 to March 2025	\$ 2,000,000	0.78	Repayable in March 2025; interest payable annually.
September 2020 to September 2025	1,000,000	0.65	Repayable in September 2025; interest payable annually.

19. ACCOUNTS PAYABLE

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Accounts payable</u>			
Operating – non-related parties	<u>\$ 945,534</u>	<u>\$ 27,500</u>	<u>\$ 27,652</u>
Operating - related parties	<u>\$ 353,445</u>	<u>\$ 313,224</u>	<u>\$ 127,472</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER PAYABLES

	March 31, 2021	December 31, 2020	March 31, 2020
Salaries and incentive bonus	\$ 166,256	\$ 289,532	\$ 94,286
Employees' compensation and remuneration and transportation allowances of directors	131,159	36,469	1,511
Utilities	61,407	59,229	60,751
Freight	34,209	27,497	34,381
Outsourced repair and construction	32,492	34,572	37,751
Export fees	31,996	26,007	50,327
Processing fee	22,566	23,367	23,795
Others	<u>107,638</u>	<u>83,591</u>	<u>119,661</u>
	<u>\$ 587,723</u>	<u>\$ 580,264</u>	<u>\$ 422,463</u>

21. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation and its subsidiaries' defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019, and the amounts were NT\$4,999 thousand and NT\$5,653 thousand for the three months ended March 31, 2021 and 2020, respectively.

22. EQUITY

a. Ordinary shares

	March 31, 2021	December 31, 2020	March 31, 2020
Numbers of shares authorized (in thousands)	<u>2,043,160</u>	<u>2,043,160</u>	<u>2,043,160</u>
Shares authorized	<u>\$ 20,431,600</u>	<u>\$ 20,431,600</u>	<u>\$ 20,431,600</u>
Numbers of shares issued and fully paid (in thousands)	<u>1,435,544</u>	<u>1,435,544</u>	<u>1,435,544</u>
Shares issued	<u>\$ 14,355,444</u>	<u>\$ 14,355,444</u>	<u>\$ 14,355,444</u>

In June 2009, the Corporation revised the number of its authorized shares to 3,000,000 thousand shares upon obtaining the approval in the shareholders' meeting. The number of the authorized shares, which is approved by Department of Commerce, is 2,043,160 thousand shares at present.

Fully paid ordinary shares, which have a par value NT\$10, carry one vote per share and the right to dividends.

b. Capital surplus

	March 31, 2021	December 31, 2020	March 31, 2020
Additional paid-in capital	<u>\$ 903</u>	<u>\$ 903</u>	<u>\$ 903</u>

In 2009, CSC had transferred its treasury stocks to its employees and subsidiaries. The Corporation recognized a compensation cost and capital surplus of NT\$743 thousand. In July 2011, CSC issued ordinary shares for cash capital. Under the Company Law, CSC should reserve 10% of the stocks for its employees and subsidiaries. The Corporation recognized NT\$160 thousand of compensation cost and capital surplus.

Such capital surplus may be used only to offset deficits.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that 10% of the annual net income less any deficit should be appropriated as a legal reserve; a certain percentage should be appropriated as special reserve; the remainder may be declared as dividends or retained as proposed by the Corporation's board of directors and approved in the shareholders' meetings.

In June 2020, the shareholders' meeting approved a resolution to allocate no less than 30% of the distributable surplus every year to distribute dividends. However, if the cumulative distributable surplus is less than 3% of the paid-in capital, it may not be distributed.

The Corporation is in a mature steel industry. Thus, dividends will be appropriated in cash or in stock at an appropriate ratio, with cash dividends to be at least 50% of total dividends.

Under the Company Law, legal reserve should be appropriated from retained earnings until its balance equals the Corporation's paid-in capital. Legal reserve may be used to offset a deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2020 and 2019 had been proposed by the board of directors in February 2021 and approved in the shareholders' meeting in June 2020, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share (NT\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$ 54,064	\$ 118		
Special reserve	123,739	51,971		
Cash dividends	430,663	-	<u>\$ 0.3</u>	<u>\$ -</u>

The appropriations of earnings for 2020 are subject to the resolution of the shareholders' meeting to be held in June 2021.

d. Unrealized gains and losses on financial assets at fair value through other comprehensive income

	<u>For the Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Balance, beginning of period	<u>(\$ 425,839)</u>	<u>(\$ 549,578)</u>
Recognized during the period		
Unrealized gains and losses - equity instruments	45,454	(161,063)
Share from associates accounted for using the equity method	<u>130,032</u>	<u>(549,196)</u>
Other comprehensive income recognized in the period	<u>175,486</u>	<u>(710,259)</u>

(Continued)

	For the Three Months Ended March 31	
	2021	2020
Transfer the accumulated profits and losses of disposal of equity instruments to retained earnings	(1,071)	-
Balance, end of period	(\$ 251,424)	(\$ 1,259,837)

23. OPERATING REVENUES

a. Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020	January 1, 2020
Accounts receivable	\$ 1,116,690	\$ 947,325	\$ 632,975	\$ 511,750
Contract liabilities				
Sale of goods	\$ 147,945	\$ 57,283	\$ 50,597	\$ 285,052

b. Disaggregation of revenue

For the Three Months Ended March 31, 2021

	Reportable segments		
	Chung Hung	Others	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 10,656,836	\$ -	\$ 10,656,836
Rendering of services	153,648	1,036	154,684
Others	19,002	-	19,002
	<u>\$ 10,829,486</u>	<u>\$ 1,036</u>	<u>\$ 10,830,522</u>

For the Three Months Ended March 31, 2020

	Reportable segments		
	Chung Hung	Others	Total
<u>Type of goods or services</u>			
Sale of goods	\$ 9,967,463	\$ -	\$ 9,967,463
Rendering of services	115,561	-	115,561
Others	15,869	-	15,869
	<u>\$ 10,098,893</u>	<u>\$ -</u>	<u>\$ 10,098,893</u>

24. PROFIT (LOSS) BEFORE INCOME TAX

Profit (Loss) before income tax consisted of following items:

a. Other income

	For the Three Months Ended March 31	
	2021	2020
Rental income	\$ 21,522	\$ 21,117
Government grants income	1,476	3,255
Dividend income	-	8,146
Others	<u>4,348</u>	<u>4,143</u>
	<u>\$ 27,346</u>	<u>\$ 36,661</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2021	2020
Net foreign exchange gain	\$ 9,043	\$ 5,092
Loss on disposal of property, plant and equipment	-	(11,545)
Loss arising from financial assets at fair value through profit or loss	(55,381)	(20,046)
Fees	(3,105)	(3,194)
Others	<u>(569)</u>	<u>(137)</u>
	<u>(\$ 50,012)</u>	<u>(\$ 29,830)</u>

The components of net foreign exchange gain were as follows:

	For the Three Months Ended March 31	
	2021	2020
Foreign exchange gain	\$ 16,160	\$ 20,429
Foreign exchange loss	<u>(7,117)</u>	<u>(15,337)</u>
Net exchange gain	<u>\$ 9,043</u>	<u>\$ 5,092</u>

c. Finance costs

	For the Three Months Ended March 31	
	2021	2020
Interest on bank overdrafts and loans	\$ 11,632	\$ 21,201
Interest on loans from related parties (Note 29)	-	4,234
Interest on lease liabilities	<u>230</u>	<u>277</u>
Total interest expense financial liabilities measured at amortized cost	11,862	25,712
Less: Amounts included in the cost of qualifying assets	<u>277</u>	<u>296</u>
	<u>\$ 11,585</u>	<u>\$ 25,416</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2021	2020
Capitalized amounts	\$ 277	\$ 296
Capitalized annual rates (%)	0.59-0.64	0.81-0.83
 d. Depreciation		
	For the Three Months Ended March 31	
	2021	2020
Property, plant and equipment	\$ 184,963	\$ 296,821
Investment properties	222	222
Right-of-use assets	<u>3,863</u>	<u>3,861</u>
	<u>\$ 189,048</u>	<u>\$ 300,904</u>
 Analysis of depreciation by function		
Operating costs	\$ 187,031	\$ 279,891
Operating expenses	1,795	20,791
Deduction of other income	<u>222</u>	<u>222</u>
	<u>\$ 189,048</u>	<u>\$ 300,904</u>
 e. Operating expenses directly related to investment properties		
	For the Three Months Ended March 31	
	2021	2020
Direct operating expenses of investment properties that generated rental income	\$ 2,869	\$ 2,818
Direct operating expenses of investment properties that did not generate rental income	<u>1,816</u>	<u>1,715</u>
	<u>\$ 4,685</u>	<u>\$ 4,533</u>
 f. Employee benefits		
	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits		
Salaries	\$ 420,039	\$ 253,435
Labor and health insurance	23,805	21,124
Others	<u>43,966</u>	<u>34,710</u>
	<u>487,810</u>	<u>309,269</u>

(Continued)

	For the Three Months Ended March 31	
	2021	2020
Post-employment benefits		
Defined contribution plans	\$ 6,427	\$ 6,389
Defined benefit plans (Note 21)	<u>4,999</u>	<u>5,653</u>
	<u>11,426</u>	<u>12,042</u>
	<u>\$ 499,236</u>	<u>\$ 321,311</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 402,791	\$ 269,257
Operating expenses	<u>96,445</u>	<u>52,054</u>
	<u>\$ 499,236</u>	<u>\$ 321,311</u>

(Concluded)

g. Employees' compensation and remuneration of directors

In accordance with the Corporation's Articles of Incorporation, the Corporation distributes employees' compensation and remuneration of directors at rates no less than 1% and no higher than 1%, respectively, of the pre-tax profit to deducting, employees' compensation, and remuneration of directors less any deficit. There was no bonus to employees and remuneration to directors on March 31, 2020 because the Corporation had accumulated deficits.

For the three months ended March 31, 2021, the employees' compensation and remuneration of directors were as follows:

	For the Three Months ended March 31 2021
<u>Amount</u>	
Employees' compensation	\$ 78,665
Remuneration of directors	15,750
<u>Accrual rate</u>	
Employees' compensation (%)	4.38
Remuneration of directors (%)	0.88

The appropriations of employees' compensation and remuneration of directors for the year ended December 31, 2020 and 2019, which were approved by the board of directors in February 2021 and 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
<u>Amount</u>		
Employees' compensation	\$ 29,897	\$ 11
Remuneration of directors	5,638	-

(Continued)

For the Year Ended December 31

	2020	2019
Accrual rate		
Employees' compensation (%)	5.30	0.10
Remuneration of directors (%)	1.00	-
		(Concluded)

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimate and recognized in the next year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2020 and 2019.

Information on employees' compensation and remuneration of directors resolved by the Corporation's board of directors are available on the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

- a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2021	2020
Current tax		
In respect of the current period	<u>\$ 133</u>	<u>\$ -</u>

- b. No income tax was recognized in equity or other comprehensive loss.
- c. Income tax assessments

The Group's income tax returns through 2018 have been assessed by the tax authorities.

26. EARNINGS (DEFICIT) PER SHARE

	For the Three Months Ended March 31	
	2021	2020
Basic earnings (deficit) per share	<u>\$ 1.18</u>	<u>(\$0.09)</u>
Diluted earnings (deficit) per share	<u>\$ 1.18</u>	<u>(\$0.09)</u>

The net profit (loss) and weighted average number of ordinary shares outstanding in the computation of earnings (deficit) per share were as follows:

Net profit (loss) for the period

	For the Three Months Ended March 31	
	2021	2020
Attributable to owners of the Corporation	<u>\$ 1,700,018</u>	<u>(\$ 125,295)</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Three Months Ended March 31	
	2021	2020
Weighted average number of ordinary shares in computation of basic earnings per share	1,435,544	1,435,544
Effect of dilutive potential ordinary shares:		
Employees' compensation	<u>5,077</u>	<u>-</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>1,440,621</u>	<u>1,435,544</u>

Since the Corporation offered to settle the compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

Net loss for the three months ended March 31, 2020 was not included in the calculation of diluted earnings per share because of the anti-dilutive effect.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue their operations while maximizing the return to shareholders through the optimization of the debt and equity balance.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

Management of the Group considers the carrying amount of financial assets and liabilities not carried at fair value approximates fair value.

b. Fair value of financial instruments that are measured at fair value on a recurring basis.

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>March 31, 2021</u>				
Financial assets at fair value through profit or loss				
Emerging market shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,093</u>	<u>\$ 160,093</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>March 31, 2021</u>				
Financial assets at FVOCI				
Domestic listed shares	\$ 883,532	\$ -	\$ -	\$ 883,532
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>49,569</u>	<u>49,569</u>
	<u>\$ 883,532</u>	<u>\$ -</u>	<u>\$ 49,569</u>	<u>\$ 933,101</u>
<u>December 31, 2020</u>				
Financial assets at fair value through profit or loss				
Emerging market shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 242,410</u>	<u>\$ 242,410</u>
Financial assets at FVOCI				
Domestic listed shares	\$ 844,302	\$ -	\$ -	\$ 844,302
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>43,345</u>	<u>43,345</u>
	<u>\$ 844,302</u>	<u>\$ -</u>	<u>\$ 43,345</u>	<u>\$ 887,647</u>
<u>March 31, 2020</u>				
Financial assets at fair value through profit or loss				
Emerging market shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,305</u>	<u>\$ 161,305</u>
Financial assets at FVOCI				
Domestic listed shares	\$ 646,445	\$ -	\$ -	\$ 646,445
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>52,641</u>	<u>52,641</u>
	<u>\$ 646,445</u>	<u>\$ -</u>	<u>\$ 52,641</u>	<u>\$ 699,086</u>

(Concluded)

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2021 and 2020.

2) Reconciliation of Level 3 fair value measurements of financial assets

	Financial Assets at Fair Value Through Profit or Loss - Equity Instruments	Financial Assets at Fair value through Other Comprehensive Income - Equity Instruments	Total
<u>For the three months ended March 31, 2021</u>			
Balance, beginning of period	\$ 242,410	\$ 43,345	\$ 285,755
Total profit or loss			
Recognized in profit or loss	(55,381)	-	(55,381)
Recognized in other comprehensive income	-	6,224	6,224
Disposal	<u>(26,936)</u>	<u>-</u>	<u>(26,936)</u>

(Continued)

	Financial Assets at Fair Value Through Profit or Loss - Equity Instruments	Financial Assets at Fair value through Other Comprehensive Income - Equity Instruments	Total
For the three months ended March 31, 2021			
Balance, end of period	<u>\$ 160,093</u>	<u>\$ 49,569</u>	<u>\$ 209,662</u>
Unrealized gains and losses recognized in other profit or loss	<u>(\$ 59,286)</u>	<u>\$ -</u>	<u>(\$ 59,286)</u>
For the three months ended March 31, 2020			
Balance, beginning of period	\$ 181,351	\$ 44,843	\$ 226,194
Total profit or loss			
Recognized in profit or loss	(20,046)	-	(20,046)
Recognized in other comprehensive income	<u>-</u>	<u>7,798</u>	<u>7,798</u>
Balance, end of period	<u>\$ 161,305</u>	<u>\$ 52,641</u>	<u>\$ 213,946</u>
Unrealized gains and losses recognized in other profit or loss	<u>(\$ 20,046)</u>	<u>\$ -</u>	<u>(\$ 20,046)</u>

(Concluded)

- 3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement
- a) The fair value of emerging stocks was based on the closing price adjusted for liquidity risk premium.
 - b) The fair value of unlisted stocks was based on the current net value.
- c. Categories of financial instruments

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Fair value through profit or loss			
Mandatorily at fair value through profit or loss	\$ 160,093	\$ 240,410	\$ 161,305
Measured at amortized cost (see 1 below)	1,969,091	1,588,611	1,281,963
Financial assets at fair value through other comprehensive income			
Equity instruments	933,101	887,647	699,086
<u>Financial liabilities</u>			
Measured at amortized cost (see 2 below)	10,570,002	11,218,664	15,205,465

- 1) The balances included financial assets measured at amortized cost, which comprise cash, accounts receivable (including related parties), other receivables (including related parties but not tax refund receivable), other financial assets and refundable deposits.
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, accounts payable (including related parties), other payables, refund liability, bonds payable, long-term borrowings (including current portion), long-term bills payable, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include accounts receivable, investments accounted for using equity method, other financial assets, accounts payable, short-term borrowings, short-term bills payable, bonds payable, long-term borrowings (including current portion of long-term bank borrowings) and long-term bills payable. The Group's financial management department provides service to the business units, coordinates domestic and international financial operations, prepares and analyzes internal risk reports to monitor and manage financial risks related to the operation of the Group. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The main financial risks arising from operating activities are to the risk of change in foreign exchange rates (see (a) below), the risk of changes in interest rates (see (b) below) and the risk of other price (see (c) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group was exposed to foreign currency risk due to sales and purchases, denominated in foreign currencies. Exchange rate exposures were managed within approved policy parameters utilizing the same currency for accounts receivable and payable.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the USD. The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only the outstanding foreign currency denominated monetary items, refer to Note 32. A positive number below indicates an increase in profit or loss when the New Taiwan dollars strengthens by 1% against the relevant currency.

	USD Impact (Note)	
	For the Three months ended	
	March 31	
	2021	2020
Profit before income tax	(\$ 876)	\$ 2,963

Note: This was mainly attributable to the exposure of outstanding USD cash, accounts receivables, accounts payable and other payables, which were not hedged at the balance sheet date.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial liabilities	\$ 3,070,672	\$ 3,074,167	\$ 2,087,270
Cash flow interest rate risk			
Financial assets	772,965	567,017	421,851
Financial liabilities	2,839,299	3,109,674	5,099,470

If interest rates had been 0.25% higher/lower all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2021 and 2020 would have been lower/higher by NT\$1,291 thousand and NT\$2,924 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through their investments in domestic listed shares.

The equity price of the Group was evaluated by the closing price of the equity securities on a monthly basis.

Sensitivity analysis

If equity price of fair value through other comprehensive income financial assets had been lower by one dollar, the pre-tax-other comprehensive income, for the three months ended March 31, 2021 and 2020 would have both been lower by NT\$34,113 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the balance sheet date, the Group's maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

The Group made transactions only with the parties with good credit. The goods were delivered after the cash or L/C was received, and the Group did not provide financial guarantee to any company. Accounts receivable were due to time differences of L/C negotiation and there was no bad debt in the recent years; therefore, the credit risk is very low.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank borrowings as a significant source of liquidity. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants. As of March 31, 2021, the unutilized credit facility of the Group was NT\$40.3 billion; therefore, there is no liquidity risk or incapacity of financing capital to meet contractual obligations.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

March 31, 2021	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Short-term borrowings	\$ 682,633	\$ -	\$ -	\$ 682,633
Short-term bills payable	2,000,000	-	-	2,000,000
Accounts payable (including related parties)	1,298,979	-	-	1,298,979
Other payables	587,723	-	-	587,723
Refund liabilities	134,872	-	-	134,872
Lease liabilities	16,086	43,073	19,127	78,286
Bonds payables	22,100	3,072,800	-	3,094,900
Long-term bank borrowings	13,770	1,724,830	-	1,738,600
Long-term bills payable	-	1,140,000	-	1,140,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 4,756,163</u>	<u>\$ 5,980,703</u>	<u>\$ 54,127</u>	<u>\$ 10,790,993</u>
<u>December 31, 2020</u>				
Short-term borrowings	\$ 406,794	\$ -	\$ -	\$ 406,794
Short-term bills payable	3,600,000	-	-	3,600,000
Accounts payable (including related parties)	340,724	-	-	340,724
Other payables	580,264	-	-	580,264
Refund liabilities	153,756	-	-	153,756
Lease liabilities	16,086	45,564	20,646	82,296
Bonds payables	22,100	3,088,400	-	3,110,500
Long-term bank borrowings	16,500	2,034,430	-	2,050,930
Long-term bills payable	-	1,110,000	-	1,110,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 5,136,224</u>	<u>\$ 6,278,394</u>	<u>\$ 55,646</u>	<u>\$ 11,470,264</u>

(Continued)

March 31, 2020	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Short-term borrowings	\$ 5,467,723	\$ -	\$ -	\$ 5,467,723
Short-term bills payable	1,900,000	-	-	1,900,000
Accounts payable (including related parties)	155,124	-	-	155,124
Other payables	422,463	-	-	422,463
Refund liabilities	163,716	-	-	163,716
Lease liabilities	16,086	52,877	25,409	94,372
Bonds payables	15,600	2,062,400	-	2,078,000
Long-term bank borrowings	496,253	2,739,330	-	3,235,583
Long-term bills payable	-	1,910,000	-	1,910,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 8,636,965</u>	<u>\$ 6,764,607</u>	<u>\$ 60,409</u>	<u>\$ 15,461,981</u>

(Concluded)

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

- a. The name of the company and its relationship with the Group

Company	Relationship
China Steel Corporation	Parent entity
Dragon Steel Corporation (DSC)	Fellow subsidiaries
CHC Resources Corporation (CHC)	Fellow subsidiaries
Info Champ Systems Corporation (ICSC)	Fellow subsidiaries
CSC Steel SDN. BHD. (CSSB)	Fellow subsidiaries
Himag Magnetic Corporation (HMC)	Fellow subsidiaries
China Steel Machinery Corporation	Fellow subsidiaries
China Steel Global Trading Corporation	Fellow subsidiaries
China Ecotek Corporation	Fellow subsidiaries
China Steel Security Corporation	Fellow subsidiaries
Steel Castle Technology Corporation	Fellow subsidiaries
China Steel Express Corporation	Fellow subsidiaries
China Steel Structure Co., Ltd	Fellow subsidiaries
Universal Exchange Inc.	Fellow subsidiaries
China Steel Management Consulting Corp.	Fellow subsidiaries
China Steel Chemical Corporation	Fellow subsidiaries
Wabo Global Trading Corporation	Fellow subsidiaries
CSC Solar Corporation	Fellow subsidiaries
Kaohsiung Rapid Transit Corporation	Fellow subsidiaries
Sing Da Marine Structure	Fellow subsidiaries
Pro-Ascentek Investment Corporation	Associates
Pacific Harbour Stevedoring Corporation	Other related parties

b. Sale of goods

Account Items	Related Parties/Name Types	For the Three Months Ended March 31	
		2021	2020
Sales	Parent entity	\$ 574	\$ 4,469
	Fellow subsidiaries related to others		
	CSSB	603,768	435,312
	Others	<u>18,552</u>	<u>4,830</u>
		<u>622,320</u>	<u>440,142</u>
		<u>\$ 622,894</u>	<u>\$ 444,611</u>
Service Revenue	Parent entity	<u>\$ 151,731</u>	<u>\$ 114,436</u>

The parent entity and some fellow subsidiaries related to others paid by telegraphic transfers (T/T) within 7 days from product shipment, T/T within 60 days from product shipment, monthly billing by T/T after acceptance sale of, steel pipe products collected at the beginning of next month; these payment terms differed from those for third parties, from whom payments were negotiated to be on Tuesday and Friday. The price of iron oxide that the Corporation sells to fellow subsidiaries related to others does not have comparable price because the Corporation does not sell iron oxide to third parties and the collection term for selling iron oxide is negotiated to be on Tuesday and Friday.

The abovementioned service revenue is from the agreements that the Corporation entered into with parent entity in which the Corporation has to do certain processing work and charged based on the formula stated in the agreements. The Corporation bills the parent entity within one month after approval of delivery.

The Corporation entered into an agreement with fellow subsidiaries related to others under which the Corporation sells waste acid and the price is charged based on the formula stated in the agreement. The Corporation bills the fellow subsidiaries related to others within a month after acceptance by T/T based on the monthly amount of processing.

Account Items	Related Parties/Name Types	For the Three Months Ended March 31	
		2021	2020
Other operating revenue	Fellow subsidiaries related to others		
	DSC	\$ 13,640	\$ 11,351
	HMC	<u>3,445</u>	<u>3,093</u>
		<u>\$ 17,085</u>	<u>\$ 14,444</u>

There is no significant profit or loss from the sale of the materials of the Company to fellow subsidiaries.

c. Purchase of goods

Related Parties/Name	For the Three Months Ended March 31	
	2021	2020
Parent entity	\$ 2,504,306	\$ 7,002,567
Fellow subsidiaries related to others		
DSC	2,762,737	1,546,052
Others	<u>406,477</u>	<u>135,885</u>
	<u>3,169,214</u>	<u>1,681,937</u>
	<u>\$ 5,673,520</u>	<u>\$ 8,684,504</u>

Purchases from related parties, mainly slabs and hot rolling coil. Purchase from related parties were made under normal term for the three months ended March 31, 2021; There were not comparable for the three months ended March 31, 2020 because there was no transaction with non-related parties and were made under normal terms for the three months ended March 31, 2020.

d. Accounts receivable from related parties

Account Items	Related Parties Types/Name	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable from related parties	Parent entity	\$ 47,405	\$ 52,905	\$ 49,582
	Fellow subsidiaries related to others			
	CSSB	92,704	53,331	-
	Others	<u>6,204</u>	<u>11,002</u>	<u>4,989</u>
		<u>98,908</u>	<u>64,333</u>	<u>4,989</u>
		<u>\$ 146,313</u>	<u>\$ 117,238</u>	<u>\$ 54,571</u>
Other receivables from related parties	Parent entity	\$ 16,041	\$ 1,035	\$ 186,732
	Fellow subsidiaries related to others			
	CHC	36,852	25,389	23,478
	Others	<u>373</u>	<u>248</u>	<u>546</u>
		<u>37,225</u>	<u>25,637</u>	<u>24,024</u>
		<u>\$ 53,266</u>	<u>\$ 26,672</u>	<u>\$ 210,756</u>

No guarantee had been received for accounts receivable and other receivable from related parties. No expense had been recognized for the three months ended March 31, 2021 and 2020 for allowance for impairment of accounts receivable in respect of the amounts owed by related parties.

e. Accounts payable to related parties (excluding loans from related parties)

Account Items	Related Parties Types	March 31, 2021	December 31, 2020	March 31, 2020
Accounts payable to related parties	Parent entity	\$ 344,064	\$ 267,429	\$ 115,568
	Others	6,999	3,979	8,152
	Fellow subsidiaries related to others	<u>2,382</u>	<u>41,816</u>	<u>3,752</u>
		<u>\$ 353,445</u>	<u>\$ 313,224</u>	<u>\$ 127,472</u>

(Continued)

Account Items	Related Parties Types	March 31, 2021	December 31, 2020	March 31, 2020
Other payable	Parent entity	\$ 23,249	\$ 7,459	\$ 10,872
	Fellow subsidiaries related to others			
	ICSC	21,397	464	2,518
	Others	<u>12,553</u>	<u>8,723</u>	<u>4,235</u>
		<u>33,950</u>	<u>9,187</u>	<u>6,753</u>
	Other related parties	<u>1,683</u>	<u>3,023</u>	<u>-</u>
		<u>\$ 58,882</u>	<u>\$ 19,669</u>	<u>\$ 17,625</u>

(Concluded)

The outstanding accounts payable to related parties were unsecured.

f. Loans from related parties

Related Parties Types	March 31, 2021	December 31, 2020	March 31, 2020
Parent entity	\$ -	\$ -	\$ 2,450,000

The Corporation borrowed money from the parent entity because of the need for short-term fund. The interest rate of the loan was based on average daily short-term interest the parent entity financed for the same currency from financial institutions in the last 30 days and adjusted monthly.

As of March 31, 2020, the loans from the parent entity were unsecured loans with interest expense of NT\$4,234 thousand.

g. Other transactions with related parties

1) Authorization fees

In May 2003, CSC, Sumitomo Metal Industries, Ltd. (SMI, renamed to Nippon Steel Corporation in April, 2019) and Sumitomo Corporation (SC) entered into a joint venture agreement and established a holding company named East Asia United Steel Corporation (EAUS) in July 2003. CSC will have a stable supply of good quality slab through this joint venture. CSC then signed a contract with the Corporation, transferring to the Corporation the right to buy slab from EAUS. The Corporation should pay authorization fees to CSC under the contract. These fees (included in the purchase cost of materials) were NT\$17,943 thousand and NT\$38,387 thousand for the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, December 31, 2020 and March 31, 2020, authorization fees payable (included in payables to related parties) were NT\$14,388 thousand, NT\$15,697 thousand and NT\$40,176 thousand, respectively. The calculation of slab purchase prices was based on the formula stated in the agreement.

2) Leases

- a) The Corporation entered into a contract with fellow subsidiaries related to others on the lease of the Corporation's part of the land, roof and warehouse. The rental revenue for the three months ended March 31, 2021 and 2020 were NT\$979 thousand and NT\$984 thousand, respectively.
- b) The Corporation entered into a contract with parent entity on the lease of the Corporation's part of the land. The rental revenue for the three months ended March 31, 2021 and 2020 were both NT\$1,328 thousand.

3) Construction in progress and other expenditures

Other expenditures include import and export transportation fees, export agency fees, rent expenses, remuneration and transportation allowances of directors and supervisors, etc., were as follows:

	For the Three Months Ended March 31	
	2021	2020
a) Other expenditures		
Parent entity	\$ 51,020	\$ 25,912
Others	29,649	39,688
Fellow subsidiaries related to others	<u>13,741</u>	<u>23,719</u>
	<u>\$ 94,410</u>	<u>\$ 89,319</u>
b) Capital expenditure		
Parent entity	\$ -	\$ 7,600
Fellow subsidiaries related to others		
ICSC	<u>20,152</u>	<u>6,740</u>
	<u>\$ 20,152</u>	<u>\$ 14,340</u>
4) Income from supplies and scrap (included in deductions of cost of goods sold)		

	For the Three Months Ended March 31	
	2021	2020
Fellow subsidiaries related to others		
CHC	\$ 102,188	\$ 77,232
Others	<u>3,018</u>	<u>3,618</u>
	<u>\$ 105,206</u>	<u>\$ 80,850</u>

h. Compensation of key management personnel

	For the Three Months Ended March 31	
	2021	2020
Short-term employee benefits	\$ 26,114	\$ 4,973
Post-employment benefits	<u>353</u>	<u>545</u>
	<u>\$ 26,467</u>	<u>\$ 5,518</u>

30. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The Group's assets mortgaged or pledged as collateral for bank overdrafts was as follows (listed based on their carrying amounts):

	March 31, 2021	December 31, 2020	March 31, 2020
Time deposits (included in other financial assets - current)	\$ 300,000	\$ 300,000	\$ 300,000

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2021 were as follows:

- a. Unused letters of credit for purchases of raw materials and machinery and equipment amounted to about NT\$4,542,861 thousand.
- b. The Group had signed agreements to buy equipment for NT\$321,289 thousand, of which NT\$36,574 thousand had been paid (included in construction-in-progress and prepayments for equipment).

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<u>March 31, 2021</u>				
Monetary financial assets				
USD	\$ 30,205	28.535	(USD:NTD)	\$ 861,895
Monetary financial liabilities				
USD	33,274	28.535	(USD:NTD)	949,469
<u>December 31, 2020</u>				
Monetary financial assets				
USD	19,476	28.480	(USD:NTD)	554,666
Monetary financial liabilities				
USD	901	28.480	(USD:NTD)	25,659
<u>March 31, 2021</u>				
Monetary financial assets				
USD	11,351	30.225	(USD:NTD)	343,069
Monetary financial liabilities				
USD	1,549	30.225	(USD:NTD)	46,807

For the three months ended March 31, 2021 and 2020, realized and unrealized net foreign exchange gain or

loss were gain of NT\$9,043 thousand and gain of NT\$5,092 thousand, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

33. SEPARATELY DISCLOSED ITEMS

- a. For the three months ended March 31, 2021, information about significant transactions and b. investees:
- 1) Financing provided to others (None)
 - 2) Endorsements/guarantees provided (None)
 - 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 1)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (None)
 - 11) Information on investees (Table 3)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders (Table 4)

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reportable segments of the Group were as follows:

- The Corporation - manufacture, process and sell steel products.
 - Other corporations - Hung Kao Investment Corporation engaged in general investment.
- a. Segment revenues and operating results

The following is an analysis of the Group revenues and results of operations by reportable segment.

	The Corporation	Others	Adjustment and Elimination	Total
For the three months ended March 31, 2021				
Revenues from external customers	<u>\$ 10,829,486</u>	<u>\$ 1,036</u>	<u>\$ -</u>	<u>\$ 10,830,522</u>
Segment profit	\$ 1,734,729	\$ 660	\$ 60	\$ 1,735,449
Interest income	31	5	-	36
Other income	27,406	-	(60)	27,346
Other income and expenses	(50,012)	-	-	(50,012)
Finance costs	(11,585)	-	-	(11,585)
Share of the profit of associates	(551)	-	(532)	(1,083)
Profit before income tax for the period	1,700,018	665	(532)	1,700,151
Income tax expense	-	133	-	133
Net profit for the period	<u>\$ 1,700,018</u>	<u>\$ 532</u>	<u>(\$ 532)</u>	<u>\$ 1,700,018</u>
Identifiable assets	\$ 25,376,593	\$ 30,602	\$ -	\$ 25,407,195
Investments accounted for using equity method	<u>3,028,680</u>	<u>-</u>	<u>(30,015)</u>	<u>2,998,665</u>
Total assets	<u>\$ 28,405,273</u>	<u>\$ 30,602</u>	<u>(\$ 30,015)</u>	<u>\$ 28,405,860</u>
Total liabilities	<u>\$ 11,296,495</u>	<u>\$ 587</u>	<u>\$ -</u>	<u>\$ 11,297,082</u>
For the three months ended March 31, 2020				
Revenues from external customers	<u>\$ 10,098,893</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,098,893</u>
Segment loss	(\$ 104,917)	(\$ 376)	\$ 60	(\$ 105,233)
Interest income	102	4	-	106
Other income	36,721	-	(60)	36,661
Other income and expenses	(29,830)	-	-	(29,830)
Finance costs	(25,416)	-	-	(25,416)
Share of the profit of associates	(1,955)	-	372	(1,583)
Net loss for the period	<u>(\$ 125,295)</u>	<u>(\$ 372)</u>	<u>\$ 372</u>	<u>(\$ 125,295)</u>
Identifiable assets	\$ 27,643,853	\$ 23,332	\$ -	\$ 27,667,185
Investments accounted for using equity method	<u>1,997,275</u>	<u>-</u>	<u>(21,832)</u>	<u>1,975,443</u>
Total assets	<u>\$ 29,641,128</u>	<u>\$ 23,332</u>	<u>(\$ 21,832)</u>	<u>\$ 29,642,628</u>
Total liabilities	<u>\$ 15,907,785</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 15,909,285</u>

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, exchange gain or loss, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	MARCH 31, 2021				Note	
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value		
Chung Hung Steel Corporation	Common Stock Yieh United Steel Corp.	Parent company	Financial assets at fair value through profit or loss - current	32,859,800	\$ 160,093	1	\$ 160,093	Note1	
	Shouh Hwang Enterprise Co., Ltd.		Financial assets at fair value through profit or loss - current	730,000	-	15	-	Note2	
						<u>\$ 160,093</u>		<u>\$ 160,093</u>	
	Common Stock China Steel Corporation		Financial assets at fair value through other comprehensive income - current	33,109,239	<u>\$ 857,529</u>	-	<u>\$ 857,259</u>		
	Common Stock Taiwan Ves-Power Co., Ltd.		Financial assets at fair value through other comprehensive income - noncurrent	958,333	\$ 43,173	2	\$ 43,173	2021.2.28 net value	
	Riselink Venture Capital Corp.		Financial assets at fair value through other comprehensive income - noncurrent	3,948	561	3	561	2021.2.28 net value	
Chung Hung Steel Corporation	Pacific Harbour Stevedoring Corp.	The company as its supervisor	Financial assets at fair value through other comprehensive income - noncurrent	250,000	5,835	5	5,835	2020.12.31 net value	
					<u>\$ 49,569</u>		<u>\$ 49,569</u>		
Hung Kao Investment Corporation	Common Stock China Steel Corporation	The ultimate parent of the Company	Financial assets at fair value through other comprehensive income - noncurrent	1,003,980	<u>\$ 26,003</u>	-	<u>\$ 26,003</u>		

Note 1: The fair value of emerging stock was based on the closing price adjusted for liquidity risk premium on March 31, 2021.

Note 2: The impairment loss has been recognized that resulted in zero book value.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE PERIOD ENDED MARCH 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Relationship			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total
Chung Hung Steel Corporation	CSC Steel Sdn. Bhd.	Fellow subsidiary	Revenue from sale of goods	(\$ 603,768)	(6)	T/T within 7 business days after lading date(not included)	\$-	NO MATERIAL DIFFERENCE	\$92,704	8	
	China Steel Corporation	Parent company	Service revenue	(150,694)	(1)	T/T as the end of the month of after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	47,405	4	
	Dragon Steel Corporation	Fellow subsidiary	Purchase of goods	2,762,737	33	Letter of credit at sight	-	NO MATERIAL DIFFERENCE	-	-	
	China Steel Corporation	Parent company	Purchase of goods	2,504,306	30	Letter of credit at sight/Payment after final acceptance	-	NO MATERIAL DIFFERENCE	(344,064)	(26)	
	China Steel Global Trading Corporation	Fellow subsidiary	Purchase of goods	386,421	5	Letter of credit at sight/Payment after final acceptance	-	NO MATERIAL DIFFERENCE	(807)	-	

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE PERIOD ENDED MARCH 31, 2021**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
				Chung Hung Steel Corporation	Hung Kao Investment Corporation	Republic of China	General investment	\$ 26,000			
Chung Hung Steel Corporation	Transglory Investment Corporation	Republic of China	General investment	2,001,152	2,001,152	306,824,279	40.91	2,796,130	(2,877)	(1,176)	Associates
Chung Hung Steel Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	200,000	-	20,000,000	16.67	202,535	561	93	Associates

Note: Amount was eliminated in the consolidated financial statements.

CHUNG HUNG STEEL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2021

Name of The Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
China Steel Corporation	582,673,153	40.58

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's common and preferred stocks (only ones that have completed dematerialized registration and delivery, and include treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.