

China Steel Chemical Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China Steel Chemical Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of China Steel Chemical Corporation (the Corporation) and its subsidiaries as of March 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and related notes, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Corporation and its subsidiaries as of March 31, 2022 and 2021, and of 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 result in this independent auditor's review report are Chao Chun Wang and Hung Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2022

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.

The English version of independent auditors' review report and consolidated financial statements are not reviewed nor audited by independent auditors.

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.

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 892,094	7	\$ 621,616	5	\$ 598,393	5
Financial assets at fair value through profit or loss - current (Note 7)	686,676	6	688,875	6	837,966	7
Financial assets at fair value through other comprehensive income - current (Note 8)	290,646	2	266,455	2	223,326	2
Notes receivable (Note 10)	119,978	1	83,569	1	62,384	1
Accounts receivable, net (Note 10)	507,350	4	449,238	4	374,139	3
Accounts receivable - related parties (Notes 10 and 29)	194,394	2	161,090	1	140,127	1
Other receivables (Note 29)	218,696	2	301,238	3	225,213	2
Current tax assets	544	-	544	-	495	-
Inventories (Note 11)	950,847	8	977,930	8	1,028,517	9
Other financial assets - current (Notes 12 and 18)	29,115	-	97,886	1	136,858	1
Other current assets	<u>105,181</u>	<u>1</u>	<u>44,679</u>	<u>-</u>	<u>34,365</u>	<u>1</u>
Total current assets	<u>3,995,521</u>	<u>33</u>	<u>3,693,120</u>	<u>31</u>	<u>3,661,783</u>	<u>32</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	82,238	1	81,202	-	74,644	1
Financial assets at fair value through other comprehensive income - non-current (Note 8)	78,792	-	81,400	-	-	-
Financial assets measured at cost - non-current (Note 9)	-	-	-	-	3,910	-
Investments accounted for using equity method (Note 14)	2,183,787	18	2,068,967	18	1,785,680	15
Property, plant and equipment (Notes 3, 4, 15 and 29)	3,920,623	32	3,937,319	34	4,086,624	35
Right-of-use assets (Notes 16 and 29)	654,355	5	646,878	6	667,207	6
Investment properties (Note 17)	552,988	5	552,988	5	552,988	5
Deferred tax assets	90,004	1	90,004	1	85,121	1
Prepaid equipment	21,063	-	21,636	-	49,720	-
Refundable deposits	4,451	-	4,451	-	4,452	-
Other non-current assets (Notes 13 and 18)	<u>570,347</u>	<u>5</u>	<u>554,904</u>	<u>5</u>	<u>626,125</u>	<u>5</u>
Total non-current assets	<u>8,158,648</u>	<u>67</u>	<u>8,039,749</u>	<u>69</u>	<u>7,936,471</u>	<u>68</u>
TOTAL	<u>\$ 12,154,169</u>	<u>100</u>	<u>\$ 11,732,869</u>	<u>100</u>	<u>\$ 11,598,254</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 799,199	7	\$ 901,641	8	\$ 813,731	7
Short-term bills payable (Note 19)	-	-	-	-	20,000	-
Contract liabilities - current (Note 23)	144,526	1	49,541	-	70,265	1
Accounts payable	68,815	-	50,763	-	27,551	-
Accounts payable - related parties (Note 29)	259,013	2	264,401	2	272,930	2
Other payables (Notes 13, 20 and 29)	793,023	7	795,676	7	739,079	7
Current tax liabilities	229,671	2	152,264	1	206,575	2
Lease liabilities - current (Notes 16 and 29)	32,155	-	29,251	-	31,102	-
Current portion of long-term borrowings (Note 19)	-	-	-	-	500,000	4
Other current liabilities	<u>7,638</u>	<u>-</u>	<u>6,632</u>	<u>-</u>	<u>7,470</u>	<u>-</u>
Total current liabilities	<u>2,334,040</u>	<u>19</u>	<u>2,250,169</u>	<u>18</u>	<u>2,688,703</u>	<u>23</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 19)	950,000	8	1,100,000	10	1,050,000	9
Deferred tax liabilities	5,058	-	5,058	-	1,545	-
Lease liabilities - non-current (Notes 16 and 29)	605,129	5	606,284	5	615,818	6
Net defined benefit liabilities (Note 4)	149,289	1	149,971	1	147,484	1
Guarantee deposit received	<u>3,530</u>	<u>-</u>	<u>3,480</u>	<u>-</u>	<u>4,857</u>	<u>-</u>
Total non-current liabilities	<u>1,713,006</u>	<u>14</u>	<u>1,864,793</u>	<u>16</u>	<u>1,819,704</u>	<u>16</u>
Total liabilities	<u>4,047,046</u>	<u>33</u>	<u>4,114,962</u>	<u>34</u>	<u>4,508,407</u>	<u>39</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)						
Ordinary shares capital	<u>2,369,044</u>	<u>19</u>	<u>2,369,044</u>	<u>20</u>	<u>2,369,044</u>	<u>20</u>
Capital surplus	<u>883,790</u>	<u>7</u>	<u>883,789</u>	<u>8</u>	<u>870,479</u>	<u>8</u>
Retained earnings						
Legal reserve	2,666,240	22	2,666,240	23	2,641,723	23
Special reserve	193,150	2	193,150	2	176,833	1
Unappropriated earnings	<u>1,522,669</u>	<u>13</u>	<u>1,178,254</u>	<u>10</u>	<u>1,023,131</u>	<u>9</u>
Total retained earnings	<u>4,382,059</u>	<u>37</u>	<u>4,037,644</u>	<u>35</u>	<u>3,841,687</u>	<u>33</u>
Other equity	<u>314,020</u>	<u>3</u>	<u>178,330</u>	<u>2</u>	<u>(149,472)</u>	<u>(1)</u>
Treasury shares	<u>(117,638)</u>	<u>(1)</u>	<u>(117,638)</u>	<u>(1)</u>	<u>(117,638)</u>	<u>(1)</u>
Total equity attributable to owners of the Corporation	7,831,275	65	7,351,169	64	6,814,100	59
NON-CONTROLLING INTERESTS (Note 22)	<u>275,848</u>	<u>2</u>	<u>266,738</u>	<u>2</u>	<u>275,747</u>	<u>2</u>
Total equity	<u>8,107,123</u>	<u>67</u>	<u>7,617,907</u>	<u>66</u>	<u>7,089,847</u>	<u>61</u>
TOTAL	<u>\$ 12,154,169</u>	<u>100</u>	<u>\$ 11,732,869</u>	<u>100</u>	<u>\$ 11,598,254</u>	<u>100</u>

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

CHINA STEEL CHEMICAL 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			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 23 and 29)	\$ 2,372,912	100	\$ 1,668,856	100
OPERATING COSTS (Notes 11, 24 and 29)	<u>1,859,398</u>	<u>78</u>	<u>1,319,193</u>	<u>79</u>
GROSS PROFIT	<u>513,514</u>	<u>22</u>	<u>349,663</u>	<u>21</u>
OPERATING EXPENSES (Notes 24 and 29)				
Selling and marketing expenses	51,062	2	41,229	2
General and administrative expenses	36,561	2	12,283	1
Research and development expenses	<u>48,610</u>	<u>2</u>	<u>33,592</u>	<u>2</u>
Total operating expenses	<u>136,233</u>	<u>6</u>	<u>87,104</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>377,281</u>	<u>16</u>	<u>262,559</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)				
Interest income	1,194	-	1,149	-
Other income	20,781	1	22,039	1
Other gains and losses	11,321	-	(10,827)	(1)
Share of the profit of associates	16,980	1	19,515	1
Interest expense	<u>(6,757)</u>	<u>-</u>	<u>(8,740)</u>	<u>-</u>
Total non-operating income and expenses	<u>43,519</u>	<u>2</u>	<u>23,136</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	420,800	18	285,695	17
INCOME TAX (Notes 4 and 25)	<u>77,387</u>	<u>3</u>	<u>51,673</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>343,413</u>	<u>15</u>	<u>234,022</u>	<u>14</u>
OTHER COMPREHENSIVE INCOME (Note 22)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain/(loss) on financial assets in equity instruments at fair value through other comprehensive income	22,018	1	7,801	1
Shares of the other comprehensive income of associates accounted for using the equity method	97,258	4	38,863	2

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CHINA STEEL CHEMICAL 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			
	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss :				
Exchange differences on translation of the financial statement of foreign operations	\$ 24,448	1	\$ (77)	-
Unrealized gain/(loss) on financial assets in debt instruments at fair value through other comprehensive income	(435)	-	(2,097)	-
Share of the other comprehensive income of associates accounted for using the equity method	<u>2,531</u>	<u>-</u>	<u>67</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>145,820</u>	<u>6</u>	<u>44,557</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 489,233</u>	<u>21</u>	<u>\$ 278,579</u>	<u>17</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 343,410	15	\$ 235,059	14
Non-controlling interests	<u>3</u>	<u>-</u>	<u>(1,037)</u>	<u>-</u>
	<u>\$ 343,413</u>	<u>15</u>	<u>\$ 234,022</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 480,123	21	\$ 279,089	17
Non-controlling interests	<u>9,110</u>	<u>-</u>	<u>(510)</u>	<u>-</u>
	<u>\$ 489,233</u>	<u>21</u>	<u>\$ 278,579</u>	<u>17</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 1.48</u>		<u>\$ 1.01</u>	
Diluted	<u>\$ 1.48</u>		<u>\$ 1.01</u>	

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

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CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation													
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings		Exchange Differences on Translation of the Financial Statement of Foreign Operations	Other Equity			Treasury Shares	Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
					Unappropriated Earnings	Total Retained Earnings		Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain/(Loss) on Hedging Instruments	Total				
BALANCE AT JANUARY 1, 2022	\$ 2,369,044	\$ 883,789	\$ 2,666,240	\$ 193,150	\$ 1,178,254	\$ 4,037,644	\$ (91,078)	\$ 269,420	\$ (12)	\$ 178,330	\$ (117,638)	\$ 7,351,169	\$ 266,738	\$ 7,617,907
Net profit for the three months ended March 31, 2022	-	-	-	-	343,410	343,410	-	-	-	-	-	343,410	3	343,413
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	(11)	(11)	17,859	118,852	13	136,724	-	136,713	9,107	145,820
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	343,399	343,399	17,859	118,852	13	136,724	-	480,123	9,110	489,233
Changes in capital surplus from investments in associates accounted for using equity method	-	1	-	-	-	-	-	-	-	-	-	1	-	1
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,034	1,034	-	(1,034)	-	(1,034)	-	-	-	-
Other	-	-	-	-	(18)	(18)	-	-	-	-	-	(18)	-	(18)
BALANCE AT MARCH 31, 2022	\$ 2,369,044	\$ 883,790	\$ 2,666,240	\$ 193,150	\$ 1,522,669	\$ 4,382,059	\$ (73,219)	\$ 387,238	\$ 1	\$ 314,020	\$ (117,638)	\$ 7,831,275	\$ 275,848	\$ 8,107,123
BALANCE AT JANUARY 1, 2021	\$ 2,369,044	\$ 869,637	\$ 2,641,723	\$ 176,833	\$ 787,720	\$ 3,606,276	\$ (84,747)	\$ (108,407)	\$ 4	\$ (193,150)	\$ (117,638)	\$ 6,534,169	\$ 276,257	\$ 6,810,426
Net profit (loss) for the three months ended March 31, 2021	-	-	-	-	235,059	235,059	-	-	-	-	-	235,059	(1,037)	234,022
Other comprehensive income for the three months ended March 31, 2021, net of income tax	-	-	-	-	(18)	(18)	(530)	44,585	(7)	44,048	-	44,030	527	44,557
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	235,041	235,041	(530)	44,585	(7)	44,048	-	279,089	(510)	278,579
Changes in capital surplus from investments in associates accounted for using equity method	-	842	-	-	-	-	-	-	-	-	-	842	-	842
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	370	370	-	(370)	-	(370)	-	-	-	-
BALANCE AT MARCH 31, 2021	\$ 2,369,044	\$ 870,479	\$ 2,641,723	\$ 176,833	\$ 1,023,131	\$ 3,841,687	\$ (85,277)	\$ (64,192)	\$ (3)	\$ (149,472)	\$ (117,638)	\$ 6,814,100	\$ 275,747	\$ 7,089,847

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

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 420,800	\$ 285,695
Adjustments for:		
Depreciation expense	110,329	114,874
Amortization expense	2,471	2,287
Net loss on financial assets at fair value through profit or loss	19,061	5,910
Interest expense	6,757	8,740
Interest income	(1,194)	(1,149)
Share of the profit of associates	(21,798)	(21,689)
Loss on disposal of property, plant and equipment	1,274	1
Impairment loss recognized on non-financial assets	-	22,193
Reversal of impairment loss on non-financial assets	(13,355)	-
Changes in operating assets and liabilities		
Financial instruments mandatorily classified as at fair value through profit or loss	(18,225)	(46,424)
Notes receivable	(36,409)	(1,955)
Accounts receivable	(58,112)	(102,274)
Accounts receivable - related parties	(33,304)	(26,242)
Other receivables	2,832	(4,013)
Inventories	40,228	(80,015)
Other current assets	(60,502)	3,284
Contract liabilities	94,985	58,177
Accounts payable	18,052	(1,624)
Accounts payable - related parties	(5,388)	114,886
Other payables	(14,082)	(20,297)
Other current liabilities	1,006	632
Net defined benefit liabilities	(682)	(4,384)
Cash generated from operations	454,744	306,613
Income taxes paid	(8)	(12)
Net cash generated from operating activities	454,736	306,601
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(8,169)
Acquisition of financial assets at fair value through profit or loss	(25,014)	(292,094)
Proceeds from sale of financial assets at fair value through profit or loss	104,969	197,955
Acquisition of investments accounted for using the equity method	-	(60,000)
Proceeds from capital return on investments accounted for using equity method	6,750	-
Acquisition of property, plant and equipment	(72,437)	(56,996)
Decrease in refundable deposits	-	598
Decrease in other financial assets	68,771	31,675

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CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
Increase in other non-current assets	\$ (57)	\$ (2,134)
Interest received	<u>1,276</u>	<u>1,404</u>
Net cash used in investing activities	<u>84,258</u>	<u>(187,761)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	948,776	603,024
Repayments of short-term borrowings	(1,051,218)	(882,544)
Proceeds from short-term bills payable	-	20,000
Proceeds from long-term borrowings	-	100,000
Repayments of long-term borrowings	(150,000)	(350,000)
Proceeds from guarantee deposit received	50	-
Repayment of the principal portion of lease liabilities	(14,008)	(13,899)
Interest paid	<u>(7,108)</u>	<u>(8,877)</u>
Net cash used in financing activities	<u>(273,508)</u>	<u>(532,296)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>4,992</u>	<u>17,528</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	270,478	(395,928)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>621,616</u>	<u>994,321</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 892,094</u>	<u>\$ 598,393</u>

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

(Concluded)

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Steel Chemical Corporation (the Corporation) was incorporated by China Steel Corporation (CSC) and other shareholders in February 1989. The Corporation started operations in May 1993, and CSC is the parent company that has substantive control over the Corporation. As of March 31, 2022 and 2021, CSC owned 29.04% of the Corporation's voting shares. The Corporation mainly engages in the production, processing and sales of coal tar distillation products, Naphtha products and coke products; in addition, it also trades related upstream and downstream products.

The shares of the Corporation have been listed and traded on the Taiwan Stock Exchange (TWSE) since November 1998.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors and authorized for issue on May 5, 2022.

3. APPLICATION OF NEW, AND AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation and its subsidiaries' accounting policies.

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The Corporation and its subsidiary applied the amendments to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards. Refer to Note 4 for information relating to the relevant 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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 preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair

value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

Refer to Note 13, Table 6 and Table 7 for the detail information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

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

1) Property, plant and equipment

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing cost eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

2) 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.

3) 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, 2021.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 500	\$ 500	\$ 500
Checking accounts and demand deposits	691,219	442,004	356,581
Cash equivalents (investment with original maturities less than three months)			
Time deposits	114,500	123,752	127,172
Short-term bills	<u>85,875</u>	<u>55,360</u>	<u>114,140</u>
	<u>\$ 892,094</u>	<u>\$ 621,616</u>	<u>\$ 598,393</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL - current

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 572,692	\$ 546,669	\$ 644,733
Domestic listed shares	64,970	89,908	112,134
Financial bonds	<u>49,014</u>	<u>52,298</u>	<u>81,099</u>
	<u>\$ 686,676</u>	<u>\$ 688,875</u>	<u>\$ 837,966</u>

Financial assets at FVTPL - non-current

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Emerging market shares	\$ 27,131	\$ 27,131	\$ 23,948
Domestic unlisted shares	<u>55,107</u>	<u>54,071</u>	<u>50,696</u>
	<u>\$ 82,238</u>	<u>\$ 81,202</u>	<u>\$ 74,644</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Current

	March 31, 2022	December 31, 2021	March 31, 2021
Foreign investments in debt instruments			
Financial bonds	\$ 14,327	\$ 14,762	\$ 35,963
Domestic investments in equity instruments - listed shares			
Ordinary shares	264,205	239,785	175,684
Preference shares	<u>12,114</u>	<u>11,908</u>	<u>11,679</u>
	<u>\$ 290,646</u>	<u>\$ 266,455</u>	<u>\$ 223,326</u>

Non-Current

	March 31, 2022	December 31, 2021	March 31, 2021
Domestic equity investments - listed shares			
Emerging market shares	\$ 47,792	\$ 50,400	\$ -
Domestic unlisted shares	<u>31,000</u>	<u>31,000</u>	<u>-</u>
	<u>\$ 78,792</u>	<u>\$ 81,400</u>	<u>\$ -</u>

These investments in equity instruments are held by the Corporation and its subsidiaries' strategy and are not for the purposes of trading and short-term profit. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	March 31, 2022	December 31, 2021	March 31, 2021
Corporate bonds	\$ 4,055	\$ 3,906	\$ 3,910
Less: Allowance for impairment loss	<u>(4,055)</u>	<u>(3,906)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,910</u>

10. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable (Operating)			
At amortized cost			
Gross carrying amount	<u>\$ 119,978</u>	<u>\$ 83,569</u>	<u>\$ 62,384</u>
Accounts receivable (including related parties)			
At amortized cost			
Gross carrying amount	<u>\$ 701,744</u>	<u>\$ 610,328</u>	<u>\$ 514,266</u>

The average credit period of sales of goods was 30-90 days. No interest was charged on accounts receivables. The Corporation and its subsidiaries adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, management of the Corporation and its subsidiaries has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Corporation and its subsidiaries reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes that the Corporation and its subsidiaries' credit risk was significantly reduced.

The expected credit losses on notes and accounts receivable are estimated using a provision matrix prepared by reference to past default experience of the customer and an analysis of the customer's current financial position, adjusted for general economic conditions of the industry in which the customer operates, as well as an assessment of industry outlook at the reporting date. As the Corporation and its subsidiaries' 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 is not further distinguished according to the Corporation and its subsidiaries' different customer base. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Corporation and its subsidiaries' have no allowance for impairment.

The following table details the loss allowance of notes and accounts receivables based on the Corporation and its subsidiaries' provision matrix.

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 (%)	-	-	-	-	-	-	
Gross carrying amount	\$ 799,262	\$ 12,324	\$ 3,558	\$ 6,578	\$ -	\$ -	\$ 821,722
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 799,262</u>	<u>\$ 12,324</u>	<u>\$ 3,558</u>	<u>\$ 6,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 821,722</u>

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	\$ 653,902	\$ 39,995	\$ -	\$ -	\$ -	\$ -	\$ 693,897
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 653,902</u>	<u>\$ 39,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,897</u>

March 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	-	
Gross carrying amount	\$ 563,804	\$ 8,990	\$ 3,411	\$ 445	\$ -	\$ -	\$ 576,650
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 563,804</u>	<u>\$ 8,990</u>	<u>\$ 3,411</u>	<u>\$ 445</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 576,650</u>

There were no movements of the loss allowance of notes and accounts receivable for the three months ended March 31, 2022 and 2021.

11. INVENTORIES

	March 31, 2022	December 31, 2021	March 31, 2021
Finished goods	\$ 529,741	\$ 634,503	\$ 685,117
Work in progress	186,940	137,037	133,578
Raw materials	108,847	90,102	97,387
Supplies	<u>125,319</u>	<u>116,288</u>	<u>112,435</u>
	<u>\$ 950,847</u>	<u>\$ 977,930</u>	<u>\$1,028,517</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2022 and 2021 was NT\$1,841,815 thousand and NT\$1,303,248 thousand, respectively. The cost of goods sold included inventory write-downs and reversal of gain NT\$13,355 thousand and loss NT\$22,193 thousand, respectively.

12. OTHER FINANCIAL ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Current			
Restricted deposits	<u>\$ 29,115</u>	<u>\$ 97,886</u>	<u>\$ 136,858</u>

Since the Corporation applied The Management, Utilization, and Taxation of Repatriated Offshore Funds Act, the earnings remitted from overseas subsidiary were recognized as restricted deposits and determined whether they were current or non-current based on the expected time of use of funds.

13. SUBSIDIARIES

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%)		
			March 31, 2022	December 31, 2021	March 31, 2021
China Steel Chemical Corporation (CSCC)	Ever Wealthy International Corporation (EWI)	General investment	100	100	100
	Formosa Ha Tinh CSCC (Cayman) International Limited (CSCCC)	General investment	50	50	50
Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd. (CCSNM)	Processing and trading of asphalt mesocarbon microbeads product sorting	100	100	100

In October 2015, the Corporation entered into a joint venture and collaboration agreement with Formosa Ha Tinh (Cayman) and Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh). According to the agreement, CSCCC was to be established through a joint investment from the Corporation and Formosa Ha Tinh (Cayman) in which the Corporation would own 50% of the equity. CSCCC mainly engages in the processing and sale of the by-products produced by Formosa Ha Tinh such as coal tar products, naphtha products and coke. CSCCC was established in January 2016 with a paid-in capital of USD10,000 thousand

from the Corporation. As of March 31, 2022, USD3,000 thousand has been paid to this account.

According to the joint venture and collaboration agreement, CSCCC should pay USD18,580 thousand to Formosa Ha Tinh to acquire the underwriting premium from Formosa Ha Tinh for its produced coal tar products, naphtha products and coke (listed under other non-current assets). As of March 31, 2022, this account has not been paid and is listed under other payables.

Due to restriction on external laws affecting the execution of the aforementioned joint venture and collaboration agreement, the Corporation and its subsidiary, CSCCC, concluded a supplementary agreement to suspend capital injection and the royalties payable for underwriting premium. Both parties will evaluate the future development and direction of cooperation before deciding on follow-up matters (until December 31, 2022). The resolution was reported and approved by the board of directors on August 3, 2021.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

The Corporation and its subsidiaries' investments accounted for by equity method were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Material associates			
CHC Resources Corporation (CHC)	\$ 363,327	\$ 347,996	\$ 337,780
Transglory Investment Corporation (TIC)	950,801	861,237	628,805
CSC Solar Corporation (CSCSC)	<u>287,960</u>	<u>285,818</u>	<u>291,522</u>
	1,602,088	1,495,051	1,258,107
Associates that are not individually material	<u>581,699</u>	<u>573,916</u>	<u>527,573</u>
	<u>\$ 2,183,787</u>	<u>\$ 2,068,967</u>	<u>\$ 1,785,680</u>

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights (%)		
	March 31, 2022	December 31, 2021	March 31, 2021
CHC	6	6	6
TIC	9	9	9
CSCSC	15	15	15

Refer to Table 6 "Information on Inventories" for the nature of activities, principal places of business and countries of incorporation of the above associates.

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
CHC	<u>\$ 716,423</u>	<u>\$ 681,127</u>	<u>\$ 699,150</u>

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

CHC

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 2,898,086	\$ 2,798,678	\$ 3,008,084
Non-current assets	10,305,332	10,329,853	10,373,066
Current liabilities	(3,005,894)	(2,762,857)	(2,923,456)
Non-current liabilities	<u>(3,953,483)</u>	<u>(4,380,828)</u>	<u>(4,651,951)</u>
Equity	6,244,041	5,984,846	5,805,743
Non-controlling interests	<u>(228,695)</u>	<u>(223,329)</u>	<u>(213,356)</u>
	<u>\$ 6,015,346</u>	<u>\$ 5,761,517</u>	<u>\$ 5,592,387</u>
Proportion of the Corporation and its subsidiaries' ownership (%)	6	6	6
Equity attributable to the Corporation and its subsidiaries	<u>\$ 363,327</u>	<u>\$ 347,996</u>	<u>\$ 337,780</u>
Carrying amount	<u>\$ 363,327</u>	<u>\$ 347,996</u>	<u>\$ 337,780</u>

**For the Three Months Ended
March 31**

	2022	2021
Operating revenue	<u>\$ 2,756,677</u>	<u>\$ 2,592,134</u>
Net profit for the period	\$ 187,366	\$ 199,226
Other comprehensive income	<u>71,829</u>	<u>21,977</u>
Total comprehensive income	<u>\$ 259,195</u>	<u>\$ 221,203</u>

TIC

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 884	\$ 1,052	\$ 2,905
Non-current assets	10,445,987	9,470,285	6,909,938
Current liabilities	<u>(112,076)</u>	<u>(110,059)</u>	<u>(78,012)</u>
Equity	<u>\$ 10,334,795</u>	<u>\$ 9,361,278</u>	<u>\$ 6,834,831</u>
Proportion of the Corporation and its subsidiaries' ownership (%)	9	9	9
Equity attributable to the Corporation and its subsidiaries	<u>\$ 950,801</u>	<u>\$ 861,237</u>	<u>\$ 628,805</u>
Carrying amount	<u>\$ 950,801</u>	<u>\$ 861,237</u>	<u>\$ 628,805</u>

	For the Three Months Ended March 31	
	2022	2021
Operating Revenue	\$ <u> -</u>	\$ <u> -</u>
Net loss for the period	\$ (2,550)	\$ (2,877)
Other comprehensive income	<u>976,067</u>	<u>311,882</u>
Total comprehensive income	\$ <u>973,517</u>	\$ <u>309,005</u>

CSCSC

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 109,070	\$ 98,219	\$ 323,042
Non-current assets	3,983,415	3,920,985	4,055,470
Current liabilities	(937,754)	(692,403)	(682,062)
Non-current liabilities	<u>(1,234,999)</u>	<u>(1,421,350)</u>	<u>(1,752,967)</u>
Equity	\$ <u>1,919,732</u>	\$ <u>1,905,451</u>	\$ <u>1,943,483</u>
Proportion of the Corporation and its subsidiaries' ownership (%)	15	15	15
Equity attributable to the Corporation and its subsidiaries	\$ <u>287,960</u>	\$ <u>285,818</u>	\$ <u>291,522</u>
Carrying amount	\$ <u>287,960</u>	\$ <u>285,818</u>	\$ <u>291,522</u>

	For the Three Months Ended March 31	
	2022	2021
Operating Revenue	\$ <u>96,079</u>	\$ <u>105,286</u>
Net profit for the period	\$ 14,247	\$ 29,779
Other comprehensive income	<u>33</u>	<u>246</u>
Total comprehensive income	\$ <u>14,280</u>	\$ <u>30,025</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2022	2021
The Corporation and its subsidiaries' share of		
Net profit for the period	\$ 8,667	\$ 5,603
Other comprehensive income	<u>5,885</u>	<u>8,892</u>
Total comprehensive income	\$ <u>14,552</u>	\$ <u>14,495</u>

With the exception of listed Companies, United Steel International Development Co. (USID), TIC, Eminent Venture Capital Corporation, HIMAG Magnetic Corporation and CSC Solar Corporation, which financial statements were reviewed, the investments of the Corporation and its subsidiaries accounted for using the equity method as of March 31, 2022 and 2021 and the related share of the comprehensive income for the three months ended March 31, 2022 and 2021, were calculated based on the unreviewed financial statements of the investees. The Corporation and its subsidiaries' management considered the use of unreviewed financial statements as acceptable and will not have material impact on the equity method investments and income.

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

15. PROPERTY, PLANT AND EQUIPMENT

For the Three Months Ended March 31, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2022	\$ 1,145,237	\$ 1,555,291	\$ 5,591,413	\$ 162,171	\$ 196,053	\$ 128,944	\$ 8,779,109
Additions	-	2,543	51,731	-	1,556	28,960	84,790
Disposals	-	-	(31,746)	-	(1,000)	-	(32,746)
Effect of foreign currency exchange differences	-	-	1,330	162	822	-	2,314
Balance at March 31, 2022	<u>\$ 1,145,237</u>	<u>\$ 1,557,834</u>	<u>\$ 5,612,728</u>	<u>\$ 162,333</u>	<u>\$ 197,431</u>	<u>\$ 157,904</u>	<u>\$ 8,833,467</u>
Accumulated depreciation							
Balance at January 1, 2022	\$ -	\$ 519,209	\$ 4,059,111	\$ 122,489	\$ 140,981	\$ -	\$ 4,841,790
Depreciation expense	-	18,727	75,018	3,942	3,522	-	101,209
Disposals	-	-	(30,473)	-	(999)	-	(31,472)
Effect of foreign currency exchange differences	-	-	496	132	689	-	1,317
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 537,936</u>	<u>\$ 4,104,152</u>	<u>\$ 126,563</u>	<u>\$ 144,193</u>	<u>\$ -</u>	<u>\$ 4,912,844</u>
Carrying amount at December 31, 2021	<u>\$ 1,145,237</u>	<u>\$ 1,036,082</u>	<u>\$ 1,532,302</u>	<u>\$ 39,682</u>	<u>\$ 55,072</u>	<u>\$ 128,944</u>	<u>\$ 3,937,319</u>
Carrying amount at March 31, 2022	<u>\$ 1,145,237</u>	<u>\$ 1,019,898</u>	<u>\$ 1,508,576</u>	<u>\$ 35,770</u>	<u>\$ 53,238</u>	<u>\$ 157,904</u>	<u>\$ 3,920,623</u>

For the Three Months Ended March 31, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2021	\$ 1,145,237	\$ 1,541,464	\$ 5,421,564	\$ 159,595	\$ 195,089	\$ 159,210	\$ 8,622,159
Additions	-	19,641	145,081	2,628	395	(106,889)	60,856
Disposals	-	-	(2,948)	(61)	-	-	(3,009)
Effect of foreign currency exchange differences	-	(8,115)	(8,390)	(33)	(166)	-	(16,704)
Balance at March 31, 2021	<u>\$ 1,145,237</u>	<u>\$ 1,552,990</u>	<u>\$ 5,555,307</u>	<u>\$ 162,129</u>	<u>\$ 195,318</u>	<u>\$ 52,321</u>	<u>\$ 8,663,302</u>
Accumulated depreciation							
Balance at January 1, 2021	\$ -	\$ 444,322	\$ 3,794,584	\$ 107,044	\$ 128,184	\$ -	\$ 4,474,134
Depreciation expense	-	18,611	79,322	4,136	3,724	-	105,793
Disposals	-	-	(2,948)	(60)	-	-	(3,008)
Effect of foreign currency exchange differences	-	-	(87)	(23)	(131)	-	(241)
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 462,933</u>	<u>\$ 3,870,871</u>	<u>\$ 111,097</u>	<u>\$ 131,777</u>	<u>\$ -</u>	<u>\$ 4,576,678</u>
Carrying amount at March 31, 2021	<u>\$ 1,145,237</u>	<u>\$ 1,090,057</u>	<u>\$ 1,684,436</u>	<u>\$ 51,032</u>	<u>\$ 63,541</u>	<u>\$ 52,321</u>	<u>\$ 4,086,624</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Buildings
Main structure
Facility

2-50 years
5-25 years
(Continued)

Machinery and equipment	
Power equipment	3-20 years
Examination equipment	3-10 years
Computer equipment	3-10 years
Transportation equipment	
Transportation equipment	3-10 years
Telecommunication equipment	3-10 years
Other equipment	
Extinguishment equipment	5-10 years
Air condition and utilities equipment	3-10 years
Monitoring, office and other equipment	3-10 years
	(Concluded)

16. LEASE AGREEMENT

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amounts			
Land	\$ 330,268	\$ 333,474	\$ 344,842
Machinery	229,772	231,082	238,992
Buildings	<u>94,315</u>	<u>82,322</u>	<u>83,373</u>
	<u>\$ 654,355</u>	<u>\$ 646,878</u>	<u>\$ 667,207</u>
		For the Three Months Ended March 31	
		2022	2021
Additions to right-of-use assets		<u>\$ 13,944</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land		\$ 3,796	\$ 3,789
Machinery		2,645	2,629
Buildings		<u>2,679</u>	<u>2,663</u>
		<u>\$ 9,120</u>	<u>\$ 9,081</u>

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amounts			
Current	<u>\$ 32,155</u>	<u>\$ 29,251</u>	<u>\$ 31,102</u>
Non-current	<u>\$ 605,129</u>	<u>\$ 606,284</u>	<u>\$ 615,818</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.4703	1.4703	1.4703
Machinery	1.4703	1.4703	1.4703
Buildings	0.6253-3.0000	0.6972-3.0000	0.8626-3.0000

c. Material lease activities and terms

The Corporation and its subsidiaries' leases machineries for the use of product manufacturing with lease terms of 23 to 25 years. These arrangements do not contain renewal or purchase options. Some lease arrangements for equipment that lease payments will be adjusted every year on the basis of changes in the Consumer Price Index.

The Corporation and its subsidiaries' also leases land and buildings use of factories with lease terms of 2 to 45 years. The rents were calculated according to 3% of the announced total present value or 6% of the announced total land value. The Corporation and its subsidiaries do not have renewal or purchase option to the right-of-use assets. The Corporation and its subsidiaries will not transfer or sublet all or parts of the leased premises without lessors' approval.

d. Other lease information

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases	\$ <u>1,033</u>	\$ <u>1,052</u>
Total cash outflow for all lease agreements (including short-term lease agreements)	\$ <u>(17,547)</u>	\$ <u>(17,525)</u>

Refer to Note 17 for the Corporation and its subsidiaries leasing their own investment properties in operating leases.

17. INVESTMENT PROPERTIES

For the three months ended March 31, 2022 and 2021

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and March 31, 2021, 2020	\$ <u>561,813</u>	\$ <u>47,665</u>	\$ <u>609,478</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1 and March 31, 2021, 2020	\$ <u>8,825</u>	\$ <u>47,665</u>	\$ <u>56,490</u>
Carrying amount at January 1 and March 31, 2021, 2020	\$ <u>552,988</u>	\$ <u>-</u>	\$ <u>552,988</u>

The lease term of investment properties is 3 years. The rent was calculated according to 3% of the announced total present value. The leases do not have renewal or purchase option at the end of the lease period.

The total lease payment receivable in the future from leasing of investment properties in operating lease is as follow:

	March 31, 2022	December 31, 2021	March 31, 2021
Lease commitments of investment properties	<u>\$ 53,181</u>	<u>\$ 56,911</u>	<u>\$ 68,101</u>

The Corporation's investment properties of buildings are depreciated in 50 years by straight-line depreciation method.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the fair value of investment properties was NT\$926,715 thousands NT\$926,715 thousand and NT\$895,837 thousand. The fair value was based on the Corporation's management have adopted the evaluation model used by market participants using Level 3 inputs and with reference to comparison of the similar transaction price in the market. The significant and unobservable inputs included the rate of capitalization of return and related fee rates.

All of the Corporation's investment properties are held under freehold interests.

Refer to Note 29 for the lease transactions conducted with related party.

18. OTHER NONCURRENT ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Product underwriting premium (Note 13)	\$ 531,852	\$ 514,294	\$ 530,180
Deferred charges	38,495	40,610	37,563
Restricted deposits (Note 12)	<u>-</u>	<u>-</u>	<u>58,382</u>
	<u>\$ 570,347</u>	<u>\$ 554,904</u>	<u>\$ 626,125</u>

19. BORROWINGS

a. Short-term borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Bank loans	\$ 784,000	\$ 884,000	\$ 784,000
Letters of credit borrowings	<u>15,199</u>	<u>17,641</u>	<u>29,731</u>
	<u>\$ 799,199</u>	<u>\$ 901,641</u>	<u>\$ 813,731</u>
Range of interest rate (%)	0.93-1.1799	0.72-1.02	0.72-1.02

b. Short-term bills payable

	March 31, 2022	December 31, 2021	March 31, 2021
Commercial paper	\$ -	\$ -	\$ 20,000
Less: Unamortized discounts on bills payable	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>
Range of interest rate (%)	-	-	0.868

The above commercial papers were secured by China Bills Finance Corporation.

c. Long-term bank borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Secured bank loans			
Due on various dates through February, 2024	\$ 950,000	\$ 1,100,000	\$ 1,550,000
Less: Current portion	<u>-</u>	<u>-</u>	<u>500,000</u>
	<u>\$ 950,000</u>	<u>\$ 1,100,000</u>	<u>\$ 1,050,000</u>
Range of interest rate (%)	0.7903-1.0346	0.79-0.9416	0.8771-1.1955

In May 2018, the Corporation entered into a credit facility agreement with KGI Bank for a NT\$500,000 thousand credit line. The Corporation applied for the extension of the agreement period to 2023 in June 2020. Under the agreement, based on the Corporation's quarterly reviewed consolidated financial statements and audited annual consolidated financial statements, which shall be verified quarterly the consolidated profit from operations of the Corporation shall not be negative for two consecutive quarters. Otherwise, the credit line shall be cancelled until the quarter profit from operation becomes positive. The Corporation and its subsidiaries did not violate the provision.

20. OTHER PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Royalties (Note 13)	\$ 529,934	\$ 512,439	\$ 528,268
Salaries and incentive bonus	96,866	116,528	55,974
Employees' compensation and remuneration of directors	74,242	58,634	52,748
Outsourced repair and construction	21,851	42,258	36,742
Soil remediation expense	17,900	22,239	28,798
Purchase of equipment	12,290	510	4,111
Dividend payable	6,823	6,823	6,132
Others (freight, commission and insurance, etc.)	<u>33,117</u>	<u>36,245</u>	<u>26,306</u>
	<u>\$ 793,023</u>	<u>\$ 795,676</u>	<u>\$ 739,079</u>

21. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2022 and 2021, the pension expenses of defined benefit plans were NT\$1,257 thousand and NT\$1,744 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

22. EQUITY

a. Ordinary share capital

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
Shares authorized	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>236,904</u>	<u>236,904</u>	<u>236,904</u>
Shares issued	<u>\$ 2,369,044</u>	<u>\$ 2,369,044</u>	<u>\$ 2,369,044</u>

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

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset deficits, distribute cash or transfer to share capital (see note below)			
Additional paid-in capital	\$ 218	\$ 218	\$ 218
Treasury share transactions	881,434	881,434	868,124
May be used to offset deficits only			
Share of change in equity of associates	<u>2,138</u>	<u>2,137</u>	<u>2,137</u>
	<u>\$ 883,790</u>	<u>\$ 883,789</u>	<u>\$ 870,479</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital.

c. Retained earnings and dividend policy

Under the dividend policy, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders.

The Corporation is currently in a growing industry environment and the Corporation intends to take advantage of the economic environment to seek for a sustainable operation. The Corporation's dividend policy is to focus on dividend stability and growth by referring to future operating conditions; also, the

Corporation should distribute not less than 50% of distributable earnings, and cash dividend may not be less than 50% of the amount distributed.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset 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 appropriation of earnings for 2021 and 2020 had been proposed by the board of directors in February 2022 and approved in the shareholder's meeting in July 2021, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2021	2020	2021	2020
Legal reserve	\$ 109,470	\$ 71,898		
Recognized of special reserve	-	16,317		
Cash dividends	947,618	615,952	\$ 4	\$ 2.6

In addition, the Corporation's board of directors resolved to distribute cash from legal reserve of NT\$47,381 thousand at NT\$0.2 per share, totaling NT\$2.8 per share for 2020.

The appropriation of earnings for 2021 is subject to the resolution in the shareholders' meeting to be held in June 2022.

d. Other equity items

1) Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2022	2021
Balance, beginning of period	\$ (91,078)	\$ (84,747)
Recognized during the period		
Exchange differences arising on translating foreign operations	15,341	(604)
Share of exchange difference of associates accounted for using the equity method	<u>2,518</u>	<u>74</u>
Balance, end of period	<u>\$ (73,219)</u>	<u>\$ (85,277)</u>

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2022	2021
Balance, beginning of period	<u>\$ 269,420</u>	<u>\$ (108,407)</u>

(Continued)

	For the Three Months Ended March 31	
	2022	2021
Recognized during the period		
Unrealized gains and losses - debt instruments	\$ (435)	\$ (2,097)
Unrealized gains and losses - equity instruments	22,018	7,801
Share from associates accounted for using the equity method	<u>97,269</u>	<u>38,881</u>
Other comprehensive income recognized in the period	<u>118,852</u>	<u>44,585</u>
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	<u>(1,034)</u>	<u>(370)</u>
Balance, end of period	<u>\$ 387,238</u>	<u>\$ (64,192)</u> (Concluded)

3) Gains and losses on hedge instruments (cash flow hedges)

	For the Three Months Ended March 31	
	2022	2021
Balance, beginning of period	\$ (12)	\$ 4
Recognized during the period		
Share of fair value changes of hedging instruments of associates accounted for using the equity method	<u>13</u>	<u>(7)</u>
Balance, end of period	<u>\$ 1</u>	<u>\$ (3)</u>

e. Non-controlling interests

	For the Three Months Ended March 31	
	2022	2021
Balance, beginning of period	\$ 266,738	\$ 276,257
Net profit (loss) for the period	3	(1,037)
Exchange difference on translating foreign operations	<u>9,107</u>	<u>527</u>
Balance, end of period	<u>\$ 275,848</u>	<u>\$ 275,747</u>

f. Treasury shares

The Corporation's shares acquired and held by subsidiary - EWI for the purpose of investment accounted for as treasury shares were as follows (number of shares in thousands):

For the Three Months Ended March 31, 2022

Beginning of period		Decrease during the period			End of period		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	<u>\$ 117,638</u>	-	<u>\$ -</u>	<u>\$ -</u>	4,754	<u>\$ 117,638</u>	<u>\$ 553,787</u>

For the Three Months Ended March 31, 2021

Beginning of period		Decrease during the period			End of period		
Number of Shares Held	Carrying Amount	Number of Shares Held	Carrying Amount	Selling Price	Number of Shares Held	Carrying Amount	Market Price
4,754	\$ 117,638	-	\$ -	\$ -	4,754	\$ 117,638	\$ 511,005

The Corporation's shares held by the subsidiaries are accounted for as treasury shares with all shareholders' rights, except the rights to participate in the Corporation's capital increase in cash and right to vote.

23. OPERATING REVENUE

	For the Three Months Ended March 31	
	2022	2021
Revenue from contracts with customers		
Revenue from chemical product production and sale	\$ 1,918,552	\$ 1,435,904
Revenue from trading	434,109	203,862
Revenue from the rendering of services	25,005	26,437
	<u>2,377,666</u>	<u>1,666,203</u>
Revenue from investment		
Gain (loss) on fair value change of financial assets at FVTPL	(9,572)	479
Share of the profit of associates	4,818	2,174
	<u>(4,754)</u>	<u>2,653</u>
	<u>\$ 2,372,912</u>	<u>\$ 1,668,856</u>

a. Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Notes and accounts receivables (including related parties)	<u>\$ 821,722</u>	<u>\$ 693,897</u>	<u>\$ 576,650</u>	<u>\$ 446,179</u>
Contract liabilities				
Sale of goods	<u>\$ 144,526</u>	<u>\$ 49,541</u>	<u>\$ 70,265</u>	<u>\$ 12,088</u>

The changes in the contract liability balances primarily result from the timing difference between the Corporation and its subsidiaries' satisfaction performance of obligation and the respective customer's payment.

Revenue in the current year that was recognized from the balance at the beginning of the year contract liability was summarized as follows:

	For the Three Months Ended March 31	
	2022	2021
From contract liabilities as the beginning of the year		
Sale of goods	<u>\$ 48,377</u>	<u>\$ 12,079</u>

b. Disaggregation of revenue

For the three months ended March 31, 2022

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Investment Product	Total
Type of goods or services				
Sale of goods	\$ 1,918,552	\$ 434,109	\$ -	\$ 2,352,661
Rendering of services	25,005	-	-	25,005
Others	<u>-</u>	<u>-</u>	<u>(4,754)</u>	<u>(4,754)</u>
	<u>\$ 1,943,557</u>	<u>\$ 434,109</u>	<u>\$ (4,754)</u>	<u>\$ 2,372,912</u>

For the three months ended March 31, 2021

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Investment Product	Total
Type of goods or services				
Sale of goods	\$ 1,435,904	\$ 203,862	\$ -	\$ 1,639,766
Rendering of services	26,437	-	-	26,437
Others	<u>-</u>	<u>-</u>	<u>2,653</u>	<u>2,653</u>
	<u>\$ 1,462,341</u>	<u>\$ 203,862</u>	<u>\$ 2,653</u>	<u>\$ 1,668,856</u>

24. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Interest income

	For the Three Months Ended March 31	
	2022	2021
Bank deposits	\$ 132	\$ 212
Financial assets at amortized cost	759	889
Investment in debt instruments at FVOCI	300	46
Others	<u>3</u>	<u>2</u>
	<u>\$ 1,194</u>	<u>\$ 1,149</u>

b. Other income

	For the Three Months Ended March 31	
	2022	2021
Income from sale of prototype product trials	\$ 9,485	\$ 4,971
Rental income (Note 29)	4,174	4,175
Income from insurance	1,919	-
Income from sale of fixed assets	1,913	70
Income from sale of scrap and wastes	1,683	846
Subsidy income	-	10,318
Others	<u>1,607</u>	<u>1,659</u>
	<u>\$ 20,781</u>	<u>\$ 22,039</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2022	2021
Net foreign exchange gain (loss)	\$ 22,106	\$ (4,408)
Loss on fair value change of financial assets mandatorily at FVTPL	(9,489)	(6,389)
Loss on disposal of property, plant and equipment	(1,274)	(1)
Others	<u>(22)</u>	<u>(29)</u>
	<u>\$ 11,321</u>	<u>\$ (10,827)</u>

The components of net foreign exchange gains (losses) were as follows:

	For the Three Months Ended March 31	
	2022	2021
Foreign exchange gains	\$ 24,047	\$ 8,109
Foreign exchange losses	<u>(1,941)</u>	<u>(12,517)</u>
Net foreign exchange gains (losses)	<u>\$ 22,106</u>	<u>\$ (4,408)</u>

d. Interest expenses

	For the Three Months Ended March 31	
	2022	2021
Interest on bank loans	\$ 4,251	\$ 6,166
Interest on lease liabilities	<u>2,506</u>	<u>2,574</u>
	<u>\$ 6,757</u>	<u>\$ 8,740</u>

e. Depreciation and amortization

	For the Three Months Ended March 31	
	2022	2021
Property, plant and equipment	\$ 101,209	\$ 105,793
Right-of-use assets	9,120	9,081
Other non-current assets	<u>2,471</u>	<u>2,287</u>
	<u>\$ 112,800</u>	<u>\$ 117,161</u>
An analysis of depreciation by function		
Operating costs	\$ 98,080	\$ 101,386
Operating expenses	<u>12,249</u>	<u>13,488</u>
	<u>\$ 110,329</u>	<u>\$ 114,874</u>
An analysis of amortization by function		
Operating costs	<u>\$ 2,471</u>	<u>\$ 2,287</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits		
Salaries	\$ 124,881	\$ 108,008
Labor and health insurance	7,194	6,859
Others	<u>6,125</u>	<u>4,417</u>
	<u>138,200</u>	<u>119,284</u>
Post-employment benefits		
Defined contribution plans	2,191	2,153
Defined benefit plans (Note 21)	<u>1,257</u>	<u>1,744</u>
	<u>3,448</u>	<u>3,897</u>
	<u>\$ 141,648</u>	<u>\$ 123,181</u>
An analysis by function		
Operating costs	\$ 86,453	\$ 93,148
Operating expenses	<u>55,195</u>	<u>30,033</u>
	<u>\$ 141,648</u>	<u>\$ 123,181</u>

g. Employees' compensation and remuneration of directors

The Articles of the Corporation stipulated the Corporation to distribute employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The employees' compensation and remuneration of directors for the three months ended March 31, 2022 and 2021, were as follows:

	For the Three Months Ended March 31	
	2022	2021
Compensation of employees	\$ 12,422	\$ 10,153
Remuneration of directors	2,484	2,031

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

The appropriations of employees' compensation and remuneration of directors (all paid in cash) for 2021 and 2020 which have been approved by the Corporation's board of directors in February 2022 and 2021, respectively, were as follows:

	For the Year Ended December 31, 2021		For the Year Ended December 31, 2020	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	<u>\$ 49,446</u>	<u>\$ 9,889</u>	<u>\$ 33,803</u>	<u>\$ 6,761</u>
Amounts recognized in the annual consolidated financial statements	<u>\$ 48,862</u>	<u>\$ 9,772</u>	<u>\$ 31,518</u>	<u>\$ 6,304</u>

The difference amounts above were recognized in profit and loss for the three months ended March 31, 2022 and 2021.

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

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current period	\$ 75,135	\$ 51,200
Adjustments under the Alternative Minimun Tax Act	<u>2,252</u>	<u>473</u>
	<u>\$ 77,387</u>	<u>\$ 51,673</u>

b. Income tax assessments

The Corporation and EWI's income tax returns through 2020 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended March 31	
	2022	2021
Net profit attributable to owners of the Corporation	<u>\$ 343,410</u>	<u>\$ 235,059</u>

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

	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares outstanding	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	<u>4,754</u>	<u>4,754</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	232,150	232,150
Plus: Effect of dilutive potential ordinary shares - employees' compensation	<u>355</u>	<u>285</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>232,505</u>	<u>232,435</u>

Since the Corporation is allowed to settle compensation paid to employees by cash or shares, the Corporation assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

27. CAPITAL MANAGEMENT

The capital management of the Corporation and its subsidiaries is aimed at ensuring effective use of capital and ensuring a smooth operation and ensuring optimized debt and equity balance. The overall strategies of the Corporation and its subsidiaries have not significantly changed for the three months ended March 31, 2022. The capital structure of the Corporation and its subsidiaries consist of net liabilities and equity. Except for the description of Note 19, without any need for complying with other external capital requirements. The Corporation and its subsidiaries review capital structure on a quarterly basis, including the consideration of capital costs and related risks. Currently, the equity in the capital structure is greater than liabilities and it will be used to pay for dividends or debts; also, the Corporation and its subsidiaries have invested in financial instruments as part of capital and fund management.

28. FINANCIAL INSTRUMENTS

a. 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, 2022</u>				
Financial assets at FVTPL				
Mutual funds	\$ 572,692	\$ -	\$ -	\$ 572,692
Domestic listed shares	64,970	-	-	64,970
Emerging market shares	-	-	27,131	27,131
Domestic unlisted shares	-	-	55,107	55,107
Financial bonds	<u>49,014</u>	<u>-</u>	<u>-</u>	<u>49,014</u>
	<u>\$ 686,676</u>	<u>\$ -</u>	<u>\$ 82,238</u>	<u>\$ 768,914</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 276,319	\$ -	\$ -	\$ 276,319
Emerging market shares	-	-	47,792	47,792
Domestic unlisted shares	-	-	31,000	31,000
Financial bonds	<u>14,327</u>	<u>-</u>	<u>-</u>	<u>14,327</u>
	<u>\$ 290,646</u>	<u>\$ -</u>	<u>\$ 78,792</u>	<u>\$ 369,438</u>
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Mutual funds	\$ 546,669	\$ -	\$ -	\$ 546,669
Domestic listed shares	89,908	-	-	89,908
Emerging market shares	-	-	27,131	27,131
Domestic unlisted shares	-	-	54,071	54,071
Financial bonds	<u>52,298</u>	<u>-</u>	<u>-</u>	<u>52,298</u>
	<u>\$ 688,875</u>	<u>\$ -</u>	<u>\$ 81,202</u>	<u>\$ 770,077</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 251,693	\$ -	\$ -	\$ 251,693
Emerging market shares	-	-	50,400	50,400
Domestic unlisted shares	-	-	31,000	31,000
Financial bonds	<u>14,762</u>	<u>-</u>	<u>-</u>	<u>14,762</u>
	<u>\$ 266,455</u>	<u>\$ -</u>	<u>\$ 81,400</u>	<u>\$ 347,855</u>
<u>March 31, 2021</u>				
Financial assets at FVTPL				
Mutual funds	\$ 644,733	\$ -	\$ -	\$ 644,733
Domestic listed shares	112,134	-	-	112,134
Emerging market shares	-	-	23,948	23,948
Domestic unlisted shares	-	-	50,696	50,696

(Continued)

	Level 1	Level 2	Level 3	Total
Financial bonds	\$ 81,099	\$ -	\$ -	\$ 81,099
	<u>\$ 837,966</u>	<u>\$ -</u>	<u>\$ 74,644</u>	<u>\$ 912,610</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 187,363	\$ -	\$ -	\$ 187,363
Financial bonds	<u>35,963</u>	<u>-</u>	<u>-</u>	<u>35,963</u>
	<u>\$ 223,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,326</u>

(Continued)

There were no transfers between Level 1 and Level 2 for the three months ended March 31, 2022 and 2021.

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

For the three months ended March 31, 2022

	Equity Instrument		
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance, beginning of period	\$ 81,202	\$ 81,400	\$ 162,602
Recognized in profit or loss	1,036	-	1,036
Recognized in other comprehensive income	<u>-</u>	<u>(2,608)</u>	<u>(2,608)</u>
Balance, end of the period	<u>\$ 82,238</u>	<u>\$ 78,792</u>	<u>\$ 161,030</u>

For the three months ended March 31, 2021

	Equity Instrument		
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance, beginning of period	\$ 76,042	\$ -	\$ 76,042
Recognized in profit or loss	<u>(1,398)</u>	<u>-</u>	<u>(1,398)</u>
Balance, end of the period	<u>\$ 74,644</u>	<u>\$ -</u>	<u>\$ 74,644</u>

3) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

- a) The fair value of emerging market shares was based on the closing price adjusted for liquidity risk premium.
- b) The fair value of unlisted shares was based on the current net value or trading price.

b. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
<hr/> Financial assets <hr/>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL (including non-current)	\$ 768,914	\$ 770,077	\$ 912,610
Financial assets at FVTOCI			
Investments in equity instruments	355,111	333,093	187,363
Investments in debt instruments	14,327	14,762	35,963
Financial assets at amortized cost 1)	1,966,078	1,719,088	1,603,858
<hr/> Financial liabilities <hr/>			
Financial liabilities at amortized cost 2)	2,866,757	3,109,138	3,422,016

- 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, restricted deposit (including non-current), financial assets at amortized cost - non-current 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, long-term borrowings (including current portion of long-term borrowings) and guarantee deposit received.

c. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include equity and debt investments, accounts receivable, accounts payable, short-term and long-term borrowings. The Corporation and its subsidiaries' treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporation and its subsidiaries 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 Corporation and its subsidiaries' 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 Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation and its subsidiaries' activities exposed them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There had been no change to the Corporation and its subsidiaries' exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation and its subsidiaries had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts or were mitigated by future receivables and payables denominated in the same foreign currency.

The carrying amounts of the Corporation and its subsidiaries foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are set out in Note 31.

Sensitivity analysis

The Corporation and its subsidiaries were mainly exposed to the currencies USD and RMB. The following table details the Corporation and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 3% represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only the outstanding foreign monetary items at each balance sheet date. Scenario 1 in the following table indicates the profit and loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB appreciated by 3%. Scenario 2 in the following table indicates the profit and loss of the Corporation and its subsidiaries when the functional currency against the USD or RMB depreciated by 3%.

	USD Effect (Note)		RMB Effect (Note)	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2022	2021	2022	2021
Profit or loss in				
Scenario 1	\$ (7,085)	\$ (7,204)	\$ (3,431)	\$ (2,260)
Profit or loss in				
Scenario 2	7,085	7,204	3,431	2,260

Note: It was mainly derived from the cash and cash equivalents, accounts receivable, other receivables, restricted deposits (including noncurrent), financial assets at amortized cost - noncurrent, accounts payable, and other payables denominated in foreign currency without cash flow hedging arranged at the balance sheet date by the Corporation and its subsidiaries.

Changes in the exchange rate sensitivity of the Corporation and its subsidiaries for the three months ended March 31, 2022 and 2021 were mainly due to the decrease of USD and RMB assets. The management believes that the sensitivity analysis is not representative of the inherent risk of exchange rate since the foreign currency risk exposure at balance sheet date does not reflect the interim risk exposure; also, the sales denominated in USD and RMB will be affected by customer orders and shipping schedule.

b) Interest rate risk

The carrying amounts of the Corporation and its subsidiaries financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Fair value interest rate risk			
Financial liabilities	\$ 637,284	\$ 635,535	\$ 1,166,920
Cash flow interest rate risk			
Financial assets	534,726	386,965	435,900
Financial liabilities	950,000	1,100,000	1,050,000

Because of held financial liabilities, if interest rates had been 1% higher/lower and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the three months ended March 31, 2022 and 2021 would have decreased/increased by NT\$2,375 thousand and NT\$2,625 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries are exposed to equity price risk through their investments in listed shares and mutual funds; the risk is managed by maintaining a portfolio of investments with different risks. The equity price risk of the Corporation and its subsidiaries was primarily concentrated on the share and fund market in Taiwan and it was evaluated by the closing price of the equity securities and net value of the mutual funds on a monthly basis.

Sensitivity analysis

The sensitivity analysis measures the exposure to equity price risk at the balance sheet date. Considering the market price fluctuation of the Corporation and its subsidiaries' main investment targets, the fluctuation of 6% was used for the sensitivity analysis of equity securities.

If equity prices had been 6% higher/lower for the three months ended March 31, 2022 and 2021, respectively, the pre-tax profit for the three months ended March 31, 2022 and 2021 would have been higher/lower by NT\$38,260 thousand and NT\$45,412 thousand, respectively, as a result of the fair value changes of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2022 and 2021 would have been higher/lower by NT\$16,579 thousand and NT\$11,242 thousand, respectively, as a result of the changes in fair value of FVTOCI, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default resulting in financial loss to the Corporation and its subsidiaries. The Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of accounts receivables from customers could not be recovered. The main customers of the Corporation and its subsidiaries were creditworthy and continuously to evaluate the customers' financial condition. If necessary, the customers will be requested to provide collaterals or to pay cash for each transaction. The business department also understands the credit status of customers through industry reports. The credit risk was immaterial to Corporation and its subsidiaries.

The Corporation and its subsidiaries' concentrations of credit risk in total of notes and accounts receivable were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Customer A	<u>\$ 153,569</u>	<u>\$ 127,344</u>	<u>\$ 110,613</u>

3) Liquidity risk

The Corporation and its subsidiaries have supported business operation through management and by maintaining sufficient cash and cash equivalents or easily realizable financial instruments. In addition, the Corporation and its subsidiaries signed line of credit contracts with financial institutions for a ready source of funds to support the business operation of the Corporation and its subsidiaries.

The Corporation and its subsidiaries rely on bank borrowings as a significant source of liquidity. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Corporation and its subsidiaries had available unutilized short-term and long-term bank loan facilities in the amounts to NT\$5.2 billion, NT\$5 billion and NT\$5.2 billion, respectively.

Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Corporation and its subsidiaries remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation and its subsidiaries can be required to pay. The table included both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2022

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 1,120,059	\$ 3,530	\$ -	\$ 1,123,589
Lease liabilities	40,149	142,613	575,691	758,453
Variable interest rate liabilities	<u>810,729</u>	<u>955,775</u>	<u>-</u>	<u>1,766,504</u>
	<u>\$ 1,970,937</u>	<u>\$ 1,101,918</u>	<u>\$ 575,691</u>	<u>\$ 3,648,546</u>

December 31, 2021

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 1,109,697	\$ 3,480	\$ -	\$ 1,113,177
Finance lease liabilities	38,803	134,676	582,778	756,257
Variable interest rate liabilities	<u>911,512</u>	<u>1,108,649</u>	<u>-</u>	<u>2,020,161</u>
	<u>\$ 2,060,012</u>	<u>\$ 1,246,805</u>	<u>\$ 582,778</u>	<u>\$ 3,889,595</u>

March 31, 2021

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 1,038,724	\$ 4,857	\$ -	\$ 1,043,581
Lease liabilities	40,441	134,854	607,411	782,706
Variable interest rate liabilities	823,534	1,057,259	-	1,880,793
Fixed interest rate liabilities	<u>522,192</u>	<u>-</u>	<u>-</u>	<u>522,192</u>
	<u>\$ 2,424,891</u>	<u>\$ 1,196,970</u>	<u>\$ 607,411</u>	<u>\$ 4,229,272</u>

29. TRANSACTIONS WITH RELATED PARTIES

Related Party Name	Relationship with the Corporation
China Steel Corporation (CSC)	The parent entity of the Corporation
International CSRC Investment Holding Co., Ltd.	The Corporation as key management personnel of other related parties
Linyuan Advanced Materials Technology Co., Ltd. (Linyuan Advanced)	The Corporation as key management personnel of subsidiaries
E-One Moli Energy Corporation	The Corporation as key management personnel of subsidiaries
China Steel Structure Corporation	Fellow subsidiary
Dragon Steel Corporation (DSC)	Fellow subsidiary
Chung Hung Steel Corporation (CHS)	Fellow subsidiary
CHC Resources Corporation	Fellow subsidiary
Himag Magnetic Corporation	Fellow subsidiary
China Steel Global Trading Corporation	Fellow subsidiary
Steel Castle Technology Corporation	Fellow subsidiary
China Steel Security Corporation	Fellow subsidiary
Thintech Materials Technology Co., Ltd.	Fellow subsidiary
China Steel Precision Materials Corporation (CSPM)	Fellow subsidiary
China Ecotek Corporation	Fellow subsidiary
Betacera Inc.	Fellow subsidiary
CSC Solar Corporation	Fellow subsidiary
Pro-Ascentek Investment Corporation	Fellow subsidiary
Eminent Venture Capital Corporation	Fellow subsidiary
Formosa Ha Tinh (Cayman) Limited (Formosa Ha Tinh (Cayman))	Other related party
Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh)	Other related party
Eminent III Venture Capital Corporaiton	Associate

Details of transactions between the Corporation and its subsidiaries and related parties were as follows:

a. Operating revenue

Account Items	Related Party Category/Name	For the Three Months Ended March 31	
		2022	2021
Revenue from sales of goods	The Corporation as key management personnel of subsidiaries		
	Linyuan Advanced	\$ 354,699	\$ 272,600
	Others	<u>32,769</u>	<u>17,966</u>
		387,468	290,566
	Parent entity	3,716	3,692
	Fellow subsidiaries	<u>3,457</u>	<u>3,432</u>
		<u>\$ 394,641</u>	<u>\$ 297,690</u>
Revenue from the rendering of services	Parent entity	\$ 22,589	\$ 24,605
	Fellow subsidiaries	<u>2,360</u>	<u>1,753</u>
		<u>\$ 24,949</u>	<u>\$ 26,358</u>

Part of sales to the parent entity and fellow subsidiaries were charged at the cost plus additional percentage; sales to others were charged in accordance with the agreed pricing formula. Sales referred to above except for revenue from rendering of services from the parent entity and fellow subsidiaries, did not have similar transactions for comparison; but not significantly different from regular trading.

b. Purchase of goods

Related Party Category/Name	For the Three Months Ended March 31	
	2022	2021
Parent entity		
CSC	<u>\$ 646,403</u>	<u>\$ 502,866</u>
Fellow subsidiaries		
DSC	259,474	194,194
Others	<u>445</u>	<u>752</u>
	<u>259,919</u>	<u>194,946</u>
Other related parties		
Formosa Ha Tinh	<u>479,321</u>	<u>239,517</u>
	<u>\$ 1,385,643</u>	<u>\$ 937,329</u>

The Corporation entered into agreements for purchase of light oil products and coal tar with the parent entity in March 2013 and July 2010, respectively. Besides, the Corporation entered into agreements for purchase of light oil products and coal tar with DSC in May 2008. The terms of agreements were 5 years and the agreements would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party. Prices were negotiated between both sides and paid with letters of credit at sight. If any price adjustments occurred due to market volatilities, it shall be settled separately.

In addition, the Corporation entered into agreement for fine coke processing with the parent company for 5 years in January 2008; the agreement would be extended automatically for 5 years each time upon maturity if there was no objection raised by either party.

The Corporation and its subsidiaries entered into agreements for purchase of light oil products and coal tar (including coal tar (refined)) with Formosa Ha Tinh. The agreement would be extended automatically according to the negotiation. Prices were negotiated between both sides and paid 10 days after shipment. If any price adjustments occurred due to market volatilities, it shall be settled separately.

c. Receivables from related parties

Account Items	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable - related parties	Parent entity	\$ 11,294	\$ 11,529	\$ 11,376
	Fellow subsidiaries	2,272	757	1,146
	The Corporation as key management personnel of subsidiaries			
	Linyuan Advanced	153,569	127,344	110,613
	Others	<u>27,259</u>	<u>21,460</u>	<u>16,992</u>
		<u>\$ 194,394</u>	<u>\$ 161,090</u>	<u>\$ 140,127</u>
Other receivables	Parent entity			
	CSC	\$ 12,080	\$ 22,310	\$ 4,700
	Fellow subsidiaries	1,682	1,352	1,611
	Other related parties			
	Formosa Ha Tinh (Cayman)	<u>200,375</u>	<u>193,760</u>	<u>199,745</u>
		<u>\$ 214,137</u>	<u>\$ 217,422</u>	<u>\$ 206,056</u>

No guarantee had been received for receivables from related parties. For the three months ended March 31, 2022 and 2021, no impairment loss was recognized on receivables from related parties.

d. Payables to related parties

Account Items	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable - related parties	Parent entity			
	CSC	\$ 259,013	\$ 264,391	\$ 227,060
	Fellow subsidiaries	-	10	-
	Other related parties			
	Formosa Ha Tinh	<u>-</u>	<u>-</u>	<u>45,870</u>
		<u>\$ 259,013</u>	<u>\$ 264,401</u>	<u>\$ 272,930</u>
Other payables	Parent entity	\$ 8,249	\$ 9,854	\$ 7,113
	Fellow subsidiaries	116	321	776
	The Corporation as key management personnel of other related parties	4,125	3,257	2,930
	Other related parties			
	Formosa Ha Tinh	<u>529,934</u>	<u>512,439</u>	<u>528,268</u>
		<u>\$ 542,424</u>	<u>\$ 525,871</u>	<u>\$ 539,087</u>

The outstanding accounts payable to related parties were unsecured.

e. Acquisitions of property, plant and equipment

Related Party Category/Name	Purchase Price For the Three Months Ended March 31	
	2022	2021
Parent entity	\$ 10,800	\$ -
Fellow subsidiaries	<u>3,010</u>	<u>-</u>
	<u>\$ 13,810</u>	<u>\$ -</u>

The Corporation acquired of property, plant and equipment from related parties were negotiated between both sides and paid according to the contract.

f. Lease agreement

Account Items	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Lease liabilities	Parent entity - CSC	<u>\$ 570,502</u>	<u>\$ 580,090</u>	<u>\$ 595,623</u>
	Fellow subsidiaries			
	CSPM	49,767	49,665	48,557
	CHS	<u>5,207</u>	<u>5,780</u>	<u>585</u>
		<u>54,974</u>	<u>55,445</u>	<u>49,142</u>
		<u>\$ 625,476</u>	<u>\$ 635,535</u>	<u>\$ 644,765</u>

Account Items	Related Party Category/Name	For the Three Months Ended March 31	
		2022	2021
Interest expense	Parent entity - CSC	<u>\$ 2,108</u>	<u>\$ 2,192</u>
	Fellow subsidiaries		
	CSPM	375	372
	CHS	<u>10</u>	<u>3</u>
		<u>385</u>	<u>375</u>
		<u>\$ 2,493</u>	<u>\$ 2,567</u>

Leases of land and plants

The Corporation leased land and plants from its parent entity with total of 3 arrangements. The rental was calculated by an annual rate of 3% based on the current land value and an annual rate of 6% based on the announced land value, respectively. The lease term of the contracts was all 1 year or 5 years, which ended in December 2025 and 2026, respectively. The rental was paid every half year.

The Corporation also leased the coke plant from its parent entity. The lease term of the contract was 5 year, which ended in December 2026. The rental was paid every half year.

The Corporation and its subsidiaries' leased land and plants from its fellow subsidiary. The lease term will ended in December 2058. The rental was paid annually or quarterly according to the contract.

Leases from related parties were without similar transactions with other non-related parties.

Leases of office buildings

The Corporation leased office buildings from its parent entity. The lease term of the contract will ended in December 2022. The rental was paid quarterly. Prices were negotiated between both sides and rental was paid according to the contract. Prices were same as local rental and there was no material difference in the term of contract between related parties and non-related parties.

g. Lease arrangements

As described in Note 17, the Corporation leased out land, which was located in the Xiaogang District, Kaohsiung City to its parent entity. The rental was calculated by an annual rate of 3% based on the current land value. The rental is collected in advance every half year. The lease term of the contract will ended in December 2025. As of March 31, 2022, December 31, 2021 and March 31, 2021, the gross lease payments received were NT\$46,189 thousand, NT\$49,268 thousand and NT\$58,506 thousand, respectively. The amounts of lease income recognized for the three months ended March 31, 2022 and 2021 were both NT\$3,079 thousand.

h. Other related party transactions

1) Public fluid

The Corporation's factory was located inside the parent entity's plant; the primary energy needed for production was supplied by the parent entity. The Corporation paid on a monthly basis for expenses on public fluid, including electricity, wastewater treatment, waste gas treatment, consumption of steam, and coke ovens, based on market prices or cost plus percentage. The expenses mentioned above amounted to NT\$80,639 thousand and NT\$68,997 thousand for the three months ended March 31, 2022 and 2021, respectively. The Corporation and other non-related parties had no similar transactions available for comparison.

2) Compensation of key management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 8,830	\$ 9,391
Post-employment benefits	<u>234</u>	<u>309</u>
	<u>\$ 9,064</u>	<u>\$ 9,700</u>

The compensation of the directors and the other management was determined by the Remuneration Committee in accordance with the personal performance evaluation and market trends.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Corporation and its subsidiaries' significant commitments and contingencies as of March 31, 2022 were as follow:

- Guarantee notes provided to sellers for purchase of goods and agreements amounted to NT\$86,793 thousand.
- Unused balance of the letter of credit issued by the Corporation for the purchase of raw materials and goods in the amount of NT\$1,150,637 thousand.

- c. Property, plant and equipment construction contract signed for total amount of NT\$61,158 thousand, in which about NT\$24,205 thousand has not yet completed.

31. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant financial 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, 2022 <hr/>				
Financial assets				
Monetary items				
USD	\$ 19,263	28.625	(USD:NTD)	\$ 551,406
RMB	25,381	4.506	(RMB:NTD)	114,366
JPY	37,338	0.2353	(JPY:NTD)	8,786
Non-monetary items				
Financial assets mandatorily designated as at FVTPL				
USD	6,832	28.625	(USD:NTD)	195,581
Financial assets at FVOCI				
USD	501	28.625	(USD:NTD)	14,327
Financial liabilities				
Monetary items				
USD	8,503	28.625	(USD:NTD)	243,400
USD	2,510	6.353	(USD:RMB)	71,853
<hr/> December 31, 2021 <hr/>				
Financial assets				
Monetary items				
USD	15,791	27.68	(USD:NTD)	437,098
RMB	27,317	4.344	(RMB:NTD)	118,665
JPY	49,329	0.2405	(JPY:NTD)	11,864
Non-monetary items				
Financial assets mandatorily designated as at FVTPL				
USD	7,996	27.68	(USD:NTD)	221,339
Financial assets at FVTOCI				
USD	533	27.68	(USD:NTD)	14,762
Financial liabilities				
Monetary items				
USD	7,991	27.68	(USD:NTD)	221,202
USD	2,504	6.372	(USD:RMB)	69,311
(Continued)				

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
March 31, 2021				
Financial assets				
Monetary items				
USD	\$ 20,939	28.535	(USD:NTD)	\$ 597,489
USD	328	6.569	(USD:RMB)	9,361
RMB	17,342	4.344	(RMB:NTD)	75,332
Non-monetary items				
Financial assets mandatorily designated as at FVTPL				
USD	11,540	28.535	(USD:NTD)	329,283
Financial assets at FVOCI				
USD	1,260	28.535	(USD:NTD)	35,963
Financial liabilities				
Monetary items				
USD	9,035	28.535	(USD:NTD)	257,807
USD	3,817	6.569	(USD:RMB)	108,923
(Concluded)				

For the three months ended March 31, 2022 and 2021, realized and unrealized net foreign exchange gains and losses were gain of NT\$22,106 thousand and loss of NT\$4,408 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies of the Corporation and its subsidiaries.

32. SEPARATELY DISCLOSED ITEMS

a. 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 (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)
- 11) Information on investees (Table 6)
- b. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income (loss) of investees, investment gain (loss), carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices and payment terms:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (None)
 - e) The highest balance, the end of period balance and the interest rate range with respect to financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- c. Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares. (Table 8)

33. 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. Reported segments of the Corporation and its subsidiaries were as follows:

- a. CCCC/CCSNM - Production and marketing of chemical products.
- b. CCCCC - Trade of chemical products.
- c. EWI - Investments.

d. The Corporation and its subsidiaries have the reporting segments analyzed as follows:

	CSCC/CCSNM	CSCCC	EWI	Adjustment and write-off	Consolidated
<u>For the three months ended March 31, 2022</u>					
Revenue from external customers	\$ 2,377,666	\$ -	\$ (4,754)	\$ -	\$ 2,372,912
Inter segment revenue	<u>42,913</u>	<u>-</u>	<u>6,573</u>	<u>(49,486)</u>	<u>-</u>
Segment revenue	<u>\$ 2,420,579</u>	<u>\$ -</u>	<u>\$ 1,819</u>	<u>\$ (49,486)</u>	<u>\$ 2,372,912</u>
Segment income (loss)	\$ 377,381	\$ (75)	\$ 1,587	\$ (1,612)	\$ 377,281
Interest income	1,112	82	174	(174)	1,194
Share of profits of subsidiaries and associates	20,503	-	-	(3,523)	16,980
Other income	24,622	-	1,121	(4,962)	20,781
Interest expense	(6,931)	-	-	174	(6,757)
Other gains and losses	<u>8,900</u>	<u>-</u>	<u>2,421</u>	<u>-</u>	<u>11,321</u>
Profit before income tax	425,587	7	5,303	(10,097)	420,800
Income tax expense	<u>75,604</u>	<u>-</u>	<u>1,783</u>	<u>-</u>	<u>77,387</u>
Net profit for the period	<u>\$ 349,983</u>	<u>\$ 7</u>	<u>\$ 3,520</u>	<u>\$ (10,097)</u>	<u>\$ 343,413</u>
<u>For the three months ended March 31, 2021</u>					
Revenue from external customers	\$ 1,666,203	\$ -	\$ 2,653	\$ -	\$ 1,668,856
Inter segment revenue	<u>8,347</u>	<u>-</u>	<u>(2,812)</u>	<u>(5,535)</u>	<u>-</u>
Segment revenue	<u>\$ 1,674,550</u>	<u>\$ -</u>	<u>\$ (159)</u>	<u>\$ (5,535)</u>	<u>\$ 1,668,856</u>
Segment income (loss)	\$ 253,665	\$ (2,143)	\$ (365)	\$ 11,402	\$ 262,559
Interest income	1,079	70	294	(294)	1,149
Share of profits of subsidiaries and associates	19,384	-	-	131	19,515
Other income	29,536	-	1,094	(8,591)	22,039
Interest expense	(9,027)	-	(7)	294	(8,740)
Other gains and losses	<u>(10,717)</u>	<u>-</u>	<u>(110)</u>	<u>-</u>	<u>(10,827)</u>
Profit (loss) before income tax	283,920	(2,073)	906	2,942	285,695
Income tax expense	<u>51,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,673</u>
Net profit (loss) for the period	<u>\$ 232,247</u>	<u>\$ (2,073)</u>	<u>\$ 906</u>	<u>\$ 2,942</u>	<u>\$ 234,022</u>

Department interests refers to the profits earned by each department, excluding the administrative cost of the headquarters to be amortized and remuneration of directors and supervisors, rent income, interest income, loss from disposal of property, plant, and equipment, net foreign currency exchange gains and losses, financial instruments valuation gains and losses, interest expense, income tax expense, etc. These measurements and amount are provided to the chief operating decision-maker for allocating resources to each segment and for assessing their performance.

e. Segment total assets and liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Segment assets</u>			
Chemicals segment			
Production and sales	\$ 11,897,246	\$ 11,476,575	\$ 11,284,446
Trading	1,081,630	1,045,915	1,080,985
Investment segment	1,888,549	1,877,041	1,709,942
Adjustments and write-off	<u>(2,713,256)</u>	<u>(2,666,662)</u>	<u>(2,477,119)</u>
	<u>\$ 12,154,169</u>	<u>\$ 11,732,869</u>	<u>\$ 11,598,254</u>

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Segment liabilities</u>			
Chemicals segment			
Production and sales	\$ 3,889,998	\$ 3,962,241	\$ 4,321,462
Trading	529,934	512,439	529,491
Investment segment	108,911	4,636	69,359
Adjustments and write-off	<u>(481,797)</u>	<u>(364,354)</u>	<u>(411,905)</u>
	<u>\$ 4,047,046</u>	<u>\$ 4,114,962</u>	<u>\$ 4,508,407</u> (Concluded)

TABLE 1

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS

FOR THE PERIOD ENDED MARCH 31, 2022

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	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			
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Other receivables	Yes	\$ 71,563	\$ 71,563	\$ 71,563	1%	Note 1	\$ -	Operating capital	\$ -	-	\$ -	\$ 355,927	\$ 533,891	Note 2

Note 1: The need for short-term financing.

Note 2: According to “The Process of Financing Others” established by Ever Wealthy International Corporation, the total available amount for lending to others and the total amount for lending to a company shall not exceed 30% and 20% of the net worth of Ever Wealthy International Corporation, respectively; the financing limit amount for parent company shall not exceed 30% of the net worth of the company.

Note 3: The transaction had been eliminated when preparing consolidated financial statements.

TABLE 2

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2022

(Amounts 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, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Mutual fund	Cathay US ESG Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,501,399	\$ 15,600		\$ 15,600	
China Steel Chemical Corporation	Mutual fund	PineBridge ESG Quantitative Global Equity Fund A (USD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	14,341		14,341	
China Steel Chemical Corporation	Mutual fund	JPMorgan Funds - Global Healthcare Fund - JPM Global Healthcare A (acc) - USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	855	12,328		12,328	
China Steel Chemical Corporation	Mutual fund	Taishin China Policy Trends Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	52,974	11,252		11,252	
China Steel Chemical Corporation	Mutual fund	UG Great Wall Absolute Return Fund B Class	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	18,514	9,096		9,096	
China Steel Chemical Corporation	Mutual fund	Cathay US Multi-Income Balanced Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,427,115	15,446		15,446	
China Steel Chemical Corporation	Mutual fund	Tashin Efficient Fallen Angels High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	80,950	21,837		21,837	
China Steel Chemical Corporation	Mutual fund	Taishin US Enhanced High Yield Bond Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	42,951	12,469		12,469	
China Steel Chemical Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	626,975	10,032		10,032	
China Steel Chemical Corporation	Mutual fund	UPAMC James Bond Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	592,315	10,000		10,000	
China Steel Chemical Corporation	Financial bond	SOFTBK 4 5/8 07/06/28	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	12,867		12,867	
China Steel Chemical Corporation	Financial bond	STANLN 4.3 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	12,542		12,542	
China Steel Chemical Corporation	Financial bond	INTNED 4 1/4 PERP	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	12,131		12,131	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	March 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
China Steel Chemical Corporation	Financial bond	MEX 3 3/4 04/19/71	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	5,000	\$ 11,474		\$ 11,474	
China Steel Chemical Corporation	Financial bond	STANLN 4.3 02/19/27	No relation	Financial assets at fair value through other comprehensive income - current	5,000	14,327		14,327	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	229,000	12,114		12,114	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	2,556,915	99,592		99,592	
Ever Wealthy International Corporation	Mutual fund	Cathay High Dividend Taiwan Equity Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	18,559		18,559	
Ever Wealthy International Corporation	Mutual fund	Taishin 2000 High Technology Equity Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	173,761	11,402		11,402	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Taiwan Sustainable Growth and Dividend Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	5,660		5,660	
Ever Wealthy International Corporation	Mutual fund	UPAMC All WeatherFund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,690	5,254		5,254	
Ever Wealthy International Corporation	Mutual fund	Taishin ESG Global Environmental Growth Equity Fund-TWD-A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,520,248	22,934		22,934	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Global Growth Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	973,403	17,249		17,249	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Global Smart Car Fund (TWD A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,017,113	16,264		16,264	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Utilities and Infrastructure Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,108,710	15,200		15,200	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Vietnam Opportunity Fund (NTD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	10,450		10,450	
Ever Wealthy International Corporation	Mutual fund	UPAMC Global AIoT Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,947	9,533		9,533	
Ever Wealthy International Corporation	Mutual fund	FSITC AI Global Precision Medicine Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	726,183	9,244		9,244	
Ever Wealthy International Corporation	Mutual fund	KGI Global Trend Fund -TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	9,020		9,020	
Ever Wealthy International Corporation	Mutual fund	FSITC Gbl Artificial Intelligence Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	355,619	5,914		5,914	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	March 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	FSITC Global AI Robotics and Smart Auto TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	254,842	\$ 4,574		\$ 4,574	
Ever Wealthy International Corporation	Mutual fund	FSITC Global AI FinTech TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	260,960	4,470		4,470	
Ever Wealthy International Corporation	Mutual fund	FSITC Global Video Gaming & eSports Fund-TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,000	4,444		4,444	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial China Brands Fund TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	281,333	4,020		4,020	
Ever Wealthy International Corporation	Mutual fund	Yuanta Global Agribusiness Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	142,857	3,523		3,523	
Ever Wealthy International Corporation	Mutual fund	KGI Cloud Force Fund USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	3,228	3,356		3,356	
Ever Wealthy International Corporation	Mutual fund	JPMorgan (Taiwan) Multi Income Fund of Fund TWD Acc	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,529,469	19,708		19,708	
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A TWD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,470,504	14,638		14,638	
Ever Wealthy International Corporation	Mutual fund	Taishin High Dividend Yield Balanced Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	199,089	10,925		10,925	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Balanced Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	70,755	3,309		3,309	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Upstream Fund A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	107,181	7,333		7,333	
Ever Wealthy International Corporation	Mutual fund	Taishin ESG Emerging Markets Bond Fund(A)USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	50,000	12,392		12,392	
Ever Wealthy International Corporation	Mutual fund	PGIM USD High Yield Bond Fund-TWD(A)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	4,813		4,813	
Ever Wealthy International Corporation	Mutual fund	PineBridge ESG Quant Multi-Asset Fund A USD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	99,951	28,828		28,828	
Ever Wealthy International Corporation	Mutual fund	KGI Taiwan Premium Assets Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,373,084	28,014		28,014	
Ever Wealthy International Corporation	Mutual fund	KGI Next Generation Multi-Asset Fund -TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	5,935		5,935	
Ever Wealthy International Corporation	Mutual fund	PineBridge Thematic Dynamic Multi-Asset Fund-A(NTD)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	5,029		5,029	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	March 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Mutual fund	Taishin Ta-Chong Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	2,785,957	\$ 40,002		\$ 40,002	
Ever Wealthy International Corporation	Mutual fund	Allianz Global Investors Taiwan Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	515,843	6,533		6,533	
Ever Wealthy International Corporation	Mutual fund	Taishin North American Income Trust Fund TWD A	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	930,080	28,442		28,442	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Long-Term Care REITS Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,000,000	9,480		9,480	
Ever Wealthy International Corporation	Mutual fund	Prudential Financial Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,024,645	16,395		16,395	
Ever Wealthy International Corporation	Mutual fund	Yuanta De- Bao Money Market Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	599,104	7,271		7,271	
Ever Wealthy International Corporation	Mutual fund	FSITC Taiwan Money Market	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	319,843	4,952		4,952	
Ever Wealthy International Corporation	Mutual fund	PGIM Jennison Global Equity Opportunities Fund USD T Accumulation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	1,056	5,222		5,222	
Ever Wealthy International Corporation	Common stock	TA CHEN STAINLESS PIPE CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	400,057	19,603		19,603	
Ever Wealthy International Corporation	Common stock	Mega Financial Holding Co., Ltd.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	257,000	11,025		11,025	
Ever Wealthy International Corporation	Common stock	CATHAY FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	95,748	6,175		6,175	
Ever Wealthy International Corporation	Common stock	TAISHIN FINANCIAL HOLDING CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	219,521	4,500		4,500	
Ever Wealthy International Corporation	Common stock	Nishoku Technology Inc.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	24,400	2,164		2,164	
Ever Wealthy International Corporation	Common stock	TAICHUNG COMMERCIAL BANK CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	113,965	1,727		1,727	
Ever Wealthy International Corporation	Preferred stock	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares II	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	164,139	8,470		8,470	
Ever Wealthy International Corporation	Preferred stock	Fubon Financial Holding Co., Ltd. Preferred Shares C	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	175,000	10,518		10,518	
Ever Wealthy International Corporation	Preferred stock	Cathay Financial Holding Co., Ltd.(B)	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	12,540	788		788	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	March 31, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Ever Wealthy International Corporation	Common stock	YEONG LONG TECHNOLOGIES CO., LTD.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - non-current (including measurement)	1,540,000	\$ 50,674	4	\$ 50,674	Note1
Ever Wealthy International Corporation	Common stock	National Kaohsiung First University of Science and Technology Investment Corporation	No relation	Financial assets mandatorily classified as at fair value through profit or loss - non-current (including measurement)	300,000	2,367	9	2,367	Note1
Ever Wealthy International Corporation	Common stock	TCC RECYCLE ENERGY TECHNOLOGY COMPANY	No relation	Financial assets mandatorily classified as at fair value through profit or loss - non-current (including measurement)	194,679	1,791	-	1,791	Note1
Ever Wealthy International Corporation	Common stock	Riselink Venture Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - non-current (including measurement)	2,632	254	2	254	Note1
Ever Wealthy International Corporation	Common stock	Harbinger Venture III Capital Corp.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - non-current (including measurement)	1,000	21	1	21	Note1
Ever Wealthy International Corporation	Common stock	Asia Hepato Gene CO.	No relation	Financial assets mandatorily classified as at fair value through profit or loss - non-current (including measurement)	133,300	-	2	-	Impairment loss has been recognized fully
Ever Wealthy International Corporation	Common stock	JU-KAO ENGINEERING CO., LTD	No relation	Financial assets mandatorily classified as at fair value through profit or loss - non-current (including measurement)	1,961,493	27,131	7	27,131	
Ever Wealthy International Corporation	Common stock	China Steel Chemical Corporation	Parent company	Financial assets at fair value through other comprehensive income - current	4,753,537	553,787		553,787	Note2
Ever Wealthy International Corporation	Common stock	China Steel Corporation	The ultimate parent company	Financial assets at fair value through other comprehensive income - current	4,226,265	164,613		164,613	
Ever Wealthy International Corporation	Common stock	JIH SUN International Leasing & Finance Co., Ltd.	No relation	Financial assets at fair value through other comprehensive income - non-current	1,000,000	31,000	1	31,000	
Ever Wealthy International Corporation	Common stock	EVERGREEN AVIATION TECHNOLOGIES CORPORATION	No relation	Financial assets at fair value through other comprehensive income - non-current	800,000	47,792	-	47,792	
Ever Wealthy International Corporation	Financial bond	CNH Bond Offering by ITNL Offshore Pte Limited	No relation	Financial assets at amortized cost - non-current	30,000	-		-	Impairment loss has been recognized fully

(Concluded)

Note 1: The basis of fair value is net assets value which had not been audited or reviewed by independent accountants.

Note 2: Listed as treasury shares when preparing consolidated financial statement.

TABLE 3

CHINA STEEL CHEMICAL 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, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

[illegible]

Note: Refer to Note 29.

TABLE 4

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

[illegible]

Note 1: Dividends receivables.

Note 2: Shares receivables.

Note 3: The transactions had been eliminates when preparing consolidated financial statements.

TABLE 5

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE PERIOD ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Sales	\$ 48,641 (Note)	Charged at the cost plus additional percentage, receivables were collected within 150 days after shipment date.	2.00
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Accounts receivable	103,435		1.00
0	China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Parent to subsidiaries	Other payables	200,375		2.00
0	China Steel Chemical Corporation	Ever Wealthy International Corporation	Parent to subsidiaries	Other receivables	102,640		1.00
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries to subsidiaries	Other receivables	71,853		1.00

Note: Sales amount includes sales of trial product NT\$4,343 thousand and sale of supplies NT\$2,335 thousand, the Corporation recognizes them as other income and manufacturing expense deduction, respectively.

TABLE 6

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE PERIOD ENDED MARCH 31, 2022

(Amounts 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, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				MARCH 31, 2022	DECEMBER 31, 2021	Number of Shares	%	Carrying Amount			
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of GBFS powder and slag cement, air-cooled BFS and BOFS, surveys and remediation of soil and groundwater, intermediate solidification, reutilization of resources	\$ 91,338	\$ 91,338	15,019,341	6.00	\$ 363,327	\$ 185,919	\$ 11,229	
China Steel Chemical Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	13,675	13,675	600,069	-	16,024	109,017	327	
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100.00	1,343,489	3,520	3,520	Subsidiary (Note) Subsidiary (Note)
China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Cayman Island	General investment	100,320	100,320	10,000,000	50.00	275,848	7	3	
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9.00	950,801	(2,550)	(235)	
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15.00	287,960	14,247	2,137	
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	160,000	16,000,000	9.00	127,401	2,732	241	
China Steel Chemical Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	60,000	6,000,000	5.00	64,059	6,801	341	
China Steel Chemical Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	47,950	47,950	2,161,203	8.00	54,753	36,649	2,870	
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5.00	26,841	(14,175)	(709)	
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40.00	40,005	1,101	440	
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35.00	21,927	(3)	(1)	
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	6,750	13,500	675,000	5.00	6,155	2,461	123	
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5.00	7,207	4,336	217	
Ever Wealthy International Corporation	Thintech Materials Technology Co., Ltd.	Republic of China	Sputtering target manufacturing and sales	45,987	45,987	6,119,748	8.00	100,142	28,808	2,399	
Ever Wealthy International Corporation	HIMAG Magnetic Corporation	Republic of China	Production and sale of industrial magnetic, chemical, and iron oxides	33,015	33,015	1,584,731	6.00	40,139	36,649	2,104	
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45.00	28,194	(3)	(1)	
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35.00	25,400	406	142	
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30.00	23,452	581	174	

Note: The transactions had been eliminated when preparing consolidated financial statements.

TABLE 7

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA FOR THE PERIOD ENDED MARCH 31, 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of March 31,2022 (Note1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) (Note 2)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	\$ 1,402,625	Investments through a holding company registered in a third region	\$ 70,131	\$ -	\$ -	\$ 70,131	\$ (14,487)	5.00	\$ (724)	\$ 26,368	\$ 5,439	Note 4
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	180,015	Direct investment	186,234	-	-	186,234	6,573	100.00	6,573	175,975	-	

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2022 (Note1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
China Steel Chemical Corporation	\$ 256,365	\$ 256,365	\$ 4,698,765

Note 1: The amounts were calculated based on the foreign exchange rate as of March 31,2022.

Note 2: The basis for recognition of investment income (loss) is bases on the financial statements reviewed and attested by R.O.C. parent company's CPA.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" is applicable; investments shall not exceed 60% of their net worth.

Note 4: The transaction had been eliminated when preparing consolidated financial statement.

TABLE 8

CHINA STEEL CHEMICAL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS

MARCH 31, 2022

[illegible]

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

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