

**Chung Hung Steel Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 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, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, 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. 2410 "Review of Interim 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 consolidated financial position of the Corporation and its subsidiaries as of March 31, 2023 and 2022, 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 Lee-Yuan Kuo and Jia-Ling Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 4, 2023

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, 2023		December 31, 2022		March 31, 2022	
	(Reviewed)		(Audited)		(Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,295,142	4	\$ 3,268,386	9	\$ 622,161	2
Financial assets at fair value through other comprehensive income - current (Note 7)	1,023,075	3	986,655	2	1,289,605	3
Financial assets for hedging – current (Note 8)	252,735	1	700,188	2	-	-
Accounts receivable (Notes 9 and 24)	329,025	1	231,840	1	910,420	2
Accounts receivable from related parties (Notes 9, 24 and 30)	91,987	-	57,510	-	184,431	-
Other receivables (Note 9)	83,404	-	11,156	-	194,155	1
Other receivables from related parties (Notes 9 and 30)	350,802	1	344,478	1	180,905	-
Current tax assets	657	-	657	-	-	-
Inventories (Note 10)	9,581,161	28	9,761,983	26	12,476,396	33
Prepayments (Note 11)	118,511	-	255,767	1	323,444	1
Other financial assets - current (Notes 12 and 31)	1,103,300	4	1,101,100	3	1,002,800	3
Other current assets	26	-	45	-	49	-
Total current assets	<u>14,229,825</u>	<u>42</u>	<u>16,719,765</u>	<u>45</u>	<u>17,184,366</u>	<u>45</u>
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Note 7)	74,334	-	71,082	-	108,305	-
Investments accounted for using equity method (Note 13)	3,841,971	11	3,701,899	10	4,441,690	12
Property, plant and equipment (Notes 14 and 32)	9,669,201	28	9,801,656	27	10,071,467	27
Right-of-use assets (Note 15)	66,254	-	48,092	-	59,164	-
Investment properties (Note 16)	5,993,353	18	5,981,409	17	5,982,075	16
Deferred tax assets	286,537	1	373,292	1	24,028	-
Prepayments for equipment (Note 32)	59,456	-	56,285	-	90,226	-
Refundable deposits	9,337	-	9,337	-	5,651	-
Net defined benefit assets (Notes 4, 5 and 22)	21,009	-	2,060	-	-	-
Total noncurrent assets	<u>20,021,452</u>	<u>58</u>	<u>20,045,112</u>	<u>55</u>	<u>20,782,606</u>	<u>55</u>
TOTAL	<u>\$ 34,251,277</u>	<u>100</u>	<u>\$ 36,764,877</u>	<u>100</u>	<u>\$ 37,966,972</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17 and 31)	\$ 4,390,727	13	\$ 7,561,516	21	\$ 3,838,092	10
Short-term bills payable (Note 17)	2,891,891	8	-	-	-	-
Financial liabilities for hedging – current (Note 8)	-	-	2,166	-	-	-
Contract liabilities – current (Note 24)	63,389	-	102,146	-	277,160	1
Accounts payable (Note 19)	194,715	1	534,403	2	653,689	2
Accounts payable to related parties (Notes 19 and 30)	456,538	1	289,098	1	1,374,606	3
Other payables (Notes 20 and 30)	532,145	2	542,590	2	951,033	3
Current tax liabilities	87,356	-	89,378	-	681,059	2
Provisions - current (Note 21)	-	-	133,700	-	-	-
Lease liabilities – current (Note 15)	14,538	-	12,877	-	14,913	-
Current portion of long-term borrowings (Note 17)	940,000	3	2,340,000	6	-	-
Refund liabilities	269,852	1	57,815	-	236,301	1
Other current liabilities	17,367	-	16,244	-	21,777	-
Total current liabilities	<u>9,858,518</u>	<u>29</u>	<u>11,681,933</u>	<u>32</u>	<u>8,048,630</u>	<u>22</u>
NONCURRENT LIABILITIES						
Bonds payable (Note 18)	2,997,593	9	2,997,309	8	2,996,458	8
Long-term borrowings (Note 17)	1,560,000	5	2,260,000	6	1,200,000	3
Long-term bills payable (Note 17)	1,897,693	6	2,498,441	7	1,499,550	4
Deferred tax liabilities	199,515	-	193,481	1	183,145	-
Lease liabilities - noncurrent (Note 15)	52,814	-	36,276	-	45,291	-
Net defined benefit liabilities (Note 4)	-	-	-	-	366,820	1
Guarantee deposits received (Note 16)	35,000	-	35,000	-	35,000	-
Total noncurrent liabilities	<u>6,742,615</u>	<u>20</u>	<u>8,020,507</u>	<u>22</u>	<u>6,326,264</u>	<u>16</u>
Total liabilities	<u>16,601,133</u>	<u>49</u>	<u>19,702,440</u>	<u>54</u>	<u>14,374,894</u>	<u>38</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)						
Ordinary shares	14,355,444	42	14,355,444	39	14,355,444	38
Capital surplus	903	-	903	-	903	-
Retained earnings						
Legal reserve	764,806	2	764,806	2	144,632	-
Special reserve	-	-	-	-	425,839	1
Unappropriated earnings	2,050,896	6	1,651,062	5	7,008,250	19
Total retained earnings	<u>2,815,702</u>	<u>8</u>	<u>2,415,868</u>	<u>7</u>	<u>7,578,721</u>	<u>20</u>
Other equity	478,095	1	290,222	-	1,657,010	4
Total equity	<u>17,650,144</u>	<u>51</u>	<u>17,062,437</u>	<u>46</u>	<u>23,592,078</u>	<u>62</u>
TOTAL	<u>\$ 34,251,277</u>	<u>100</u>	<u>\$ 36,764,877</u>	<u>100</u>	<u>\$ 37,966,972</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			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 30)	\$ 9,523,734	100	\$ 12,410,223	100
OPERATING COSTS (Notes 10, 25 and 30)	8,900,443	93	11,785,547	95
GROSS PROFIT	623,291	7	624,676	5
OPERATING EXPENSES (Notes 25 and 30)				
Selling and marketing expenses	81,875	1	104,380	1
General and administrative expenses	70,599	1	68,521	-
Total operating expenses	152,474	2	172,901	1
PROFIT FROM OPERATIONS	470,817	5	451,775	4
NON-OPERATING INCOME AND EXPENSES (Notes 13, 16, 25 and 30)				
Interest income	12,047	-	254	-
Other income	55,291	1	37,367	-
Other gains and losses	(3,308)	-	29,649	-
Finance costs	(51,380)	(1)	(14,050)	-
Share of the profit of associates	256	-	91	-
Total non-operating income and expenses	12,906	-	53,311	-
PROFIT BEFORE INCOME TAX	483,723	5	505,086	4
INCOME TAX (Notes 4 and 26)	88,882	1	3,195	-
NET PROFIT FOR THE PERIOD	394,841	4	501,891	4
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)				
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	39,673	-	129,968	1
Gains and losses on hedging instruments	16,723	-	-	-
Share of the other comprehensive income of associates	145,089	2	398,682	3
Income tax expense relating to items that will not be reclassified subsequently to profit or loss	(3,345)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of associates	(152)	-	139	-
	197,988	2	528,789	4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 592,829	6	\$ 1,030,680	8
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 394,841	4	\$ 501,891	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 592,829	6	\$ 1,030,680	8
EARNINGS PER SHARE (Note 27)				
Basic	\$ 0.28		\$ 0.35	
Diluted	\$ 0.27		\$ 0.35	

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			Exchange Differences on Translating Foreign Operations	Other Equity			Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gains and Losses on Hedging Instruments	Total Other Equity	
BALANCE AT JANUARY 1, 2023	\$ 14,355,444	\$ 903	\$ 764,806	\$ -	\$ 1,651,062	\$ 386	\$ 298,690	\$ (8,854)	\$ 290,222	\$ 17,062,437
Net profit for the three months ended March 31, 2023	-	-	-	-	394,841	-	-	-	-	394,841
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	14	(152)	184,748	13,378	197,794	197,988
Total comprehensive income for the three months ended March 31, 2023	-	-	-	-	394,855	(152)	184,748	13,738	197,794	592,829
Changes in equity of associates accounted for using equity method	-	-	-	-	383	-	(5,505)	-	(5,505)	(5,122)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	4,596	-	(4,596)	-	(4,596)	-
BALANCE AT MARCH 31, 2023	\$ 14,355,444	\$ 903	\$ 764,806	\$ -	\$ 2,050,896	\$ 234	\$ 473,337	\$ 4,524	\$ 478,095	\$ 17,650,144
BALANCE AT JANUARY 1, 2022	\$ 14,355,444	\$ 903	\$ 144,632	\$ 425,839	\$ 6,503,369	\$ (142)	\$ 1,131,353	\$ -	\$ 1,131,211	\$ 22,561,398
Net profit for the three months ended March 31, 2022	-	-	-	-	501,891	-	-	-	-	501,891
Other comprehensive income for the three months ended March 31, 2022, net of income tax	-	-	-	-	(7)	139	528,657	-	528,796	528,789
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	501,884	139	528,657	-	528,796	1,030,680
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,997	-	(2,997)	-	(2,997)	-
BALANCE AT MARCH 31, 2022	\$ 14,355,444	\$ 903	\$ 144,632	\$ 425,839	\$ 7,008,250	\$ (3)	\$ 1,657,013	\$ -	\$ 1,657,010	\$ 23,592,078

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	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 483,723	\$ 505,086
Adjustments for:		
Depreciation expense	179,717	183,851
Finance costs	51,380	14,050
Interest income	(12,047)	(254)
Share of the profit of associates	(256)	(91)
Reversal of write-down inventories	(1,275,438)	(39,768)
Reversal of provisions	(133,700)	(206,850)
Others	284	284
Changes in operating assets and liabilities		
Financial assets for hedging	462,010	-
Accounts receivable	(97,185)	20,158
Accounts receivable from related parties	(34,477)	(137,076)
Other receivables	(73,928)	(185,040)
Other receivables from related parties	(6,234)	40,556
Inventories	1,456,260	280,811
Prepayments	137,256	119,684
Other current assets	19	2,548
Contract liabilities	(38,757)	182,005
Accounts payable	(339,688)	(707,043)
Accounts payable to related parties	167,440	905,029
Other payables	(6,426)	(228,132)
Other current liabilities	1,123	(1,540)
Net defined benefit liabilities	(18,949)	(20,957)
Refund liabilities	212,037	(28,746)
Cash generated from operations	<u>1,114,074</u>	<u>698,565</u>
Income taxes paid	<u>(1,460)</u>	<u>(10)</u>
Net cash generated from operating activities	<u>1,112,614</u>	<u>698,555</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(43,734)	(94,280)
Decrease in refundable deposits	(2,200)	-
Interest received	<u>13,727</u>	<u>190</u>
Net cash used in investing activities	<u>(32,207)</u>	<u>(94,090)</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	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 23,681,983	\$ 27,367,429
Repayments of short-term borrowings	(26,852,772)	(28,091,589)
Proceeds from short-term bills payable	4,891,891	2,100,359
Repayments of short-term bills payable	(2,000,000)	(3,100,000)
Repayments of long-term borrowings	(2,100,000)	-
Proceeds from long-term bills payable	-	1,499,758
Repayments of long-term bills payable	(600,748)	(240,000)
Repayments of principal of lease liabilities	(3,966)	(3,835)
Interest paid	(70,039)	(22,549)
Net cash used in financing activities	<u>(3,053,651)</u>	<u>(490,427)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,973,244)	114,038
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,268,386</u>	<u>508,123</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 1,295,142</u>	<u>\$ 622,161</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, 2023 AND 2022 (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.

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

As of March 31, 2023, and 2022, China Steel Corporation ("CSC"), the Corporation's parent and major shareholder (40.58%), 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 authorized on May 4, 2023.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 material impact on the Group's accounting policies.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is 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, 2023	December 31, 2022	March 31, 2022
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, 2022.

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, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 640	\$ 640	\$ 640
Checking accounts and demand deposits	42,005	224,231	192,146
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	-	994,133	429,375
Commercial papers with repurchase agreements	1,252,497	1,839,382	-
Bonds with repurchase agreements	<u>-</u>	<u>210,000</u>	<u>-</u>
	<u>\$ 1,295,142</u>	<u>\$ 3,268,386</u>	<u>\$ 622,161</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Domestic Listed shares	<u>\$ 1,023,075</u>	<u>\$ 986,655</u>	<u>\$ 1,289,605</u>
<u>Non-current</u>			
Domestic listed shares	\$ 31,023	\$ 29,919	\$ 39,105
Domestic unlisted shares	<u>43,311</u>	<u>41,163</u>	<u>69,200</u>
	<u>\$ 74,334</u>	<u>\$ 71,082</u>	<u>\$ 108,305</u>

8. FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets for hedging - current</u>			
Foreign-currency deposits	<u>\$ 252,735</u>	<u>\$ 700,188</u>	<u>\$ -</u>
<u>Financial liabilities for hedging - current</u>			
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 2,166</u>	<u>\$ -</u>

For the purpose of managing cash flow risk from exchange rate fluctuations due to the purchase of imported raw materials and equipment, the Group purchased foreign-currency deposits and entered into foreign exchange forward contracts. Refer to Note 29 for information relating to financial instruments for hedging.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Accounts receivable</u>			
Accounts receivable – non-related parties	<u>\$ 329,025</u>	<u>\$ 231,840</u>	<u>\$ 910,420</u>
Accounts receivable – related parties	<u>\$ 91,987</u>	<u>\$ 57,510</u>	<u>\$ 184,431</u>
<u>Other receivables (including related parties)</u>			
Other receivables - related parties' loans	\$ 300,000	\$ 300,000	\$ -
Income tax refund receivable	69,223	-	180,058
Receivables from disposal of scrap	55,159	31,720	77,439
Receivables from price settlement	476	16,039	105,120
Others	<u>9,348</u>	<u>7,875</u>	<u>12,443</u>
	<u>\$ 434,206</u>	<u>\$ 355,634</u>	<u>\$ 375,060</u>

a. Accounts receivable

Refer to Note 29 (d) for credit risk management policies. The expected credit losses on accounts receivable are estimated using a provision matrix approach considering the 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, 2023

	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	\$ 421,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421,012
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 421,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,012</u>

December 31, 2022

	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	\$ 289,350	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289,350
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 289,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,350</u>

March 31, 2022

	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	\$ 1,094,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,094,851
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,094,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,851</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
A company	\$ 131,233	\$ -	\$ -
B company	44,672	-	107,253
C company	44,267	41,915	66,135
D company	4,011	89,771	64,576
E company	<u>-</u>	<u>-</u>	<u>121,105</u>
	<u>\$ 224,183</u>	<u>\$ 131,686</u>	<u>\$ 359,069</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, 2023 and 2022 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, 2023</u>						
Mega Bank	\$ 224,382	\$ 59,256	\$ 193,605	\$ 90,033	1.96	NT\$533.3 million
Bank of Taiwan	10,293	770	10,293	770	1.93	NT\$200 million
Bank of Taiwan	9,108	-	9,108	-	-	USD20 million
	<u>\$ 243,783</u>	<u>\$ 60,026</u>	<u>\$ 213,006</u>	<u>\$ 90,803</u>		
<u>For the Three Months Ended March 31, 2022</u>						
Mega Bank	\$ 453,536	\$ 429,804	\$ 295,437	\$ 587,903	1.04	NT\$841.2 million
Bank of Taiwan	46,016	78,535	29,810	94,741	1.04	NT\$200 million
Bank of Taiwan	22,479	11,818	-	34,297	1.60	USD20 million
	<u>\$ 522,031</u>	<u>\$ 520,157</u>	<u>\$ 325,247</u>	<u>\$ 716,941</u>		

The above credit lines are revolving.

b. Other receivables

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, 2023, December 31, 2022 and March 31, 2022, there was no allowance for doubtful accounts.

10. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 5,452,474	\$ 5,774,808	\$ 5,282,768
Supplies	362,844	375,065	327,925
Work in progress	617,600	619,397	1,248,287
Finished goods	3,140,296	2,580,831	4,539,838
Others	7,483	6,148	7,594
Raw materials and supplies in transit	<u>464</u>	<u>405,734</u>	<u>1,069,984</u>
	<u>\$ 9,581,161</u>	<u>\$ 9,761,983</u>	<u>\$ 12,476,396</u>

The cost of inventories recognized as operating costs for the three months ended March 31, 2023 and 2022 was NT\$8,807,960 thousand and NT\$11,669,482 thousand, respectively, including reversal of loss on inventories of NT\$1,275,438 thousand and NT\$39,768 thousand, respectively. Reversal of loss on inventories was mainly due to the increase in steel prices.

11. PREPAYMENTS

	March 31, 2023	December 31, 2022	March 31, 2021
Input tax	\$ 93,340	\$ 183,016	\$ 129,462
Prepayments for purchases	16,551	27,207	37,275
Tax overpaid retained for offsetting future tax payable	-	31,948	147,665
Others	<u>8,620</u>	<u>13,596</u>	<u>9,042</u>
	<u>\$ 118,511</u>	<u>\$ 255,767</u>	<u>\$ 323,444</u>

12. OTHER FINANCIAL ASSETS

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Pledged time deposits (Note 31)	\$ 800,000	\$ 800,000	\$ 700,000
Pledged demand deposits (Note 31)	300,000	300,000	300,000
One-year time deposits	<u>3,300</u>	<u>1,100</u>	<u>2,800</u>
	<u>\$ 1,103,300</u>	<u>\$ 1,101,100</u>	<u>\$ 1,002,800</u>

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Material associates			
Transglory Investment Corp. (TIC)	\$ 3,627,600	\$ 3,508,558	\$ 4,228,159
Associates that are not individually material	<u>214,371</u>	<u>193,341</u>	<u>213,531</u>
	<u>\$ 3,841,971</u>	<u>\$ 3,701,899</u>	<u>\$ 4,441,690</u>

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
TIC	General investment	Taiwan	39.59	40.91	40.91

TIC handles the cash capital increase in February 2023. The Corporation did not participate in the cash capital increase; therefore, the Corporation's shareholding ratio of TIC was reduced from 40.91% to 39.59%. The corporation reduced retained earnings by NT\$5,122 thousand due to the decrease in the equity value of the associated companies the Corporation owns. Additionally, the Corporation increased our retained earnings by NT\$ 5,505 thousand based on the reduced shareholding proportion of the other comprehensive income recognized under the equity method.

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

TIC

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 707,680	\$ 533,139	\$ 884
Non-current assets	8,454,914	8,049,395	10,445,987
Current liabilities	<u>(155)</u>	<u>(6,645)</u>	<u>(112,076)</u>
Equity	<u>\$ 9,162,439</u>	<u>\$ 8,575,889</u>	<u>\$ 10,334,795</u>
Proportion of the Group's ownership (%)	39.59	40.91	40.91
Equity attributable to the Group	<u>\$ 3,627,600</u>	<u>\$ 3,508,558</u>	<u>\$ 4,228,159</u>
Carrying amount	<u>\$ 3,627,600</u>	<u>\$ 3,508,558</u>	<u>\$ 4,228,159</u>
		For the Three Months Ended March 31	
		2023	2022
Operating revenue		<u>\$ -</u>	<u>\$ -</u>
Net profit (loss) for the period		\$ 543	\$ (2,550)
Other comprehensive income		<u>298,506</u>	<u>976,068</u>
Total comprehensive income for the period		<u>\$ 299,049</u>	<u>\$ 973,518</u>
Comprehensive income attributable to the Group		<u>\$ 124,164</u>	<u>\$ 398,284</u>

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

	For the Three Months Ended March 31	
	2023	2022
The Group's subsidiaries' share of		
Net profit for the period	\$ 50	\$ 1,134
Other comprehensive income (loss)	<u>20,980</u>	<u>(506)</u>
 Total comprehensive income	 <u>\$ 21,030</u>	 <u>\$ 628</u>

The Group held more than 20% of the shares with its parent company CSC and fellow subsidiaries and accounted for using the equity method.

Refer to Table 5 "Information on Investees" 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, 2023

	Land	Buildings	Machinery and Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 4,008,281	\$ 5,014,510	\$ 23,224,815	\$ 4,580,353	\$ 1,230,418	\$ 47,783	\$ 38,106,160
Additions	-	-	34,236	8,418	2,490	10,058	55,202
Disposals	-	-	-	(461)	(53,903)	-	(54,364)
Reclassification	(12,166)	-	-	-	-	-	(12,166)
Balance at March 31, 2023	<u>\$ 3,996,115</u>	<u>\$ 5,014,510</u>	<u>\$ 23,259,051</u>	<u>\$ 4,588,310</u>	<u>\$ 1,179,005</u>	<u>\$ 57,841</u>	<u>\$ 38,094,832</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 2,275,217	\$ 19,891,573	\$ 4,230,628	\$ 684,744	\$ -	\$ 27,082,162
Depreciation expense	-	33,522	86,683	25,667	29,619	-	175,491
Disposals	-	-	-	(461)	(53,903)	-	(54,364)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 2,308,739</u>	<u>\$ 19,978,256</u>	<u>\$ 4,255,834</u>	<u>\$ 660,460</u>	<u>\$ -</u>	<u>\$ 27,203,289</u>
<u>Accumulated impairment</u>							
Balance at January 1 and March 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,186</u>	<u>\$ -</u>	<u>\$ 153,156</u>	<u>\$ -</u>	<u>\$ 1,222,342</u>
Carrying amount at December 31, 2022	<u>\$ 4,008,281</u>	<u>\$ 2,739,293</u>	<u>\$ 2,264,056</u>	<u>\$ 349,725</u>	<u>\$ 392,518</u>	<u>\$ 47,783</u>	<u>\$ 9,801,656</u>
Carrying amount at March 31, 2023	<u>\$ 3,996,115</u>	<u>\$ 2,705,771</u>	<u>\$ 2,211,609</u>	<u>\$ 332,476</u>	<u>\$ 365,389</u>	<u>\$ 57,841</u>	<u>\$ 9,669,201</u>

For the Three Months Ended March 31, 2022

	Land	Buildings	Machinery and Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 3,988,983	\$ 5,012,081	\$ 23,066,828	\$ 4,530,559	\$ 1,330,770	\$ 67,071	\$ 37,996,292
Additions	17,398	-	59,989	8,695	19,985	(19,763)	86,304
Disposals	-	-	-	(7,105)	(81,939)	-	(89,044)
Balance at March 31, 2022	<u>\$ 4,006,381</u>	<u>\$ 5,012,081</u>	<u>\$ 23,126,817</u>	<u>\$ 4,532,149</u>	<u>\$ 1,268,816</u>	<u>\$ 47,308</u>	<u>\$ 37,993,552</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 2,141,699	\$ 19,554,344	\$ 4,138,570	\$ 774,413	\$ -	\$ 26,609,026
Depreciation expense	-	33,338	82,011	25,280	39,132	-	179,761
Disposals	-	-	-	(7,105)	(81,939)	-	(89,044)
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 2,175,037</u>	<u>\$ 19,636,355</u>	<u>\$ 4,156,745</u>	<u>\$ 731,606</u>	<u>\$ -</u>	<u>\$ 26,699,743</u>
<u>Accumulated impairment</u>							
Balance at January 1 and March 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,186</u>	<u>\$ -</u>	<u>\$ 153,156</u>	<u>\$ -</u>	<u>\$ 1,222,342</u>
Carrying amount at March 31, 2022	<u>\$ 4,006,381</u>	<u>\$ 2,837,044</u>	<u>\$ 2,421,276</u>	<u>\$ 375,404</u>	<u>\$ 384,054</u>	<u>\$ 47,308</u>	<u>\$ 10,071,467</u>

Depreciation of the rollers 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	3-20 years
Tank	10 years

The Corporation bought farmlands for warehouse at the Gangshan District in Kaohsiung City. However, certain regulations prohibit the Corporation from registering the title of these farmlands in the Corporation's name; therefore, the registration was made in the name of an individual person. The individual person consented to fully cooperate with the Corporation in freely changing the land title to the Corporation or to other name under the Corporation's instructions. Meanwhile, the land has been pledged to the Corporation as collateral. In May 2022, a portion of the land was classified under land category and registered under the Corporation's sole ownership. As of March 31, 2023, December 31, 2022 and March 31, 2022, the carrying amount of the farmlands was NT\$19,354 thousand, NT\$19,354 thousand and NT\$55,433 thousand, respectively, recorded as land.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

Carrying amounts	March 31, 2023	December 31, 2022	March 31, 2022
Land	\$ 62,514	\$ 43,521	\$ 52,853
Transportation equipment	<u>3,740</u>	<u>4,571</u>	<u>6,311</u>
	<u>\$ 66,254</u>	<u>\$ 48,092</u>	<u>\$ 59,164</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 22,165</u>	<u>\$ 112</u>
Depreciation charge for right-of-use assets			
Land		\$ 3,173	\$ 3,111
Transportation equipment		<u>831</u>	<u>757</u>
		<u>\$ 4,004</u>	<u>\$ 3,868</u>

Except for the addition and recognition of depreciation expenses listed above, the Group's right-of-use assets did not undergo significant sub-lease and impairment for the three months ended March 31, 2023 and 2022.

b. Lease liabilities

Carrying amounts	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ 14,538	\$ 12,877	\$ 14,913
Non-current	<u>\$ 52,814</u>	<u>\$ 36,276</u>	<u>\$ 45,291</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Land(%)	0.65-1.50	0.65-1.31	0.65-1.31
Transportation equipment(%)	0.75-0.76	0.75-0.76	0.76

c. Material lease activities and terms

The Corporation leases several pieces of land to store steel products, with the lease terms of 3 to 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	
	2023	2022
Expenses relating to short-term leases	<u>\$ 3,659</u>	<u>\$ 3,102</u>
Expenses relating to low-value assets leases	<u>\$ 319</u>	<u>\$ 328</u>
Total cash outflow for leases	<u>\$ 8,169</u>	<u>\$ 7,451</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, 2023

Cost	Land	Buildings	Total
Balance at January 1, 2023	\$ 5,959,074	\$ 41,067	\$ 6,000,141
Reclassification	<u>12,166</u>	<u>-</u>	<u>12,166</u>
Balance at March 31, 2023	<u>\$ 5,971,240</u>	<u>\$ 41,067</u>	<u>\$ 6,012,307</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 18,732	\$ 18,732
Depreciation expense	<u>-</u>	<u>222</u>	<u>222</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 18,954</u>	<u>\$ 18,954</u>
Carrying amount at December 31, 2022	<u>\$ 5,959,074</u>	<u>\$ 22,335</u>	<u>\$ 5,981,409</u>
Carrying amount at March 31, 2023	<u>\$ 5,971,240</u>	<u>\$ 22,113</u>	<u>\$ 5,993,353</u>
<u>For the three months ended March 31, 2022</u>			
	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and March 31, 2022	<u>\$ 5,959,074</u>	<u>\$ 41,067</u>	<u>\$ 6,000,141</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ 17,844	\$ 17,844
Depreciation expense	<u>-</u>	<u>222</u>	<u>222</u>
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 18,066</u>	<u>\$ 18,066</u>
Carrying amount at March 31, 2022	<u>\$ 5,959,074</u>	<u>\$ 23,001</u>	<u>\$ 5,982,075</u> (Concluded)

The Corporation as lessor leased land in Longdong section in Kaohsiung on June 30, 2010 for 20 years under an operating lease agreement; the Corporation collects rental monthly. The amounts of rental revenue for the three months ended March 31, 2023 and 2022 were NT\$21,605 thousand and NT\$21,129 thousand, respectively, and were included in other income. As of March 31, 2023, December 31, 2022 and March 31, 2022, the Corporation received the same margin of NT\$35,000 thousand base on the lease contract.

As of March 31, 2023, December 31, 2022 and March 31, 2022, notes receivable and advance rental were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable received	\$ 30,074	\$ 52,630	\$ 29,485
Less: Advance rental	<u>30,074</u>	<u>52,630</u>	<u>29,485</u>
Carrying amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The future rentals to be received under operating leases for the leasing out of investment properties are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Year 1	\$ 95,404	\$ 98,074	\$ 92,045
Year 2	88,670	88,232	87,009
Year 3	90,443	89,996	88,670
Year 4	92,252	91,796	90,443
Year 5	94,097	93,632	92,252
Later than 5 years	<u>335,678</u>	<u>359,396</u>	<u>429,775</u>
	<u>\$ 796,544</u>	<u>\$ 821,126</u>	<u>\$ 880,194</u>

The above 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 December 2021 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, land development analysis approach and the market evidence referring to transaction prices of similar investment properties. The important assumptions and fair value were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value	<u>\$ 13,734,829</u>	<u>\$ 13,667,266</u>	<u>\$ 13,667,266</u>
Expense rate (%)	27.52	27.52	27.52
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, 2023	December 31, 2022	March 31, 2022
Letters of credit	\$ 2,437,602	\$ 1,801,345	\$ 1,064,638
Bank overdrafts (Note 31)	953,125	980,171	873,454
Unsecured loans	<u>1,000,000</u>	<u>4,780,000</u>	<u>1,900,000</u>
	<u>\$ 4,390,727</u>	<u>\$ 7,561,516</u>	<u>\$ 3,838,092</u>
Interest rate (%)	0.79-1.84	0.67-1.84	0.27-0.98

b. Short-term bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Short-term bills payable	\$ 2,900,000	\$ -	\$ -
Less: Unamortized discounts	<u>8,109</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,891,891</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate (%)	1.38-1.60	-	-

As of March 31, 2023, all short-term bills payable were non-guarantee commercial paper.

c. Long-term borrowings

	March 31, 2023	December 31, 2022	March 31, 2022
Credit bank loans			
Due on various dates through October 2025	\$ 2,500,000	\$ 4,600,000	\$ 1,200,000
Less: current portion	<u>940,000</u>	<u>2,340,000</u>	<u>-</u>
	<u>\$ 1,560,000</u>	<u>\$ 2,260,000</u>	<u>\$ 1,200,000</u>
Interest rate (%)	1.55-1.73	1.35-1.71	0.79

d. Long-term bills payable

	March 31, 2023	December 31, 2022	March 31, 2022
Long-term bills payable			
Due on various dates through October 2026	\$ 1,900,000	\$ 2,500,000	\$ 1,500,000
Less: Unamortized discount	<u>2,307</u>	<u>1,559</u>	<u>450</u>
	<u>\$ 1,897,693</u>	<u>\$ 2,498,441</u>	<u>\$ 1,499,550</u>
Interest rate (%)	1.64	0.64-1.54	0.64-0.71

Long-term bills payables have revolving credit lines within the payment terms according to the contracts and need to be utilized to some extent. As of March 31, 2023, December 31, 2022 and March 31, 2022, all long-term bills payables were non-guarantee commercial paper.

18. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost of bonds payable	<u>2,407</u>	<u>2,691</u>	<u>3,542</u>
	<u>\$ 2,997,593</u>	<u>\$ 2,997,309</u>	<u>\$ 2,996,458</u>

The major terms of unsecured domestic bonds are as follows:

Issuer	Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
The Corporation	5 years; expired in March 2025	\$ 2,000,000	0.78	Repayable in March 2025; interest payable annually
The Corporation	5 years; expired in September 2025	1,000,000	0.65	Repayable in September 2025; interest payable annually.

19. ACCOUNTS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Accounts payable</u>			
Operating – non-related parties	<u>\$ 194,715</u>	<u>\$ 534,403</u>	<u>\$ 653,689</u>
Operating - related parties	<u>\$ 456,538</u>	<u>\$ 289,098</u>	<u>\$ 1,374,606</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, 2023	December 31, 2022	March 31, 2022
Salaries and incentive bonus	\$ 130,928	\$ 213,075	\$ 161,765
Utilities	66,507	56,846	69,380
Outsourced repair and construction	48,000	42,176	41,027
Export fees	41,489	51,516	87,933
Freight	28,340	19,185	32,383
Compensation of employees and remuneration of directors	23,476	1,569	398,475
Interest payable	12,531	30,739	6,281
Others	<u>180,874</u>	<u>127,484</u>	<u>153,789</u>
	<u>\$ 532,145</u>	<u>\$ 542,590</u>	<u>\$ 951,033</u>

21. PROVISIONS - CURRENT

	March 31, 2023	December 31, 2022	March 31, 2022
Onerous contracts	\$ <u> -</u>	\$ <u>133,700</u>	\$ <u> -</u>
		For the Three Months Ended March 31	
		2023	2022
Balance at beginning of the period		\$ 133,700	\$ 206,850
Reversal		<u>(133,700)</u>	<u>(206,850)</u>
Balance at end of the period		\$ <u> -</u>	\$ <u> -</u>

The provision for onerous contracts comes from the non-cancellable purchase contracts with suppliers, and the provision amounts are measured using the difference of the unavoidable costs of meeting the contractual obligations less the economic benefits expected to be received from the contracts.

22. 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, 2022 and 2021, and the amounts were NT\$3,691 thousand and NT\$5,058 thousand for the three months ended March 31, 2023 and 2022, respectively.

23. EQUITY

a. Ordinary shares

	March 31, 2023	December 31, 2022	March 31, 2022
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 authorized shares approved by the Department of Commerce, Ministry of Economic Affairs is 2,043,160 thousand shares.

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, 2023	December 31, 2022	March 31, 2022
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. The allocation of no less than 30% of the distributable surplus every year to distribute dividends was resolved and approved. 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 shares 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 2022 and 2021 were proposed by Corporation's board of directors in February 2023 and approved in the shareholders' meeting in June 2022, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share (NT\$)</u>	
	2022	2021	2022	2021
Legal reserve	\$ -	\$ 620,174		
Reversal of special reserve	-	(425,839)		
Cash dividends	502,441	4,019,524	<u>\$ 0.35</u>	<u>\$ 2.8</u>

The appropriations of earnings for 2022 are subject to the resolution of the shareholders' meeting to be held in June 2023.

d. Exchange differences on translating foreign operations

	<u>For the Three Months Ended March 31</u>	
	2023	2022
Balance at beginning of the period	\$ 386	\$ (142)
Recognized during the period		
Share from associates accounted for using the equity method	<u>(152)</u>	<u>139</u>
Balance at end of the period	<u>\$ 234</u>	<u>\$ (3)</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at beginning of the period	\$ 298,690	\$ 1,131,353
Recognized during the period		
Unrealized gains and losses - equity instruments	39,673	129,968
Share from associates accounted for using the equity method	<u>145,075</u>	<u>398,689</u>
Other comprehensive income recognized for the period	<u>184,748</u>	<u>528,657</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>(4,596)</u>	<u>(2,997)</u>
Changes in equity of associates accounted for using equity method	<u>(5,505)</u>	<u>-</u>
Balance at end of the period	<u>\$ 473,337</u>	<u>\$ 1,657,013</u>

- f. Gains and losses on hedging instruments- Cash flow hedges

	For the Three Months Ended March 31	
	2023	2022
Balance at beginning of the period	\$ (8,854)	\$ -
Recognized for the period		
Foreign currency risk-foreign currency deposits	14,557	-
Foreign currency risk-foreign exchange forward contracts	2,166	-
Income tax effect	<u>(3,345)</u>	<u>-</u>
Other comprehensive income recognized for the period	<u>13,378</u>	<u>-</u>
Balance at end of the period	<u>\$ 4,524</u>	<u>\$ -</u>

24. OPERATING REVENUES

- a. Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022	January 1, 2022
Accounts receivable	<u>\$ 421,012</u>	<u>\$ 289,350</u>	<u>\$ 1,094,851</u>	<u>\$ 977,933</u>
Contract liabilities				
Sale of goods	<u>\$ 63,389</u>	<u>\$ 102,146</u>	<u>\$ 277,160</u>	<u>\$ 95,155</u>

b. Disaggregation of revenue

For the Three Months Ended March 31, 2023

<u>Type of goods or services</u>	Reportable segments		
	Chung Hung	Others	Total
Sale of goods	\$ 9,394,771	\$ -	\$ 9,394,771
Rendering of services	111,635	381	112,016
Others	<u>16,947</u>	<u>-</u>	<u>16,947</u>
	<u>\$ 9,523,353</u>	<u>\$ 381</u>	<u>\$ 9,523,734</u>

For the Three Months Ended March 31, 2022

<u>Type of goods or services</u>	Reportable segments		
	Chung Hung	Others	Total
Sale of goods	\$ 12,246,110	\$ -	\$ 12,246,110
Rendering of services	140,140	1,183	141,323
Others	<u>22,790</u>	<u>-</u>	<u>22,790</u>
	<u>\$ 12,409,040</u>	<u>\$ 1,183</u>	<u>\$ 12,410,223</u>

25. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Other income

	For the Three Months Ended March 31	
	2023	2022
Rental income	\$ 23,250	\$ 22,375
Others	<u>32,041</u>	<u>14,992</u>
	<u>\$ 55,291</u>	<u>\$ 37,367</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2023	2022
Net foreign exchange gain	\$ 861	\$ 32,141
Fees	(2,192)	(1,762)
Others	<u>(1,977)</u>	<u>(730)</u>
	<u>\$ (3,308)</u>	<u>\$ 29,649</u>

The components of net foreign exchange gain were as follows:

	For the Three Months Ended March 31	
	2023	2022
Foreign exchange gain	\$ 23,310	\$ 57,110
Foreign exchange loss	<u>(22,449)</u>	<u>(24,969)</u>
Net exchange gain	<u>\$ 861</u>	<u>\$ 32,141</u>

c. Finance costs

	For the Three Months Ended March 31	
	2023	2022
Interest on bank overdrafts and loans	\$ 51,606	\$ 14,116
Interest on lease liabilities	<u>225</u>	<u>186</u>
Total interest expense financial liabilities measured at amortized cost	51,831	14,302
Less: Amounts included in the cost of qualifying assets	<u>451</u>	<u>252</u>
	<u>\$ 51,380</u>	<u>\$ 14,050</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2023	2022
Capitalized amounts	\$ 451	\$ 252
Capitalized annual rates (%)	1.34-1.36	0.59-0.64

d. Depreciation

	For the Three Months Ended March 31	
	2023	2022
Property, plant and equipment	\$ 175,491	\$ 179,761
Investment properties	222	222
Right-of-use assets	<u>4,004</u>	<u>3,868</u>
	<u>\$ 179,717</u>	<u>\$ 183,851</u>
Analysis of depreciation by function		
Operating costs	\$ 176,433	\$ 181,709
Operating expenses	3,062	1,920
Deduction of other income	<u>222</u>	<u>222</u>
	<u>\$ 179,717</u>	<u>\$ 183,851</u>

e. Operating expenses directly related to investment properties

	For the Three Months Ended March 31	
	2023	2022
Direct operating expenses of investment properties that generated rental income	\$ 2,938	\$ 2,871
Direct operating expenses of investment properties that did not generate rental income	<u>2,392</u>	<u>1,816</u>
	<u>\$ 5,330</u>	<u>\$ 4,687</u>

f. Employee benefits

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits		
Salaries	\$ 304,409	\$ 309,771
Labor and health insurance	22,984	27,871
Others	<u>39,218</u>	<u>54,729</u>
	<u>366,611</u>	<u>392,371</u>
Post-employment benefits		
Defined contribution plans	7,117	6,710
Defined benefit plans (Note 22)	<u>3,691</u>	<u>5,058</u>
	<u>10,808</u>	<u>11,768</u>
	<u>\$ 377,419</u>	<u>\$ 404,139</u>
Analysis of employee benefits expense by function		
Operating costs	\$ 310,950	\$ 334,190
Operating expenses	<u>66,469</u>	<u>69,949</u>
	<u>\$ 377,419</u>	<u>\$ 404,139</u>

g. Compensation of employees and remuneration of directors

In accordance with the Corporation's Articles of Incorporation, the Corporation distributes compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax less any deficit, compensation of employees, and remuneration of directors.

For the three months ended March 31, 2023 and 2022, the compensation of employees and remuneration of directors were as follows:

	For the Three Months ended March 31	
	2023	2022
<u>Amount</u>		
Compensation of employees	\$ 18,006	\$ 22,707
Remuneration of directors	3,600	4,482
<u>Accrual rate</u>		
Compensation of employees (%)	3.56	4.27
Remuneration of directors (%)	0.71	0.84

The Company did not pay compensation of employees and remuneration of directors for the year ended December 31, 2022 due to losses incurred. The compensation of employees and remuneration of directors for the year ended December 31, 2021, which were approved by the Corporation's board of directors in February 2022 were as follows:

	For the Year Ended December 31, 2021
<u>Amount</u>	
Compensation of employees	\$ 307,804
Remuneration of directors	61,561
<u>Accrual rate</u>	
Compensation of employees (%)	4.17
Remuneration of directors (%)	0.83

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 compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021.

Information on compensation of employees 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.

26. 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	
	2023	2022
Current tax		
In respect of the current period	\$ 2	\$ 26,300
In respect of the prior years	(564)	-
Deferred tax		
In respect of the current period	<u>89,444</u>	<u>(23,105)</u>
	<u>\$ 88,882</u>	<u>\$ 3,195</u>

- b. No income tax was recognized directly in equity.
c. Income tax expense recognized in other comprehensive income

	For the Three Months Ended March 31	
	2023	2022
Deferred tax		
Gains and losses on hedging instruments	<u>\$ 3,345</u>	<u>\$ -</u>

- d. Income tax assessments

The Group's income tax returns through 2021 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2023	2022
Basic earnings per share	<u>\$ 0.28</u>	<u>\$ 0.35</u>
Diluted earnings per share	<u>\$ 0.27</u>	<u>\$ 0.35</u>

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

Net profit for the period

	For the Three Months Ended March 31	
	2023	2022
Attributable to owners of the Corporation	<u>\$ 394,841</u>	<u>\$ 501,891</u>

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

	For the Three Months Ended March 31	
	2023	2022
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:		
Compensation of employees	<u>682</u>	<u>4,964</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>1,436,226</u>	<u>1,440,508</u>

The Corporation may settle the compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be 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.

28. 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.

29. 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, 2023</u>				
Financial assets at FVOCI				
Domestic listed shares	\$1,054,098	\$ -	\$ -	\$1,054,098
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>43,311</u>	<u>43,311</u>
	<u>\$1,054,098</u>	<u>\$ -</u>	<u>\$ 43,311</u>	<u>\$1,097,409</u>

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVOCI				
Domestic listed shares	\$1,016,574	\$ -	\$ -	\$1,016,574
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>41,163</u>	<u>41,163</u>
	<u>\$1,016,574</u>	<u>\$ -</u>	<u>\$ 41,163</u>	<u>\$1,057,737</u>
Financial liabilities for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 2,166</u>	<u>\$ -</u>	<u>\$ 2,166</u>
<u>March 31, 2022</u>				
Financial assets at FVOCI				
Domestic listed shares	\$1,328,710	\$ -	\$ -	\$1,328,710
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>69,200</u>	<u>69,200</u>
	<u>\$1,328,710</u>	<u>\$ -</u>	<u>\$ 69,200</u>	<u>\$1,397,910</u>

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2023 and 2022.

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

	Financial Assets at Fair Value Through Other Comprehensive Income - Equity Instruments
<u>For the three months ended March 31, 2023</u>	
Balance at beginning of the period	\$ 41,163
Total profit or loss	
Recognized in other comprehensive income	<u>2,148</u>
Balance at end of the period	<u>\$ 43,311</u>

**Financial Assets
at Fair Value
Through Other
Comprehensive
Income - Equity
Instruments**

For the three months ended March 31, 2022	
Balance at beginning of the period	\$ 62,040
Total profit or loss Recognized in other comprehensive income	7,160
Balance at end of the period	<u>\$ 69,200</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivative instruments	Derivatives with quoted prices in active markets were measured at fair values based on their market prices. If market prices are not available, derivatives are measured at estimated value using valuation techniques. The estimates and assumptions used in the Corporation's valuation techniques are consistent with the information used by market participants in pricing financial instruments, which are available to the Corporation. The fair value of each foreign exchange forward contract was determined separately under forward exchange rates indicated by the bank quotation system.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted shares was based on the current net value.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets			
Financial assets for hedging	\$ 252,735	\$ 700,188	\$ -
Measured at amortized cost (see 1 below)	3,193,774	5,023,807	2,920,465
Financial assets at fair value through other comprehensive income			
Equity instruments	1,097,409	1,057,737	1,397,910
Financial liabilities			
Financial liabilities for hedging	-	2,166	-
Measured at amortized cost (see 2 below)	16,166,154	19,116,172	12,784,729

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties and excluding 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 financial assets for hedging, 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), long-term bills payable and lease liabilities. The Group's financial department 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. The Group manages exposure to foreign exchange risk using foreign currency deposits and engages in foreign exchange forward contracts with firm commitment opposite to exchange rate fluctuations within the scope permitted by the policy.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the fluctuation of 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 33. The following table shows the impact on profit or equity of 1% decrease in NTD against USD.

	USD Impact	
	For the Three months ended	
	March 31	
	2023	2022
Profit (loss) before income tax (Note 1)	\$ 622	\$ (124)
Equity (Note 2)	2,527	-

Note1: This was mainly attributable to the exposure of outstanding USD cash and cash equivalents, accounts receivable, accounts payable and other payables, which were not hedged at the balance sheet date.

Note2: These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges.

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, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial liabilities	\$ 5,956,836	\$ 3,046,462	\$ 3,056,662
Cash flow interest rate risk			
Financial assets	1,122,005	1,319,232	1,168,894
Financial liabilities	8,788,420	14,659,957	6,537,642

Sensitivity analysis

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2023 and 2022 would have been lower/higher by NT\$4,792 thousand and NT\$3,355 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, 2023 and 2022 would both have been lower by NT\$34,113 thousand.

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 and the amount of contingent liabilities in relation to financial guarantee issued by the Group.

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 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, 2023, the unutilized credit facility of the Group was NT\$40.5 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 non-derivative financial liabilities based on contractual undiscounted payments:

March 31, 2023	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Short-term borrowings	\$ 4,448,527	\$ -	\$ -	\$ 4,448,527
Short-term bills payable	2,900,000	-	-	2,900,000
Accounts payable (including related parties)	651,253	-	-	651,253
Other payables	519,614	-	-	519,614
Refund liabilities	269,852	-	-	269,852
Lease liabilities	15,332	37,312	17,790	70,434
Bonds payables	22,100	3,028,600	-	3,050,700
Long-term bank borrowings	969,850	1,575,493	-	2,545,343
Long-term bills payable	-	1,900,000	-	1,900,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 9,796,528</u>	<u>\$ 6,541,405</u>	<u>\$ 52,790</u>	<u>\$ 16,390,723</u>
<u>December 31, 2022</u>				
Short-term borrowings	\$ 7,656,261	\$ -	\$ -	\$ 7,656,261
Accounts payable (including related parties)	823,501	-	-	823,501
Other payables	511,850	-	-	511,850
Refund liabilities	57,815	-	-	57,815
Lease liabilities	13,400	29,260	8,129	50,789
Bonds payable	22,100	3,044,200	-	3,066,300
Long-term bank borrowings	2,373,999	2,276,006	-	4,650,005
Long-term bills payable	-	2,500,000	-	2,500,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 11,458,926</u>	<u>\$ 7,849,466</u>	<u>\$ 43,129</u>	<u>\$ 19,351,521</u>

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
<u>March 31, 2022</u>				
Short-term borrowings	\$ 3,862,110	\$ -	\$ -	\$ 3,862,110
Accounts payable (including related parties)	2,028,295	-	-	2,028,295
Other payables	944,752	-	-	944,752
Refund liabilities	236,301	-	-	236,301
Lease liabilities	15,549	33,888	12,891	62,328
Bonds payables	22,100	3,050,700	-	3,072,800
Long-term bank borrowings	9,480	1,212,888	-	1,222,368
Long-term bills payable	-	1,500,000	-	1,500,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 7,118,587</u>	<u>\$ 5,797,476</u>	<u>\$ 47,891</u>	<u>\$ 12,963,954</u>

4) Cash flow hedging

March 31, 2023

Hedging Instruments	Currency	Contract Amount (in thousands)	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Fair Value of Hedging Instrument Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedging								
Foreign currency deposit	USD	\$ 8,300	NA	NA	Financial assets for hedging	\$ 252,735	\$ -	\$ 14,557

Balance in Other Equity

Hedging Instruments/Hedged Items	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Balance in Other Equity	
		Continuing Hedges	Discontinuing Hedges
Cash flow hedging			
Foreign currency deposit/Forecast purchases of raw materials and equipment	\$ (14,557)	\$ 5,655	\$ -
Foreign exchange forward contracts/Forecast purchases of raw materials	(2,166)	-	-
	<u>(\$ 16,723)</u>	<u>\$ 5,655</u>	<u>\$ -</u>

For the Three Months Ended March 31, 2023

Effect on Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur

30. TRANSACTIONS WITH RELATED PARTIES

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
China Steel Machinery Corporation (CSMC)	Fellow subsidiaries
CSC Steel SDN. BHD. (CSSB)	Fellow subsidiaries
Himag Magnetic Corporation (HMC)	Fellow subsidiaries
China Steel Global Trading Corporation (CSGT)	Fellow subsidiaries
Info Champ Systems 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 Chemical Corporation	Fellow subsidiaries
CSC Solar Corporation	Fellow subsidiaries
China Steel Precision Metals Kunshan Co., Ltd.	Fellow subsidiaries
China Prosperity Development Corporation	Fellow subsidiaries
Kaohsiung Rapid Transit Corporation	Fellow subsidiaries
United Steel Engineering & Construction Corp	Fellow subsidiaries
CSE Transport Corporation	Fellow subsidiaries
Pacific Harbour Stevedoring Corporation	Other related parties

b. Sale of goods

Account Items	Related Parties/Name Types	For the Three Months Ended March 31	
		2023	2022
Sales	Parent entity	\$ -	\$ 190
	Fellow subsidiaries related to others		
	CSSB	230,796	579,030
	Others	2,588	6,871
		<u>233,384</u>	<u>585,901</u>
		<u>\$ 233,384</u>	<u>\$ 586,091</u>
Service Revenue	Parent entity	\$ 105,332	\$ 137,746
	Fellow subsidiaries related to others	<u>7</u>	<u>-</u>
		<u>\$ 105,339</u>	<u>\$ 137,746</u>

The payment terms and prices of other related parties were no different from those of unrelated parties.

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 a month after acceptance by T/T.

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	
		2023	2022
Other operating revenue	Parent entity	\$ <u>790</u>	\$ <u>3,460</u>
	Fellow subsidiaries related to others		
	DSC	10,267	13,755
	HMC	<u>2,932</u>	<u>3,917</u>
		\$ <u>13,199</u>	\$ <u>17,672</u>
		\$ <u>13,989</u>	\$ <u>21,132</u>

There is no significant profit or loss from the sale of supplies and oxidized iron powder of parent entity and the fellow subsidiaries related to others.

c. Purchase of goods

Related Parties Types/Name	For the Three Months Ended March 31	
	2023	2022
Parent entity	\$ <u>1,630,929</u>	\$ <u>2,548,841</u>
Fellow subsidiaries related to others		
DSC	3,838,466	3,671,323
CSGT	2,490	1,355,888
Others	<u>7,400</u>	<u>22,377</u>
	<u>3,848,356</u>	<u>5,049,588</u>
	\$ <u>5,479,285</u>	\$ <u>7,598,429</u>

The purchases were mainly slabs and hot rolling coil. The payment terms and prices of other related parties were no different from those of unrelated parties for the three months ended March 31, 2023 and 2022.

d. Accounts receivable from related parties (excluding loans to related parties)

Account Items	Related Parties Types/Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable from related parties	Parent entity	\$ 44,267	\$ 41,915	\$ 66,135
	Fellow subsidiaries related to others			
	CSSB	44,672	-	107,253
	Others	3,048	15,595	11,043
		<u>47,720</u>	<u>15,595</u>	<u>118,296</u>
	<u>\$ 91,987</u>	<u>\$ 57,510</u>	<u>\$ 184,431</u>	
Other receivables from related parties	Parent entity	\$ 4,895	\$ 19,190	\$ 116,755
	Fellow subsidiaries related to others			
	CHC	45,542	25,288	63,780
	Others	365	-	370
		<u>45,907</u>	<u>25,288</u>	<u>64,150</u>
	<u>\$ 50,802</u>	<u>\$ 44,478</u>	<u>\$ 180,905</u>	

No guarantee had been received for accounts receivable and other receivable from related parties. For the three months ended March 31, 2023 and 2022, no impairment losses were recognized for accounts receivable and other receivables from related parties .

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

Account Items	Related Parties Types/Name	March 31, 2023	December 31, 2022	March 31, 2022
Accounts payable	Parent entity	\$ 451,059	\$ 285,669	\$ 802,292
	Fellow subsidiaries related to others			
	CSGT	-	-	550,656
	Others	1,246	1,100	18,802
		<u>1,246</u>	<u>1,100</u>	<u>569,458</u>
	<u>4,233</u>	<u>2,329</u>	<u>2,856</u>	
	<u>\$ 456,538</u>	<u>\$ 289,098</u>	<u>\$ 1,374,606</u>	
Other payables	Parent entity	\$ 3,728	\$ 1,353	\$ 67,303
	Fellow subsidiaries related to others	11,426	10,290	26,918
	Other related parties	5,896	3,487	5,015
		<u>21,050</u>	<u>15,130</u>	<u>98,966</u>

The outstanding accounts payable to related parties and other payables to related parties were unsecured.

f. Loans to related parties (recognized under other receivables – related parties)

Related Party Types	March 31, 2023	December 31, 2022	March 31, 2022
Parent entity	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ -</u>

Interest revenue

Related Party Types	For the Three Months Ended March 31	
	2023	2022
Parent entity	<u>\$ 1,088</u>	<u>\$ -</u>

The Corporation provided unsecured loans to the parent entity, and the interest rate is similar to the market interest rate. These loans are expected to be repaid within one year, and there is no expected credit loss after assessment.

g. Other transactions with related parties

1) Authorization fees

In May 2003, the parent company, Sumitomo Metal Industries, Ltd. (renamed to Nippon Steel Corporation in April, 2019) and Sumitomo Corporation entered into a joint venture agreement and established the joint venture company East Asia United Steel Corporation (EAUS) in July 2003. The parent company thus has a stable supply of high quality slab through this joint venture. The parent company 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 the parent company under the contract. These fees (included in the purchase cost of materials) were NT\$13,827 thousand and NT\$14,439 thousand for the three months ended March 31, 2023 and 2022, respectively. As of March 31, 2023, December 31, 2022 and March 31, 2022, authorization fees payable (included in payables to related parties) were NT\$12,009 thousand, NT\$7,150 thousand and NT\$11,142 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, 2023 and 2022 were NT\$1,458 thousand and NT\$976 thousand, respectively.
- b) The Corporation entered into a contract with parent entity on the lease of the Corporation's part of the land and warehouse. The rental revenue for the three months ended March 31, 2023 and 2022 were NT\$1,351 thousand and NT\$1,328 thousand, respectively.

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.

	For the Three Months Ended March 31	
	2023	2022
a) Other expenditures		
Parent entity	\$ 25,282	\$ 35,287
Other related parties	26,821	32,063
Fellow subsidiaries related to others	<u>18,918</u>	<u>18,341</u>
	<u>\$ 71,021</u>	<u>\$ 85,691</u>
	For the Three Months Ended March 31	
	2023	2022
b) Capital expenditure		
Fellow subsidiaries related to others		
CSMC	<u>\$ 2,400</u>	<u>\$ 9,600</u>
4) Income from supplies and scrap (included in deductions of cost of goods sold)		
	For the Three Months Ended March 31	
	2023	2022
Fellow subsidiaries related to others		
CHC	<u>\$ 98,111</u>	<u>\$ 136,513</u>
h. Compensation of key management personnel		
	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 11,548	\$ 12,342
Post-employment benefits	<u>444</u>	<u>369</u>
	<u>\$ 11,992</u>	<u>\$ 12,711</u>

31. 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, 2023	December 31, 2022	March 31, 2022
Time deposits (included in other financial assets - current)	\$ 800,000	\$ 800,000	\$ 700,000
Demand deposits (included in other financial assets - current)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,000,000</u>

32. 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, 2023 were as follows:

- a. Unused letters of credit for purchases of raw materials and machinery and equipment amounted to about NT\$2,856,871 thousand.
- b. The Group had signed agreements to buy equipment for NT\$499,212 thousand, of which NT\$119,726 thousand had been paid (included in construction-in-progress and prepayments for equipment).
- c. The Group provided letters of credits for NT\$400 thousand guaranteed by financial institutions for purchase agreements. Guarantee notes for NT\$174,500 thousand were provided for purchases of raw material.

33. 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)
<hr/> March 31, 2023 <hr/>				
Monetary financial assets USD	\$ 17,382	30.450	(USD:NTD)	\$ 529,286
Monetary financial liabilities USD	7,041	30.450	(USD:NTD)	214,395
<hr/> December 31, 2022 <hr/>				
Monetary financial assets USD	65,492	30.71	(USD:NTD)	2,011,260
Monetary financial liabilities USD	16,967	30.71	(USD:NTD)	521,043
<hr/> March 31, 2022 <hr/>				
Monetary financial assets USD	41,278	28.625	(USD:NTD)	1,181,569
Monetary financial liabilities USD	41,711	28.625	(USD:NTD)	1,193,966

For the three months ended March 31, 2023 and 2022, realized and unrealized net foreign exchange gain or loss were gain of NT\$861 thousand and NT\$32,141 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.

34. SEPARATELY DISCLOSED ITEMS

- a. For the three months ended March 31, 2023, information about significant transactions and b. investees:
- 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (None)
 - 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
 - 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 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 9) Trading in derivative instruments (Note 29)
 - 10) Intercompany relationships and significant intercompany transactions (None)
 - 11) Information on investees (Table 5)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders (Table 6)

35. 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.

Segment revenues and operating results

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

	The Corporation	Others	Adjustment and Elimination	Total
<u>For the three months ended March 31, 2023</u>				
Revenues from external customers	<u>\$ 9,523,353</u>	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ 9,523,734</u>
Segment profit	\$ 470,753	\$ 4	\$ 60	\$ 470,817
Interest income	12,037	10	-	12,047
Other income	55,351	-	(60)	55,291
Other gains and losses	(3,308)	-	-	(3,308)
Finance costs	(51,380)	-	-	(51,380)
Share of the profit of associates	<u>267</u>	<u>-</u>	<u>(11)</u>	<u>256</u>
Profit before income tax for the period	483,720	14	(11)	483,723
Income tax expense	<u>88,879</u>	<u>3</u>	<u>-</u>	<u>88,882</u>
Net profit for the period	<u>\$ 394,841</u>	<u>\$ 11</u>	<u>\$ (11)</u>	<u>\$ 394,841</u>
Identifiable assets	\$ 30,370,419	\$ 38,887	\$ -	\$ 30,409,306
Investments accounted for using equity method	<u>3,879,332</u>	<u>-</u>	<u>(37,361)</u>	<u>3,841,971</u>
Total assets	<u>\$ 34,249,751</u>	<u>\$ 38,887</u>	<u>(37,361)</u>	<u>\$ 34,251,277</u>
Total liabilities	<u>\$ 16,599,607</u>	<u>\$ 1,526</u>	<u>\$ -</u>	<u>\$ 16,601,133</u>
<u>For the three months ended March 31, 2022</u>				
Revenues from external customers	<u>\$ 12,409,040</u>	<u>\$ 1,183</u>	<u>\$ -</u>	<u>\$ 12,410,223</u>
Segment profit	\$ 450,908	\$ 807	\$ 60	\$ 451,775
Interest income	248	6	-	254
Other income	37,427	-	(60)	37,367
Other gains and losses	29,649	-	-	29,649
Finance costs	(14,050)	-	-	(14,050)
Share of the profit of associates	<u>741</u>	<u>-</u>	<u>(650)</u>	<u>91</u>
Profit before income tax for the period	504,923	813	(650)	505,086
Income tax expense	<u>3,032</u>	<u>163</u>	<u>-</u>	<u>3,195</u>
Net profit for the period	<u>\$ 501,891</u>	<u>\$ 650</u>	<u>\$ (650)</u>	<u>\$ 501,891</u>

(Continued)

	The Corporation	Others	Adjustment and Elimination	Total
Identifiable assets	\$ 33,471,154	\$ 54,128	\$ -	\$ 33,525,282
Investments accounted for using equity method	<u>4,492,274</u>	<u>-</u>	<u>(50,584)</u>	<u>4,441,690</u>
Total assets	<u>\$ 37,963,428</u>	<u>\$ 54,128</u>	<u>\$ (50,584)</u>	<u>\$ 37,966,972</u>
Total liabilities	<u>\$ 14,371,350</u>	<u>\$ 3,544</u>	<u>\$ -</u>	<u>\$ 14,374,894</u> (Concluded)

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

**FINANCING PROVIDED TO OTHERS
FOR THE PERIOD ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorsement/ Guarantee Provider	Endorsee/ Guarantee	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	Chung Hung Steel Corporation	China Steel Corporation	Other receivables	Yes	\$ 300,000	\$ 300,000	\$ 300,000	1.43-1.53	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 1,765,014	\$ 7,060,057	Note 2

Note 1: The nature for financing is as follows:

1. Business relationship.
2. The need for short-term financing.

Note 2: According to "The Process of Financing Others" established by the Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 40% and 10% of the net worth of the Corporation, respectively.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2023

(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, 2023				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Chung Hung Steel Corporation	Ordinary Shares Shouh Hwang Enterprise Co., Ltd.	-	Financial assets at fair value through profit or loss – current	730,000	\$ -	15	\$ -	Note
	Ordinary Shares China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income – current	33,109,239	\$1,023,075	-	\$1,023,075	
	Ordinary Shares Taiwan Ves-Power Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	134,167	\$ 36,829	2	\$ 36,829	2022.12.31 net value
	Pacific Harbour Stevedoring Corp.	The company as its supervisor	Financial assets at fair value through other comprehensive income - noncurrent	250,000	6,482	5	6,482	2023.01.31 net value
					\$ 43,311		\$ 43,311	
Hung Kao Investment Corporation	Ordinary Shares China Steel Corporation	The ultimate parent of the Company	Financial assets at fair value through other comprehensive income - noncurrent	1,003,980	\$ 31,023	-	\$ 31,023	

Note : The impairment loss has been recognized that resulted in zero carrying amount, and the entity was dissolved on January 3, 2022.

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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer (Seller)	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	China Steel Corporation	Parent company	Purchase of goods	\$ 1,630,929	21	Letter of credit at sight/Payment after final acceptance	\$ -		\$ (451,059)	(69)	
	Dragon Steel Corporation	Fellow subsidiary	Purchase of goods	3,838,466	49	Letter of credit at sight	-		-	-	
	CSC Steel Sdn. Bhd.	Fellow subsidiary	Revenue from sale of goods	(230,796)	(2)	T/T within 7 business days after lading date (not included)	-		44,672	11	
	China Steel Corporation	Parent company	Service revenue	(104,951)	(1)	T/T as the end of the month of after final acceptance	-	NO THIRD-PARTY COULD BE COMPARED	44,267	11	

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
Chung Hung Steel Corporation	China Steel Corporation	Parent company	\$ 301,564	(Note 1)	\$ -	-	\$ 735	\$ -

Note 1: Receivables from price settlement and loans to related parties (included in other receivables to related parties) which is not applicable to turnover rate.

Note 2: The amount has received at the report date.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE PERIOD ENDED MARCH 31, 2023
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
				Chung Hung Steel Corporation	Hung Kao Investment Corporation	Taiwan	General investment	\$ 26,000			
Chung Hung Steel Corporation	Transglory Investment Corporation	Taiwan	General investment	2,001,152	2,001,152	306,824,279	39.59	3,627,600	543	206	Associates
Chung Hung Steel Corporation	Pro-Ascentek Investment Corporation	Taiwan	General investment	200,000	200,000	20,000,000	16.67	214,371	298	50	Associates

Note: Amount was eliminated in the consolidated financial statements.

CHUNG HUNG STEEL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2023

Name of The Shareholder	Shares	
	Number of Shares Held	Shareholding (%)
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 ordinary shares (only ones that have completed dematerialized registration and delivery, and round down to two decimal places) 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 share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding and the shares delivered to the trust which has the decision rights over trust property, etc. Please refer to the public information for information on Market Observation Post System website of the Taiwan Stock Exchange.