

China Steel Chemical Corporation and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 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 June 30, 2022 and 2021, the consolidated statements of comprehensive income for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Corporation and its subsidiaries as of June 30, 2022 and 2021, its consolidated financial performance for the three months ended June 30, 2022 and 2021 and for the six months ended June 30, 2022 and 2021, and its consolidated cash flows for six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard NO.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

August 1, 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	June 30, 2022 (Reviewed)		December 31, 2021 (Audited)		June 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 763,558	7	\$ 621,616	5	\$ 478,402	4
Financial assets at fair value through profit or loss - current (Note 7)	446,213	4	688,875	6	835,894	7
Financial assets at fair value through other comprehensive income - current (Note 8)	219,199	2	266,455	2	309,393	3
Notes receivable (Note 10)	110,676	1	83,569	1	48,222	-
Accounts receivable, net (Note 10)	631,186	5	449,238	4	437,835	4
Accounts receivable - related parties (Notes 10 and 29)	186,817	1	161,090	1	138,514	1
Other receivables (Note 29)	337,453	3	301,238	3	289,764	3
Current tax assets	-	-	544	-	544	-
Inventories (Note 11)	872,758	8	977,930	8	1,095,545	9
Other financial assets - current (Note 12)	20,733	-	97,886	1	102,474	1
Other current assets	<u>201,941</u>	<u>2</u>	<u>44,679</u>	<u>-</u>	<u>38,004</u>	<u>-</u>
Total current assets	<u>3,790,534</u>	<u>33</u>	<u>3,693,120</u>	<u>31</u>	<u>3,774,591</u>	<u>32</u>
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss - noncurrent (Note 7)	84,130	-	81,202	-	76,283	1
Financial assets amortized at cost - noncurrent (Note 8)	77,384	-	81,400	-	-	-
Investments accounted for using equity method (Note 14)	1,820,629	16	2,068,967	18	2,144,587	18
Property, plant and equipment (Notes 3, 4, 15 and 29)	3,902,239	34	3,937,319	34	4,034,101	34
Right-of-use assets (Notes 16 and 29)	644,128	6	646,878	6	657,541	5
Investment properties (Note 17)	552,988	5	552,988	5	552,988	4
Deferred tax assets	90,004	1	90,004	1	85,121	1
Prepaid equipment	13,563	-	21,636	-	39,542	-
Refundable deposits	4,451	-	4,451	-	4,452	-
Other non-current assets (Notes 13 and 18)	<u>590,226</u>	<u>5</u>	<u>554,904</u>	<u>5</u>	<u>609,848</u>	<u>5</u>
Total non-current assets	<u>7,779,742</u>	<u>67</u>	<u>8,039,749</u>	<u>69</u>	<u>8,204,463</u>	<u>68</u>
TOTAL	<u>\$ 11,570,276</u>	<u>100</u>	<u>\$ 11,732,869</u>	<u>100</u>	<u>\$ 11,979,054</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 565,713	5	\$ 901,641	8	\$ 904,531	8
Short-term bills payable (Note 19)	30,000	-	-	-	-	-
Contract liabilities - current (Note 23)	68,276	-	49,541	-	51,031	1
Accounts payable	80,358	1	50,763	-	38,314	-
Accounts payable - related parties (Note 29)	366,030	3	264,401	2	257,597	2
Other payables (Notes 13, 20 and 29)	1,797,724	16	795,676	7	1,429,772	12
Current tax liabilities	195,964	2	152,264	1	114,742	1
Lease liabilities - current (Notes 16 and 29)	29,468	-	29,251	-	28,857	-
Current portion of long-term borrowings (Note 19)	-	-	-	-	500,000	4
Other current liabilities	<u>10,504</u>	<u>-</u>	<u>6,632</u>	<u>-</u>	<u>4,485</u>	<u>-</u>
Total current liabilities	<u>3,144,037</u>	<u>27</u>	<u>2,250,169</u>	<u>18</u>	<u>3,329,329</u>	<u>28</u>
NONCURRENT LIABILITIES						
Long-term borrowings (Note 19)	300,000	3	1,100,000	10	700,000	6
Deferred tax liabilities	5,058	-	5,058	-	1,545	-
Lease liabilities - non-current (Notes 16 and 29)	603,006	5	606,284	5	613,705	5
Net defined benefit liabilities (Note 4)	148,625	1	149,971	1	143,211	1
Guarantee deposit received	<u>3,530</u>	<u>-</u>	<u>3,480</u>	<u>-</u>	<u>3,530</u>	<u>-</u>
Total non-current liabilities	<u>1,060,219</u>	<u>9</u>	<u>1,864,793</u>	<u>16</u>	<u>1,461,991</u>	<u>12</u>
Total liabilities	<u>4,204,256</u>	<u>36</u>	<u>4,114,962</u>	<u>34</u>	<u>4,791,320</u>	<u>40</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)						
Ordinary shares capital	<u>2,369,044</u>	<u>20</u>	<u>2,369,044</u>	<u>20</u>	<u>2,369,044</u>	<u>20</u>
Capital surplus	<u>883,790</u>	<u>8</u>	<u>883,789</u>	<u>8</u>	<u>870,479</u>	<u>7</u>
Retained earnings						
Legal reserve	2,775,710	24	2,666,240	23	2,666,240	22
Special reserve	193,150	2	193,150	2	193,150	2
Unappropriated earnings	<u>1,024,105</u>	<u>9</u>	<u>1,178,254</u>	<u>10</u>	<u>609,695</u>	<u>5</u>
Total retained earnings	<u>3,992,965</u>	<u>35</u>	<u>4,037,644</u>	<u>35</u>	<u>3,469,085</u>	<u>29</u>
Other equity	<u>(48,677)</u>	<u>-</u>	<u>178,330</u>	<u>2</u>	<u>327,672</u>	<u>3</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	7,079,484	62	7,351,169	64	6,918,642	58
NON-CONTROLLING INTERESTS (Note 22)	<u>286,536</u>	<u>2</u>	<u>266,738</u>	<u>2</u>	<u>269,092</u>	<u>2</u>
Total equity	<u>7,366,020</u>	<u>64</u>	<u>7,617,907</u>	<u>66</u>	<u>7,187,734</u>	<u>60</u>
TOTAL	<u>\$ 11,570,276</u>	<u>100</u>	<u>\$ 11,732,869</u>	<u>100</u>	<u>\$ 11,979,054</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 June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 23 and 29)	\$ 3,242,128	100	\$ 1,951,885	100	\$ 5,615,040	100	\$ 3,620,741	100
OPERATING COSTS (Notes 11, 24 and 29)	<u>2,462,429</u>	<u>76</u>	<u>1,537,245</u>	<u>79</u>	<u>4,321,827</u>	<u>77</u>	<u>2,856,438</u>	<u>79</u>
GROSS PROFIT	<u>779,699</u>	<u>24</u>	<u>414,640</u>	<u>21</u>	<u>1,293,213</u>	<u>23</u>	<u>764,303</u>	<u>21</u>
OPERATING EXPENSES (Notes 24 and 29)								
Selling and marketing expenses	49,878	2	34,957	1	100,940	2	76,186	2
General and administrative expenses	45,305	1	36,100	2	81,866	1	48,383	1
Research and development expenses	<u>64,517</u>	<u>2</u>	<u>37,992</u>	<u>2</u>	<u>113,127</u>	<u>2</u>	<u>71,584</u>	<u>2</u>
Total operating expenses	<u>159,700</u>	<u>5</u>	<u>109,049</u>	<u>5</u>	<u>295,933</u>	<u>5</u>	<u>196,153</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>619,999</u>	<u>19</u>	<u>305,591</u>	<u>16</u>	<u>997,280</u>	<u>18</u>	<u>568,150</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 29)								
Interest income	1,308	-	1,935	-	2,502	-	3,084	-
Other income	23,573	1	13,924	1	44,354	1	35,963	1
Other gains and losses	8,878	-	(14,812)	(1)	20,199	-	(25,639)	(1)
Share of the profit of associates	19,993	-	40,804	2	36,973	-	60,319	2
Interest expense	<u>(6,080)</u>	<u>-</u>	<u>(6,886)</u>	<u>-</u>	<u>(12,837)</u>	<u>-</u>	<u>(15,626)</u>	<u>-</u>
Total non-operating income and expenses	<u>47,672</u>	<u>1</u>	<u>34,965</u>	<u>2</u>	<u>91,191</u>	<u>1</u>	<u>58,101</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	667,671	20	340,556	18	1,088,471	19	626,251	18
INCOME TAX (Notes 4 and 25)	<u>109,154</u>	<u>3</u>	<u>51,191</u>	<u>3</u>	<u>186,541</u>	<u>3</u>	<u>102,864</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>558,517</u>	<u>17</u>	<u>289,365</u>	<u>15</u>	<u>901,930</u>	<u>16</u>	<u>523,387</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (Note 22)								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(73,090)	(2)	93,066	5	(51,072)	(1)	100,867	2
Shares of the other comprehensive income of associates	(297,968)	(9)	389,803	20	(200,710)	(4)	428,666	12

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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 June 30				For the Six Months Ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	\$ 18,490	-	\$ (14,292)	(1)	\$ 42,938	1	\$ (14,369)	-
Unrealized gains (losses) on financial assets in debt instruments at fair value through other comprehensive income	235	-	1,170	-	(200)	-	(927)	-
Shares of the other comprehensive income of associates	<u>333</u>	<u>-</u>	<u>2,108</u>	<u>-</u>	<u>2,864</u>	<u>-</u>	<u>2,175</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(352,000)</u>	<u>(11)</u>	<u>471,855</u>	<u>24</u>	<u>(206,180)</u>	<u>(4)</u>	<u>516,412</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 206,517</u>	<u>6</u>	<u>\$ 761,220</u>	<u>39</u>	<u>\$ 695,750</u>	<u>12</u>	<u>\$ 1,039,799</u>	<u>29</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 558,386		\$ 289,492		\$ 901,796		\$ 524,551	
Non-controlling interests	<u>131</u>		<u>(127)</u>		<u>134</u>		<u>(1,164)</u>	
	<u>\$ 558,517</u>		<u>\$ 289,365</u>		<u>\$ 901,930</u>		<u>\$ 523,387</u>	
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 195,829		\$ 767,875		\$ 675,952		\$ 1,046,964	
Non-controlling interests	<u>10,688</u>		<u>(6,655)</u>		<u>19,798</u>		<u>(7,165)</u>	
	<u>\$ 206,517</u>		<u>\$ 761,220</u>		<u>\$ 695,750</u>		<u>\$ 1,039,799</u>	
EARNINGS PER SHARE								
(Note 26)								
Basic	<u>\$ 2.41</u>		<u>\$ 1.25</u>		<u>\$ 3.88</u>		<u>\$ 2.26</u>	
Diluted	<u>\$ 2.40</u>		<u>\$ 1.25</u>		<u>\$ 3.88</u>		<u>\$ 2.26</u>	

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

(Concluded)

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							Other Equity						
	Ordinary Shares Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Total Retained Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain/(Loss) on Hedging Instruments	Total Other Equity	Treasury stock	Total Equity Attributable to Owners of the Corporation	Non-controlling interests	Total Equity
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
Appropriation of 2021 earnings (Note 22)														
Legal reserve	-	-	109,470	-	(109,470)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(947,618)	(947,618)	-	-	-	-	-	(947,618)	-	(947,618)
	-	-	109,470	-	(1,057,088)	(947,618)	-	-	-	-	-	(947,618)	-	(947,618)
Net profit for the six months ended June 30, 2022	-	-	-	-	901,796	901,796	-	-	-	-	-	901,796	134	901,930
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	(11)	(11)	26,109	(251,971)	29	(225,833)	-	(225,844)	19,664	(206,180)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	901,785	901,785	26,109	(251,971)	29	(225,833)	-	675,952	19,798	695,750
Changes in capital surplus from investments in associates accounted for using the equity method	-	1	-	-	-	-	-	-	-	-	-	1	-	1
Decrease in non-controlling interests	-	-	-	-	1,174	1,174	-	(1,174)	-	(1,174)	-	-	-	-
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	(20)	(20)	-	-	-	-	-	(20)	-	(20)
BALANCE AT JUNE 30, 2022	\$ 2,369,044	\$ 883,790	\$ 2,775,710	\$ 193,150	\$ 1,024,105	\$ 3,992,965	\$ (64,969)	\$ 16,275	\$ 17	\$ (48,677)	\$ (117,638)	\$ 7,079,484	\$ 286,536	\$ 7,366,020
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
Appropriation of 2020 earnings (Note 23)														
Legal reserve	-	-	71,898	-	(71,898)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	16,317	(16,317)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(615,952)	(615,952)	-	-	-	-	-	(615,952)	-	(615,952)
Cash dividends paid from the legal reserve	-	-	(47,381)	-	-	(47,381)	-	-	-	-	-	(47,381)	-	(47,381)
	-	-	24,517	16,317	(704,167)	(663,333)	-	-	-	-	-	(663,333)	-	(663,333)
Net profit (loss) for the six months ended June 30, 2021	-	-	-	-	524,551	524,551	-	-	-	-	-	524,551	(1,164)	523,387
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	(18)	(18)	(6,171)	528,624	(22)	522,431	-	522,413	(6,001)	516,412
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	524,533	524,533	(6,171)	528,624	(22)	522,431	-	1,046,964	(7,165)	1,039,799
Changes in capital surplus from investments in associates accounted for using the equity method	-	842	-	-	-	-	-	-	-	-	-	842	-	842
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,609	1,609	-	(1,609)	-	(1,609)	-	-	-	-
BALANCE AT JUNE 30, 2021	\$ 2,369,044	\$ 870,479	\$ 2,666,240	\$ 193,150	\$ 609,695	\$ 3,469,085	\$ (90,918)	\$ 418,608	\$ (18)	\$ 327,672	\$ (117,638)	\$ 6,918,642	\$ 269,092	\$ 7,187,734

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 Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,088,471	\$ 626,251
Adjustments for:		
Depreciation expense	220,313	233,081
Amortization expense	4,932	4,571
Net loss (gain) on fair value change of financial assets at fair value through profit or loss	88,502	(74,734)
Interest expense	12,837	15,626
Interest income	(2,502)	(3,084)
Dividend income	(220)	-
Share of the profit of associates	(46,801)	(65,538)
Loss (gain) on disposal of property, plant and equipment	1,274	(193)
Impairment loss on financial assets	-	3,878
Impairment loss on non-financial assets	-	35,090
Reversal of impairment loss on non-financial assets	(43,142)	-
Changes in operating assets and liabilities		
Financial instruments mandatorily classified as at fair value through profit or loss	114,025	(7,934)
Notes receivable	(27,107)	12,207
Accounts receivable	(181,948)	(165,970)
Accounts receivable - related parties	(25,727)	(24,629)
Other receivables	(5,581)	2,044
Inventories	148,197	(159,827)
Other current assets	(157,262)	(355)
Contract liabilities	18,735	38,943
Accounts payable	29,595	9,139
Accounts payable - related parties	101,629	99,553
Other payables	39,999	6,595
Other current liabilities	3,872	(2,353)
Net defined benefit liabilities	(1,346)	(8,657)
Cash generated from operations	1,380,745	573,704
Income taxes paid	(142,302)	(143,085)
Net cash generated from operating activities	1,238,443	430,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(8,169)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	8,000
Acquisition of financial assets at fair value through profit or loss	(35,014)	(330,445)
Proceeds from disposal of financial assets at fair value through profit or loss	135,260	279,062

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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 Six Months Ended June 30	
	2022	2021
Acquisition of investments accounted for using equity method	\$ (2,364)	\$ (60,000)
Proceeds from the capital reduction on investments accounted for using equity method	6,750	847
Acquisition of property, plant and equipment	(144,782)	(102,574)
Proceeds from disposal of property, plant and equipment	-	776
Decrease in refundable deposits	-	598
Decrease in other financial assets	77,153	66,059
Increase in other non-current assets	(2,175)	-
Decrease in other non-current assets	-	25,846
Interest received	2,438	3,377
Dividend received	-	5,361
Net cash used in investing activities	<u>37,266</u>	<u>(111,262)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,218,295	1,565,231
Repayments of short-term borrowings	(2,554,223)	(1,752,861)
Increase in short-term bills payable	80,000	120,000
Decrease in short-term bills payable	(50,000)	(120,000)
Proceeds from long-term debt	100,000	350,000
Repayments of long-term bank borrowings	(900,000)	(950,000)
Increase in guarantee deposit received	50	-
Decrease in guarantee deposit received	-	(1,327)
Repayment of principal of lease liabilities	(18,087)	(17,853)
Interest paid	<u>(13,715)</u>	<u>(16,955)</u>
Net cash used in financing activities	<u>(1,137,680)</u>	<u>(823,765)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>3,913</u>	<u>(11,511)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	141,942	(515,919)
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>\$ 763,558</u>	<u>\$ 478,402</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 SIX MONTHS ENDED JUNE 30, 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, 2021 and 2020, 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 since November 1998.

The consolidated financial statements are presented in the Corporation's function currency, 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 August 1, 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. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: 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 3: 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 subsidiaries 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.

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

New IFRSs	Effective Date Announced by IASB (Note)
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

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

As of the date the consolidated financial statements were reported to the board of directors for issue, the Corporation and its subsidiaries 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, 2021.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand	\$ 500	\$ 500	\$ 500
Checking accounts and demand deposits	555,018	442,004	286,965
Cash in transit	-	-	2,232
Cash equivalents (investment with original maturities less than three months)			
Time deposits	118,880	123,752	132,985
Short-term bills	<u>89,160</u>	<u>55,360</u>	<u>55,720</u>
	<u>\$ 763,558</u>	<u>\$ 621,616</u>	<u>\$ 478,402</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL - current

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 350,066	\$ 546,669	\$ 620,360
Domestic listed shares	53,955	89,908	126,944
Financial bonds	<u>42,192</u>	<u>52,298</u>	<u>88,590</u>
	<u>\$ 446,213</u>	<u>\$ 688,875</u>	<u>\$ 835,894</u>

Financial assets at FVTPL - non-current

	June 30, 2022	December 31, 2021	June 30, 2021
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Emerging market shares	\$ 27,577	\$ 27,131	\$ 24,750
Domestic unlisted shares	<u>56,553</u>	<u>54,071</u>	<u>51,533</u>
	<u>\$ 84,130</u>	<u>\$ 81,202</u>	<u>\$ 76,283</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Current

	June 30, 2022	December 31, 2021	June 30, 2021
Foreign investments in debt instrument			
Financial bonds	\$ 14,561	\$ 14,762	\$ 28,963
Domestic investments in equity instrument - listed shares			
Ordinary shares	192,982	239,785	268,614
Preference shares	<u>11,656</u>	<u>11,908</u>	<u>11,816</u>
	<u>\$ 219,199</u>	<u>\$ 266,455</u>	<u>\$ 303,393</u>

Non-Current

	June 30, 2022	December 31, 2021	June 30, 2021
Domestic equity investments-listed shares			
Emerging market shares	\$ 46,384	\$ 50,400	\$ -
Domestic unlisted shares	<u>31,000</u>	<u>31,000</u>	<u>-</u>
	<u>\$ 77,384</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 for short-term profit. Accordingly, management elected to designate these investments in equity instruments as at FVTOCI.

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	June 30, 2022	December 31, 2021	June 30, 2021
Corporate Bonds	\$ 3,995	\$ 3,906	\$ 3,878
Less: Allowance for impairment loss	<u>(3,995)</u>	<u>(3,906)</u>	<u>(3,878)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Impairment loss has been recognized fully since the Corporation and its subsidiaries are unable to reliably measure the recoverable amount of the corporate bonds.

10. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable (Operating)			
At amortized cost			
Gross carrying amount	\$ 110,676	\$ 83,569	\$ 48,222
Accounts receivable (including related parties)			
At amortized cost			
Gross carrying amount	\$ 818,003	\$ 610,328	\$ 576,349

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 customers 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 June 30, 2022, December 31, 2021 and June 30, 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.

June 30, 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	\$ 908,418	\$ 11,298	\$ 8,963	\$ -	\$ -	\$ -	\$ 928,679
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	\$ 908,418	\$ 11,298	\$ 8,963	\$ -	\$ -	\$ -	\$ 928,679

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	\$ 653,902	\$ 39,995	\$ -	\$ -	\$ -	\$ -	\$ 693,897

June 30, 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	\$ 610,131	\$ 7,794	\$ 4,807	\$ 1,483	\$ -	\$ 356	\$ 624,571
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 610,131</u>	<u>\$ 7,794</u>	<u>\$ 4,807</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ 356</u>	<u>\$ 624,571</u>

The were no movements of the loss allowance of notes and accounts receivable for the six months ended June 30, 2022 and 2021.

11. INVENTORIES

	June 30, 2022	December 31, 2021	June 30, 2021
Finished goods	\$ 428,060	\$ 634,503	\$ 748,876
Work in progress	179,702	137,037	128,454
Raw materials	130,721	90,102	115,800
Supplies	<u>134,275</u>	<u>116,288</u>	<u>102,415</u>
	<u>\$ 872,758</u>	<u>\$ 977,930</u>	<u>\$ 1,095,545</u>

The cost of inventories recognized as cost of goods sold for the three months and six months ended June 30, 2022 and 2021 was NT\$2,444,500 thousand, NT\$1,521,241 thousand, NT\$4,286,315 thousand and NT\$2,824,489 thousand, respectively. The cost of goods sold included inventory write-downs and reversal of gain NT\$29,789 thousand, loss NT\$12,897 thousand, gain NT\$43,142 thousand and loss NT\$35,090 thousand, respectively.

12. OTHER FINANCIAL ASSETS

	June 30, 2022	December 31, 2021	June 30, 2021
Restricted deposits	<u>\$ 20,733</u>	<u>\$ 97,886</u>	<u>\$ 102,474</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 (%)		
			June 30, 2022	December 31, 2021	June 30, 2021
China Steel Chemical Corporation (CSCC)	Ever Wealthy International Corporation (EWI)	General investment	100	100	100

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership (%)		
			June 30, 2022	December 31, 2021	June 30, 2021
	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

(Concluded)

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 June 30, 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 noncurrent assets). As of June 30, 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 corporation 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 using equity method were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Material associates			
CHC Resources Corporation (CHC)	\$ 331,311	\$ 347,996	\$ 330,977
Transglory Investment Corporation (TIC)	682,879	861,237	960,324
CSC Solar Corporation (CSCSC)	<u>276,592</u>	<u>285,818</u>	<u>278,053</u>
	1,290,782	1,495,051	1,569,354
Associates that are not individually material	<u>529,847</u>	<u>573,916</u>	<u>575,233</u>
	<u>\$ 1,820,629</u>	<u>\$ 2,068,967</u>	<u>\$ 2,144,587</u>

a. Material associates

Name of Associate	Proportion of Ownership and Voting Rights (%)		
	June 30, 2022	December 31, 2021	June 30, 2021
CHC	6	6	6
TIC	9	9	9
CSCSC	15	15	15

Refer to Table 6 “Information on Investees” 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:

	June 30, 2022	December 31, 2021	June 30, 2021
CHC	<u>\$ 711,166</u>	<u>\$ 681,127</u>	<u>\$ 713,419</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

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 2,713,216	\$ 2,798,678	\$ 3,064,690
Noncurrent assets	10,175,025	10,329,853	10,406,248
Current liabilities	(3,199,076)	(2,762,857)	(3,226,286)
Noncurrent liabilities	<u>(3,986,717)</u>	<u>(4,380,828)</u>	<u>(4,550,429)</u>
Equity	5,702,448	5,984,846	5,694,223
Non-controlling interests	<u>(217,164)</u>	<u>(223,329)</u>	<u>(214,234)</u>
	<u>\$ 5,485,284</u>	<u>\$ 5,761,517</u>	<u>\$ 5,479,989</u>

Proportion of the Corporation and its subsidiaries’ ownership (%)	6	6	6
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Equity attributable to the Corporation and its subsidiaries	<u>\$ 331,311</u>	<u>\$ 347,996</u>	<u>\$ 330,977</u>
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Carrying amount	<u>\$ 331,311</u>	<u>\$ 347,996</u>	<u>\$ 330,977</u>
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	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating revenue	<u>\$ 3,034,894</u>	<u>\$ 2,695,550</u>	<u>\$ 5,791,571</u>	<u>\$ 5,287,684</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net profit for the period	\$ 214,325	\$ 173,519	\$ 401,691	\$ 372,745
Other comprehensive income (loss)	<u>(121,747)</u>	<u>220,618</u>	<u>(49,918)</u>	<u>242,595</u>
Total comprehensive income	<u>\$ 92,578</u>	<u>\$ 394,137</u>	<u>\$ 351,773</u>	<u>\$ 615,340</u> (Concluded)

TIC

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 12,873	\$ 1,052	\$ 7,489
Non-current assets	7,619,737	9,470,285	10,619,034
Current liabilities	<u>(210,008)</u>	<u>(110,059)</u>	<u>(188,208)</u>
Equity	<u>\$ 7,422,602</u>	<u>\$ 9,361,278</u>	<u>\$ 10,438,315</u>
Proportion of the Corporation and its subsidiaries' ownership (%)	9	9	9
Equity attributable to the Corporation and its subsidiaries	<u>\$ 682,879</u>	<u>\$ 861,237</u>	<u>\$ 960,324</u>
Carrying amount	<u>\$ 682,879</u>	<u>\$ 861,237</u>	<u>\$ 960,324</u>

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating Revenue	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ -</u>
Net loss for the period	\$ (2,708)	\$ (2,877)	\$ (5,258)	\$ (5,754)
Other comprehensive income (loss)	<u>(2,846,863)</u>	<u>3,714,447</u>	<u>(1,870,796)</u>	<u>4,026,329</u>
Total comprehensive income (loss)	<u>\$ (2,849,571)</u>	<u>\$ 3,711,570</u>	<u>\$ (1,876,054)</u>	<u>\$ 4,020,575</u>

CSCSC

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 180,241	\$ 98,219	\$ 193,294
Non-current assets	3,949,705	3,920,985	3,998,664
Current liabilities	(1,054,578)	(692,403)	(615,349)
Non-current liabilities	<u>(1,231,421)</u>	<u>(1,421,350)</u>	<u>(1,722,920)</u>
Equity	<u>\$ 1,843,947</u>	<u>\$ 1,905,451</u>	<u>\$ 1,853,689</u> (Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Proportion of the Corporation and its subsidiaries' ownership (%)	15	15	15
Equity attributable to the Corporation and its subsidiaries	<u>\$ 276,592</u>	<u>\$ 285,818</u>	<u>\$ 278,053</u>
Carrying amount	<u>\$ 276,592</u>	<u>\$ 285,818</u>	<u>\$ 278,053</u> (Concluded)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Operating Revenue	<u>\$ 133,819</u>	<u>\$ 133,666</u>	<u>\$ 229,898</u>	<u>\$ 238,952</u>
Net profit for the period	\$ 41,991	\$ 48,105	\$ 56,238	\$ 77,884
Other comprehensive income (loss)	<u>(3,299)</u>	<u>(438)</u>	<u>(3,266)</u>	<u>(192)</u>
Total comprehensive income	<u>\$ 38,692</u>	<u>\$ 47,667</u>	<u>\$ 52,972</u>	<u>\$ 77,692</u>

b. Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
The Corporation and its subsidiaries' share of				
Net profit for the period	\$ 5,991	\$ 26,532	\$ 14,658	\$ 32,135
Other comprehensive income (loss)	<u>(27,876)</u>	<u>37,320</u>	<u>(21,991)</u>	<u>46,212</u>
Total comprehensive income (loss)	<u>\$ (21,885)</u>	<u>\$ 63,852</u>	<u>\$ (7,333)</u>	<u>\$ 78,347</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 June 30, 2022 and 2021 and the related share of the comprehensive income for the three months and six months ended June 30, 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 CSC and fellow subsidiaries and accounted for using the equity method.

15. PROPERTY, PLANT AND EQUIPMENT

For the Six Months Ended June 30, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 1,145,237	\$ 1,555,291	\$ 5,591,413	\$ 162,171	\$ 196,053	\$ 128,944	\$ 8,779,109
Additions	-	20,407	73,511	-	2,275	71,470	167,663
Disposals	-	-	(32,500)	-	(1,000)	-	(33,500)
Effect of foreign currency exchange differences	-	-	780	95	481	-	1,356
Balance at June 30, 2022	<u>\$ 1,145,237</u>	<u>\$ 1,575,698</u>	<u>\$ 5,633,204</u>	<u>\$ 162,266</u>	<u>\$ 197,809</u>	<u>\$ 200,414</u>	<u>\$ 8,914,628</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ -	\$ 519,209	\$ 4,059,111	\$ 122,489	\$ 140,981	\$ -	\$ 4,841,790
Depreciation expense	-	37,548	149,678	7,772	7,064	-	202,062
Disposals	-	-	(31,227)	-	(999)	-	(32,226)
Effect of foreign currency exchange differences	-	-	286	76	401	-	763
Balance at June 30, 2022	<u>\$ -</u>	<u>\$ 556,757</u>	<u>\$ 4,177,848</u>	<u>\$ 130,337</u>	<u>\$ 147,447</u>	<u>\$ -</u>	<u>\$ 5,012,389</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 June 30, 2022	<u>\$ 1,145,237</u>	<u>\$ 1,018,941</u>	<u>\$ 1,455,356</u>	<u>\$ 31,929</u>	<u>\$ 50,362</u>	<u>\$ 200,414</u>	<u>\$ 3,902,239</u>

For the Six Months Ended June 30, 2021

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 1,145,237	\$ 1,541,464	\$ 5,421,564	\$ 159,595	\$ 195,089	\$ 159,210	\$ 8,622,159
Additions	-	20,381	183,713	2,627	1,154	(89,603)	118,272
Disposals	-	-	(19,691)	(61)	(187)	-	(19,939)
Effect of foreign currency exchange differences	-	(8,115)	(8,674)	(68)	(342)	-	(17,199)
Balance at June 30, 2021	<u>\$ 1,145,237</u>	<u>\$ 1,553,730</u>	<u>\$ 5,576,912</u>	<u>\$ 162,093</u>	<u>\$ 195,714</u>	<u>\$ 69,607</u>	<u>\$ 8,703,293</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ -	\$ 444,322	\$ 3,794,584	\$ 107,044	\$ 128,184	\$ -	\$ 4,474,134
Depreciation expense	-	37,432	161,847	8,323	7,313	-	214,915
Disposals	-	-	(19,111)	(60)	(185)	-	(19,356)
Effect of foreign currency exchange differences	-	-	(180)	(49)	(272)	-	(501)
Balance at June 30, 2021	<u>\$ -</u>	<u>\$ 481,754</u>	<u>\$ 3,937,140</u>	<u>\$ 115,258</u>	<u>\$ 135,040</u>	<u>\$ -</u>	<u>\$ 4,669,192</u>
Carrying amount at June 30, 2021	<u>\$ 1,145,237</u>	<u>\$ 1,071,976</u>	<u>\$ 1,639,772</u>	<u>\$ 46,835</u>	<u>\$ 60,674</u>	<u>\$ 69,607</u>	<u>\$ 4,034,101</u>

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

Buildings	
Main structure	2-50 years
Facility	5-25 years
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

16. LEASE AGREEMENT

a. Right-of-use assets

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Land	\$ 326,472	\$ 333,474	\$ 341,052
Machinery	227,120	231,082	236,356
Buildings	<u>90,536</u>	<u>82,322</u>	<u>80,133</u>
	<u>\$ 644,128</u>	<u>\$ 646,878</u>	<u>\$ 657,541</u>
	For the Three Months Ended June 30		For the Six Months Ended June 30
	2022	2021	2022
Additions to right-of-use assets			\$ 13,944
Depreciation charge for right-of-use assets			\$ -
Land	\$ 3,796	\$ 3,790	\$ 7,592
Machinery	2,651	2,637	5,296
Buildings	<u>2,684</u>	<u>2,658</u>	<u>5,363</u>
	<u>\$ 9,131</u>	<u>\$ 9,085</u>	<u>\$ 18,251</u>

b. Lease liabilities

	June 30, 2022	December 31, 2021	June 30, 2021
Carrying amounts			
Current	<u>\$ 29,468</u>	<u>\$ 29,251</u>	<u>\$ 28,857</u>
Non-current	<u>\$ 603,006</u>	<u>\$ 606,284</u>	<u>\$ 613,705</u>

Ranges of discount rate (%) for lease liabilities were as follows:

	June 30, 2022	December 31, 2021	June 30, 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 lease 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 payment will be adjusted every year on the basis of changes in Consumer Price Index.

The Corporation and its subsidiaries' also leases land and building 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 lease premises without lessors' approval.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ 997	\$ 1,053	\$ 2,030	\$ 2,105
Total cash outflow for all lease agreements (including short-term lease agreements)			\$ (25,119)	\$ (25,085)

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

17. INVESTMENT PROPERTIES

For the Six Months Ended June 30, 2022 and 2021

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and June 30, 2022, 2021	\$ 561,813	\$ 47,665	\$ 609,478
<u>Accumulated depreciation and impairment</u>			
Balance at January 1 and June 30, 2022, 2021	\$ 8,825	\$ 47,665	\$ 56,490
Carrying amount at January 1 and June 30, 2022, 2021	\$ 552,988	\$ -	\$ 552,988

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 charged in the future in leasing investment properties in operating lease as follow:

	June 30, 2022	December 31, 2021	June 30, 2021
Total lease payment charged in the future	\$ 49,450	\$ 56,911	\$ 64,371

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the fair value of investment properties was NT\$926,715 thousand, 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

	June 30, 2022	December 31, 2021	June 30, 2021
Current			
Product underwriting premium (Note 13)	\$ 552,198	\$ 514,294	\$ 517,638
Deferred charges	38,028	40,610	35,209
Restricted deposits (Note 12)	<u>-</u>	<u>-</u>	<u>57,001</u>
	<u>\$ 590,226</u>	<u>\$ 554,904</u>	<u>\$ 609,848</u>

19. BORROWINGS

a. Short-term borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Bank loans	\$ 484,000	\$ 884,000	\$ 884,000
Letters of credit borrowings	<u>81,713</u>	<u>17,641</u>	<u>20,531</u>
	<u>\$ 565,713</u>	<u>\$ 901,641</u>	<u>\$ 904,531</u>
Rate of interest rate (%)	0.95-1.3188	0.72-1.02	0.72-1.02

b. Short-term bills payable

	June 30, 2022	December 31, 2021	June 30, 2021
Commercial paper	\$ 30,000	\$ -	\$ -
Less: Unamortized discounts on bills payable	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>
Rate of interest rate (%)	1.158	-	-

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

c. Long-term bank borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured bank loans			
Due on various dates through September, 2024	\$ 300,000	\$ 1,100,000	\$ 1,200,000
Less: Current Portion	<u>-</u>	<u>-</u>	<u>500,000</u>
	<u>\$ 300,000</u>	<u>\$ 1,100,000</u>	<u>\$ 700,000</u>
Range of interest rate (%)	1.0805-1.25	0.79-0.9416	0.78-1.1955

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

	June 30, 2022	December 31, 2021	June 30, 2021
Dividend payable	\$ 954,441	\$ 6,823	\$ 670,155
Royalties (Note 13)	550,206	512,439	515,772
Salaries and incentive bonus	113,570	116,528	73,427
Outsourced repair and construction	51,060	42,258	41,286
Employees' compensation and remuneration of directors	45,708	58,634	67,875
Purchase of equipment	15,318	510	4,824
Soil remediation expense	14,444	22,239	26,455
Others (freight, commission and insurance)	<u>52,977</u>	<u>36,245</u>	<u>29,978</u>
	<u>\$ 1,797,724</u>	<u>\$ 795,676</u>	<u>\$ 1,429,772</u>

21. RETIREMENT BENEFIT PLANS

For the three months and six months ended June 30, 2022 and 2021, the pension expenses of defined benefit plans were NT\$1,258 thousand, NT\$1,744 thousand, NT\$2,515 thousand and NT\$3,488 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

	June 30, 2022	December 31, 2021	June 30, 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

	June 30, 2022	December 31, 2021	June 30, 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 (limited to a certain percentage of the Corporation's capital surplus and once a year).

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 approved in the shareholder's meeting in July 2022 and June 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, NT\$0.2 per share, total NT\$2.8 per share in 2020.

d. Other equity items

1) Exchange differences on translating foreign operations

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of period	\$ (91,078)	\$ (84,747)
Recognized during the period		
Exchange differences arising on translating foreign operations	23,274	(8,368)
Share of exchange difference of associates accounted for using the equity method	<u>2,835</u>	<u>2,197</u>
Balance, end of period	<u>\$ (64,949)</u>	<u>\$ (90,918)</u>

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of period	\$ 269,420	\$ (108,407)
Recognized during the period		
Unrealized gains and losses-debt instruments	(200)	(927)
Unrealized gains and losses - equity instruments	(51,072)	100,867
Share from associates accounted for using the equity method	<u>(200,699)</u>	<u>428,684</u>
Other comprehensive income (loss) recognized in the period	<u>(251,971)</u>	<u>528,624</u>
Cumulative unrealized gains and losses equity instruments transferred to retained earnings due to disposal	<u>(1,174)</u>	<u>(1,609)</u>
Balance, end of period	<u>\$ 16,275</u>	<u>\$ 418,608</u>

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

	For the Six Months Ended June 30	
	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>29</u>	<u>(22)</u>
Balance, end of period	<u>\$ 17</u>	<u>\$ 18</u>

e. Non-controlling interests

	For the Six Months Ended June 30	
	2022	2021
Balance, beginning of period	\$ 266,738	\$ 276,257
Net profit (loss) for the period	134	(1,164)
Exchange difference on translating foreign operations	<u>19,664</u>	<u>(6,001)</u>
Balance, end of period	<u>\$ 286,536</u>	<u>\$ 269,092</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 Six Months Ended June 30, 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 Six Months Ended June 30, 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	<u>\$ 117,638</u>	-	<u>\$ -</u>	<u>\$ -</u>	4,754	<u>\$ 117,638</u>	<u>\$ 544,280</u>

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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Revenue from chemical product production and sale	\$ 2,906,267	\$ 1,572,156	\$ 4,824,819	\$ 3,008,060
Revenue from trading	369,319	277,595	803,428	481,457
Revenue from the rendering of services	<u>14,939</u>	<u>25,060</u>	<u>39,944</u>	<u>51,497</u>
	<u>3,290,525</u>	<u>1,874,811</u>	<u>5,668,191</u>	<u>3,541,014</u>
Revenue from investment				
Gain (loss) on fair value change of financial assets at FVTPL	(53,627)	77,907	(63,199)	78,386
Impairment loss on financial assets	-	(3,878)	-	(3,878)
Share of the profit of associates	5,010	3,045	9,828	5,219
Dividend income	<u>220</u>	<u>-</u>	<u>220</u>	<u>-</u>
	<u>(48,397)</u>	<u>77,074</u>	<u>(53,151)</u>	<u>79,727</u>
	<u>\$ 3,242,128</u>	<u>\$ 1,951,885</u>	<u>\$ 5,615,040</u>	<u>\$ 3,620,741</u>

a. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021	January 1, 2021
Notes and accounts receivables (including related parties)	<u>\$ 928,679</u>	<u>\$ 693,897</u>	<u>\$ 624,571</u>	<u>\$ 446,179</u>
Contract liabilities				
Sale of goods	<u>\$ 68,276</u>	<u>\$ 49,541</u>	<u>\$ 51,031</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 recognized from the balance at the beginning of the year contract liability was summarized as follows:

	For the Six Months Ended June 30	
	2022	2021
From contract liabilities at the beginning of the year		
Sale of goods	<u>\$ 49,505</u>	<u>\$ 12,079</u>

b. Disaggregation of revenue

For the six months ended June 30, 2022

	Chemicals Product - Production and Sales	Chemicals Product - Trading	Investment Product	Total
Type of goods or services				
Sale of goods	\$ 4,824,819	\$ 803,428	\$ -	\$ 5,628,247
Rendering of services	39,944	-	-	39,944
Others	<u>-</u>	<u>-</u>	<u>(53,151)</u>	<u>(53,151)</u>
	<u>\$ 4,864,763</u>	<u>\$ 803,428</u>	<u>\$ (53,151)</u>	<u>\$ 5,615,040</u>

For the six months ended June 30, 2021

	Reportable Segments			
	Chemicals Product - Production and Sales	Chemicals Product - Trading	Investment Product	Total
Type of goods or services				
Sale of goods	\$ 3,008,060	\$ 481,457	\$ -	\$ 3,489,517
Rendering of services	51,497	-	-	51,497
Others	<u>-</u>	<u>-</u>	<u>79,727</u>	<u>79,727</u>
	<u>\$ 3,059,557</u>	<u>\$ 481,457</u>	<u>\$ 79,727</u>	<u>\$ 3,620,741</u>

24. PROFIT BEFORE INCOME TAX

Profit before income tax consisted of following items:

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Bank deposits	\$ 466	\$ 910	\$ 598	\$ 1,122
Financial assets at amortized cost	839	1,022	1,598	1,911
Investment in debt instruments at FVOCI	-	-	300	46
Others	<u>3</u>	<u>3</u>	<u>6</u>	<u>5</u>
	<u>\$ 1,308</u>	<u>\$ 1,935</u>	<u>\$ 2,502</u>	<u>\$ 3,084</u>

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Income from sale of prototype product trials	\$ 14,801	\$ 4,642	\$ 24,286	\$ 9,613
Rental income (Note 29)	4,154	4,174	8,328	8,349
Income from sale of fixed assets	1,013	-	2,926	70
Income from sale of scrap and wastes	939	1,154	2,622	2,000
Income from insurance	-	-	1,919	-
Subsidy income	-	-	-	10,318
Others	<u>2,666</u>	<u>3,954</u>	<u>4,273</u>	<u>5,613</u>
	<u>\$ 23,573</u>	<u>\$ 13,924</u>	<u>\$ 44,354</u>	<u>\$ 35,963</u>

c. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net foreign exchange gain (loss)	\$ 25,592	\$ (7,454)	\$ 47,698	\$ (11,862)
Net gain (loss) on fair value change of financial assets mandatorily at FVTPL	(15,814)	2,737	(25,303)	(3,652)
Gain (loss) on disposal of property, plant and equipment	-	194	(1,274)	193
Disaster loss	-	(10,097)	-	(10,097)
Others	<u>(900)</u>	<u>(192)</u>	<u>(922)</u>	<u>(221)</u>
	<u>\$ 8,878</u>	<u>\$ (14,812)</u>	<u>\$ 20,199</u>	<u>\$ (25,639)</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Foreign exchange gain	\$ 36,357	\$ 4,773	\$ 60,404	\$ 12,882
Foreign exchange loss	<u>(10,765)</u>	<u>(12,227)</u>	<u>(12,706)</u>	<u>(24,744)</u>
Net foreign exchange gains (losses)	<u>\$ 25,592</u>	<u>\$ (7,454)</u>	<u>\$ 47,698</u>	<u>\$ (11,862)</u>

d. Interest expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 3,584	\$ 5,280	\$ 7,835	\$ 11,446
Interest on lease liabilities	<u>2,496</u>	<u>2,553</u>	<u>5,002</u>	<u>5,127</u>
	6,080	7,833	12,837	16,573
Less: Amounts included in the cost of qualifying assets	<u>-</u>	<u>947</u>	<u>-</u>	<u>947</u>
	<u>\$ 6,080</u>	<u>\$ 6,886</u>	<u>\$ 12,837</u>	<u>\$ 15,626</u>

Information about capitalized interest is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Capitalized interest	<u>\$ -</u>	<u>\$ 947</u>	<u>\$ -</u>	<u>\$ 947</u>
Capitalization rate (%)	-	1.1955	-	1.1955

e. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 100,853	\$ 109,122	\$ 202,062	\$ 214,915
Right-of-use assets	9,131	9,085	18,251	18,166
Other noncurrent assets	<u>2,461</u>	<u>2,284</u>	<u>4,932</u>	<u>4,571</u>
	<u>\$ 112,445</u>	<u>\$ 120,491</u>	<u>\$ 225,245</u>	<u>\$ 237,652</u>
An analysis of depreciation by function				
Operating costs	\$ 97,372	\$ 104,803	\$ 195,452	\$ 206,189
Operating expenses	<u>12,612</u>	<u>13,404</u>	<u>24,861</u>	<u>26,892</u>
	<u>\$ 109,984</u>	<u>\$ 118,207</u>	<u>\$ 220,313</u>	<u>\$ 233,081</u>
An analysis of amortization by function				
Operating costs	<u>\$ 2,461</u>	<u>\$ 2,284</u>	<u>\$ 4,932</u>	<u>\$ 4,571</u>

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits				
Salaries	\$ 168,492	\$ 122,743	\$ 293,373	\$ 230,751
Labor and health insurance	7,235	6,434	14,429	13,293
Others	<u>8,675</u>	<u>5,581</u>	<u>14,800</u>	<u>9,998</u>
	<u>184,402</u>	<u>134,758</u>	<u>322,602</u>	<u>254,042</u>
Post-employment benefits				
Defined contribution plans	2,329	2,170	4,520	4,323
Defined benefit plans (Note 21)	<u>1,258</u>	<u>1,744</u>	<u>2,515</u>	<u>3,488</u>
	<u>3,587</u>	<u>3,914</u>	<u>7,035</u>	<u>7,811</u>
	<u>\$ 187,989</u>	<u>\$ 138,672</u>	<u>\$ 329,637</u>	<u>\$ 261,853</u>
An analysis by function				
Operating costs	\$ 122,885	\$ 85,284	\$ 209,338	\$ 178,432
Operating expenses	<u>65,104</u>	<u>53,388</u>	<u>120,299</u>	<u>83,421</u>
	<u>\$ 187,989</u>	<u>\$ 138,672</u>	<u>\$ 329,637</u>	<u>\$ 261,853</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 and six months ended June 30, 2022 and 2021 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Employees' compensation	\$ 25,668	\$ 12,607	\$ 38,090	\$ 22,760
Remuneration of directors	5,134	2,520	7,618	4,551

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 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 six months ended June 30, 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 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 119,688	\$ 61,654	\$ 194,823	\$ 112,854
Adjustments for prior year	(9,434)	(11,898)	(9,434)	(11,898)
Adjustments under the Alternative Minimum Tax Act	<u>(1,100)</u>	<u>1,435</u>	<u>1,152</u>	<u>1,908</u>
	<u>\$ 109,154</u>	<u>\$ 51,191</u>	<u>\$ 186,541</u>	<u>\$ 102,864</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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Net profit attributable to owners of the Corporation	<u>\$ 558,386</u>	<u>\$ 289,492</u>	<u>\$ 901,796</u>	<u>\$ 524,551</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares outstanding	236,904	236,904	236,904	236,904
Less: Number of treasury shares acquired by subsidiaries	<u>4,754</u>	<u>4,754</u>	<u>4,754</u>	<u>4,754</u>
Weighted average number of ordinary shares used in computation of basic earnings per share	232,150	232,150	232,150	232,150
Plus: Effect of dilutive potential ordinary shares - employees' compensation	<u>327</u>	<u>199</u>	<u>450</u>	<u>389</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>232,477</u>	<u>232,349</u>	<u>232,600</u>	<u>232,539</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 six months ended June 30, 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>June 30, 2022</u>				
Financial assets at FVTPL				
Mutual funds	\$ 350,066	\$ -	\$ -	\$ 350,066
Domestic listed shares	53,955	-	-	53,955
Emerging market shares	-	-	27,577	27,577
Domestic unlisted shares	-	-	56,553	56,553
Financial bonds	<u>42,192</u>	<u>-</u>	<u>-</u>	<u>42,192</u>
	<u>\$ 446,213</u>	<u>\$ -</u>	<u>\$ 84,130</u>	<u>\$ 530,343</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 204,638	\$ -	\$ -	\$ 204,638
Emerging market shares	-	-	46,384	46,384
Domestic unlisted shares	-	-	31,000	31,000
Financial bonds	<u>14,561</u>	<u>-</u>	<u>-</u>	<u>14,561</u>
	<u>\$ 219,199</u>	<u>\$ -</u>	<u>\$ 77,384</u>	<u>\$ 296,583</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>June 30, 2021</u>				
Financial assets at FVTPL				
Mutual funds	\$ 620,360	\$ -	\$ -	\$ 620,360
Domestic listed shares	126,944	-	-	126,944
Emerging market shares	-	-	24,750	24,750

(Continued)

	Level 1	Level 2	Level 3	Total
Domestic unlisted shares	\$ -	\$ -	\$ 51,533	\$ 51,533
Financial bonds	<u>88,590</u>	<u>-</u>	<u>-</u>	<u>88,590</u>
	<u>\$ 835,894</u>	<u>\$ -</u>	<u>\$ 76,283</u>	<u>\$ 912,177</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 280,430	\$ -	\$ -	\$ 280,430
Financial bonds	<u>28,963</u>	<u>-</u>	<u>-</u>	<u>28,963</u>
	<u>\$ 309,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,393</u>

(Concluded)

There were no transfers between Level 1 and Level 2 for the six months ended June 30, 2022 and 2021.

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

For the six months ended June 30, 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	3,144	-	3,144
Recognized in other comprehensive income	-	(4,016)	(4,016)
Settlements	<u>(216)</u>	<u>-</u>	<u>(216)</u>
Balance, end of the period	<u>\$ 84,130</u>	<u>\$ 77,384</u>	<u>\$ 161,514</u>

For the six months ended June 30, 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>241</u>	<u>-</u>	<u>241</u>
Balance, end of the period	<u>\$ 76,283</u>	<u>\$ -</u>	<u>\$ 76,283</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

	June 30, 2022	December 31, 2021	June 30, 2021
<hr/> Financial assets <hr/>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL (including non-current)	\$ 530,343	\$ 770,077	\$ 912,177
Financial assets at FVTOCI			
Investments in equity instruments	282,022	333,093	280,430
Investments in debt instruments	14,561	14,762	28,963
Financial assets at amortized cost 1)	2,054,874	1,719,088	1,556,664
<hr/> Financial liabilities <hr/>			
Financial liabilities at amortized cost 2)	2,188,914	3,109,138	3,163,589

- 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 (Note)		RMB (Note)	
	For the Six Months Ended		For the Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
Profit or loss in				
Scenario 1	\$ (6,453)	\$ (4,601)	\$ (4,667)	\$ (1,659)
Profit or loss in				
Scenario 2	6,453	4,601	4,667	1,659

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

Changes in the exchange rate sensitivity of the Corporation and its subsidiaries for the six months ended June 30, 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Fair value interest rate risk			
Financial liabilities	\$ 632,474	\$ 635,535	\$ 1,142,562
Cash flow interest rate risk			
Financial assets	474,390	386,965	339,387
Financial liabilities	300,000	1,100,000	700,000

Because of held financial liabilities, if interest rates had been 1% higher/lower and all other variables were constant, the Corporation and its subsidiaries' per-tax profit for the six months ended June 30, 2022 and 2021 would have decreased/increased by NT\$1,500 thousand and NT\$3,500 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 six months ended June 30, 2022 and 2021, respectively, the pre-tax profit for the six months ended June 30, 2022 and 2021 would have been higher/lower by NT\$24,241 thousand and NT\$44,838 thousand, respectively, as a result of the fair value changes of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2022 and 2021 would have been higher/lower by NT\$12,278 thousand and NT\$16,826 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 the Corporation and its subsidiaries.

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

	June 30, 2022	December 31, 2021	June 30, 2021
Customer A	\$ 147,652	\$ 127,344	\$ 107,314
Customer B	94,932	78,171	69,076
Customer C	<u>94,117</u>	<u>48,113</u>	<u>50,531</u>
	<u>\$ 336,701</u>	<u>\$ 253,628</u>	<u>\$ 226,921</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 June 30, 2022, December 31, 2021 and June 30, 2021, the Corporation and its subsidiaries had available unutilized short-term and long-term bank loan facilities in the amounts to NT\$6 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.

June 30, 2022

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 2,243,847	\$ 3,530	\$ -	\$ 2,247,377
Lease liabilities	38,892	141,678	572,151	752,721
Variable interest rate liabilities	<u>569,837</u>	<u>302,592</u>	<u>-</u>	<u>872,429</u>
	<u>\$ 2,852,576</u>	<u>\$ 447,800</u>	<u>\$ 572,151</u>	<u>\$ 3,872,527</u>

December 31, 2021

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 1,109,697	\$ 3,480	\$ -	\$ 1,113,177
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>

June 30, 2021

	1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	\$ 1,725,091	\$ 3,530	\$ -	\$ 1,728,621
Lease liabilities	41,709	140,673	666,395	848,777
Variable interest rate liabilities	912,025	706,784	-	1,618,809
Fixed interest rate liabilities	<u>500,704</u>	<u>-</u>	<u>-</u>	<u>500,704</u>
	<u>\$ 3,179,529</u>	<u>\$ 850,987</u>	<u>\$ 666,395</u>	<u>\$ 4,696,911</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 other related parties
E-One Moli Energy Corporation	The Corporation as key management personnel of other related parties
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 parties
Formosa Ha Tinh Steel Corporation (Formosa Ha Tinh)	Other related parties
Eminent III Venture Capital Corporation	Associate

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

a. Operating revenues

Account Items	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2022	2021	2022	2021
Revenue from sales of goods	The Corporation as key management personnel of subsidiaries				
	Linyuan Advanced	\$ 373,266	\$ 244,310	\$ 727,965	\$ 516,910
	Others	<u>34,890</u>	<u>24,904</u>	<u>67,659</u>	<u>42,870</u>
		408,156	269,214	795,624	559,780
	Parent entity	4,023	4,475	7,739	8,167
	Fellow subsidiaries	<u>4,543</u>	<u>2,910</u>	<u>8,000</u>	<u>6,342</u>
		<u>\$ 416,722</u>	<u>\$ 276,599</u>	<u>\$ 811,363</u>	<u>\$ 574,289</u>
Revenue from the rendering of services	Parent entity	\$ 13,233	\$ 24,474	\$ 35,822	\$ 49,079
	Fellow subsidiaries	<u>1,706</u>	<u>526</u>	<u>4,066</u>	<u>2,279</u>
		<u>\$ 14,939</u>	<u>\$ 25,000</u>	<u>\$ 39,888</u>	<u>\$ 51,358</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 June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Parent entity				
CSC	<u>\$ 882,089</u>	<u>\$ 587,746</u>	<u>\$ 1,528,492</u>	<u>\$ 1,090,612</u>
Fellow subsidiaries				
DSC	356,589	233,263	616,063	427,457
Others	<u>813</u>	<u>300</u>	<u>1,258</u>	<u>1,052</u>
	<u>357,402</u>	<u>233,563</u>	<u>617,321</u>	<u>428,509</u>
Other related parties				
Formosa Ha Tinh	<u>496,809</u>	<u>338,033</u>	<u>976,130</u>	<u>577,550</u>
	<u>\$ 1,736,300</u>	<u>\$ 1,159,342</u>	<u>\$ 3,121,943</u>	<u>\$ 2,096,671</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	June 30, 2022	December 31, 2021	June 30, 2021
Accounts receivable - related parties	Parent entity	\$ 5,688	\$ 11,529	\$ 11,454
	Fellow subsidiaries	2,541	757	1,425
	The Corporation as key management personnel of subsidiaries			
	Linyuan Advanced	147,652	127,344	107,314
	Others	<u>30,936</u>	<u>21,460</u>	<u>18,321</u>
		<u>\$ 186,817</u>	<u>\$ 161,090</u>	<u>\$ 138,514</u>
Other receivables	Parent entity			
	CSC	\$ 13,508	\$ 22,310	\$ 15,919
	Fellow subsidiaries	1,458	1,352	1,963
	Other related parties			
	Formosa Ha Tinh (Cayman)	208,040	193,760	195,020
	Others	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 223,006</u>	<u>\$ 217,422</u>	<u>\$ 212,902</u>

No guarantee had been received for receivables from related parties. For the six months ended June 30, 2022 and 2021, no impairment loss was recognized on receivables from related parties.

d. Payables to related parties

Account Items	Related Party category/Name	June 30, 2022	December 31, 2021	June 30, 2021
Accounts payable - related parties	Parent entity			
	CSC	\$ 366,030	\$ 264,391	\$ 227,700
	Fellow subsidiaries	-	10	-
	Other related parties			
	Formosa Ha Tinh	<u>-</u>	<u>-</u>	<u>29,897</u>
		<u>\$ 366,030</u>	<u>\$ 264,401</u>	<u>\$ 257,597</u>
Other payables	Parent entity	\$ 5,079	\$ 9,854	\$ 7,542
	Fellow subsidiaries	140	321	73
	The Corporation as key management personnel of other related parties	2,539	3,257	3,771
	Other related parties			
	Formosa Ha Tinh	<u>550,206</u>	<u>512,439</u>	<u>515,772</u>
		<u>\$ 557,964</u>	<u>\$ 525,871</u>	<u>\$ 527,158</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 Six Months Ended June 30	
	2022	2021
Parent entity	\$ 16,200	\$ -
Fellow subsidiaries	<u>3,010</u>	<u>580</u>
	<u>\$ 19,210</u>	<u>\$ 580</u>

f. Lease agreement

Account Items	Related Parties Types/Name	June 30, 2022	December 31, 2021	June 30, 2021
Lease liabilities	Parent entity - CSC	<u>\$ 568,376</u>	<u>\$ 580,090</u>	<u>\$ 593,606</u>
	Fellow subsidiaries			
	CSPM	49,404	49,665	48,532
	CHS	<u>4,632</u>	<u>5,780</u>	<u>4</u>
		<u>54,036</u>	<u>55,445</u>	<u>48,536</u>
		<u>\$ 622,412</u>	<u>\$ 635,535</u>	<u>\$ 642,142</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 was ended 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 years, which was ended 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 end 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.

Leased of office building

The Corporation leased office buildings from its parent entity. The lease term of the contract will end 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 agreements

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 was paid every half year. The lease term of the contract will end in December, 2025. As of June 30, 2022, December 31, 2021 and June 30, 2021, the gross lease payments to be received were NT\$43,110 thousand, NT\$49,268 thousand and NT\$55,427 thousand, respectively. The amounts of lease income recognized for the three months and six months ended June 30, 2022 and 2021 were both NT\$3,079 thousand and NT\$6,158 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 expense on public fluid, including electricity, wastewater treatment, waste gas treatment, consumption of steam, and coke ovens, based on market price or cost plus percentage. The expenses mentioned above amounted to NT\$91,837 thousand, NT\$75,085 thousand, NT\$172,476 thousand and NT\$144,082 thousand for the three months and six months ended June 30, 2022 and 2021, respectively. The Corporation and other non-related parties had no similar transactions available for comparison.

2) Technical service fees

The Corporation commissioned the parent entity to provide technical services, including activated carbon like Isotropic graphite block material analysis and the applied technological development in graphitizing mass production. The fees for technical services amounted to both NT\$3,180 thousand for the three months and six months ended June 30, 2021, respectively.

3) Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 12,627	\$ 8,689	\$ 21,457	\$ 18,080
Post-employment benefits	<u>234</u>	<u>160</u>	<u>468</u>	<u>469</u>
	<u>\$ 12,861</u>	<u>\$ 8,849</u>	<u>\$ 21,925</u>	<u>\$ 18,549</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 June 30, 2022 were as follow:

- a. Guarantee notes provided to sellers for purchase of goods and performance amounted to NT\$86,793 thousand.
- b. Unused balance of the letter of credit issued by the Corporation for the purchase of raw materials and goods in the amount of NT\$1,460,273 thousand.
- c. Property, plant and equipment construction contract signed for total amount of NT\$48,538 thousand, in which about NT\$6,022 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 financials assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
<hr/> June 30, 2022 <hr/>				
Financial assets				
Monetary items				
USD	\$ 18,467	29.72	(USD:NTD)	\$ 548,843
RMB	37,910	4.439	(RMB:NTD)	168,284
JPY	39,674	0.2182	(JPY:NTD)	8,657
Non-monetary items				
Financial assets mandatorily designated as FVTPL				
USD	3,685	29.72	(USD:NTD)	109,526
Financial assets at FVTOCI				
USD	490	29.72	(USD:NTD)	14,561
Financial liabilities				
Monetary items				
USD	8,713	29.72	(USD:NTD)	258,947
USD	2,516	6.695	(USD:RMB)	74,787
RMB	2,868	4.439	(RMB:NTD)	12,731
<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
(Continued)				

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount
Non-monetary items				
Financial assets mandatorily designated as FVTPL				
USD	\$ 7,996	27.68	(USD:NTD)	\$ 221,339
Financial assets at FVTOCI				
USD	533	27.68	(RMB: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
<hr/> June 30, 2021 <hr/>				
Financial assets				
Monetary items				
USD	18,198	27.86	(USD:NTD)	507,009
RMB	12,835	4.309	(RMB:NTD)	55,306
Non-monetary items				
Financial assets mandatorily designated as FVTPL				
USD	12,506	27.86	(USD:NTD)	348,427
Financial assets at FVTOCI				
USD	1,040	27.86	(USD:NTD)	28,963
Financial liabilities				
Monetary items				
USD	8,850	27.86	(USD:NTD)	246,554
USD	3,844	6.466	(USD:RMB)	107,093
				(Concluded)

For the three months and six months ended June 30, 2022 and 2021, realized and unrealized net foreign exchange gains and losses were gains of NT\$25,592 thousand, losses of NT\$7,454 thousand, gains of NT\$47,698 thousand and losses of NT\$11,862 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)
- c. 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)
- d. 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:

	CCCC/CCSNM	CCCCC	EWI	Adjustment and write-off	Consolidated
<u>For the six months ended June 30, 2022</u>					
Revenue from external customers	\$ 5,668,191	\$ -	\$ (53,151)	\$ -	\$ 5,615,040
Inter segment revenue	<u>159,466</u>	<u>-</u>	<u>14,898</u>	<u>(174,364)</u>	<u>-</u>
Segment revenue	<u>\$ 5,827,657</u>	<u>\$ -</u>	<u>\$ (38,253)</u>	<u>\$ (174,364)</u>	<u>\$ 5,615,040</u>
Segment income (loss)	\$ 1,044,392	\$ (77)	\$ (38,756)	\$ (8,279)	\$ 997,280
Interest income	2,153	345	360	(356)	2,502
Share of profits of subsidiaries and associates	5,874	-	-	31,099	36,973
Other income	47,740	-	3,233	(6,619)	44,354
Interest expense	(13,155)	-	(38)	356	(12,837)
Other gains and losses	<u>14,995</u>	<u>-</u>	<u>5,204</u>	<u>-</u>	<u>20,199</u>
Profit (loss) before income tax	1,101,999	268	(29,997)	16,201	1,088,471
Income tax expense	<u>185,305</u>	<u>-</u>	<u>1,236</u>	<u>-</u>	<u>186,541</u>
Net profit (loss) for the period	<u>\$ 916,694</u>	<u>\$ 268</u>	<u>\$ (31,233)</u>	<u>\$ 16,201</u>	<u>\$ 901,930</u>
<u>For the six months ended June 30, 2021</u>					
Revenue from external customers	\$ 3,541,014	\$ -	\$ 79,727	\$ -	\$ 3,620,741
Inter segment revenue	<u>27,665</u>	<u>-</u>	<u>(717)</u>	<u>(26,948)</u>	<u>-</u>
Segment revenue	<u>\$ 3,568,679</u>	<u>\$ -</u>	<u>\$ 79,010</u>	<u>\$ (26,948)</u>	<u>\$ 3,620,741</u>
Segment income (loss)	\$ 477,020	\$ (2,472)	\$ 78,635	\$ 14,967	\$ 568,150
Interest income	2,935	144	591	(586)	3,084
Share of profits of subsidiaries and associates	138,052	-	-	(77,733)	60,319
Other income	45,665	-	4,548	(14,250)	35,963
Interest expense	(16,205)	-	(7)	586	(15,626)
Other gains and losses	<u>(22,790)</u>	<u>-</u>	<u>(2,849)</u>	<u>-</u>	<u>(25,639)</u>
Profit (loss) before income tax	624,677	(2,328)	80,918	(77,016)	626,251
Income tax expense	<u>100,843</u>	<u>-</u>	<u>2,021</u>	<u>-</u>	<u>102,864</u>
Net profit (loss) for the period	<u>\$ 523,834</u>	<u>\$ (2,328)</u>	<u>\$ 78,897</u>	<u>\$ (77,016)</u>	<u>\$ 523,387</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, rent income, interest income, gain (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

	June 30, 2022	December 31, 2021	June 30, 2021
<u>Segment assets</u>			
Chemicals segment			
Production and sales	\$ 11,305,293	\$ 11,476,575	\$ 11,674,410
Trading	1,123,277	1,045,915	1,055,148

(Continued)

	June 30, 2022	December 31, 2021	June 30, 2021
Investment segment	\$ 1,709,492	\$ 1,877,041	\$ 1,834,775
Adjustment and write-off	<u>(2,567,786)</u>	<u>(2,666,662)</u>	<u>(2,585,279)</u>
	<u>\$ 11,570,276</u>	<u>\$ 11,732,869</u>	<u>\$ 11,979,054</u>
<hr/> Segment liabilities <hr/>			
Chemicals segment			
Production and sales	\$ 4,044,134	\$ 3,962,241	\$ 4,606,023
Trading	550,206	512,439	516,965
Investment segment	31,714	4,636	2,070
Adjustment and write-off	<u>(421,798)</u>	<u>(364,354)</u>	<u>(333,738)</u>
	<u>\$ 4,204,256</u>	<u>\$ 4,114,962</u>	<u>\$ 4,791,320</u>
			(Concluded)

TABLE 1

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE PERIOD ENDED JUNE 30, 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 (Note 3)	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	\$ 74,300	\$ 74,300	\$ 74,300	1%	Note 1	\$ -	Operating capital	\$ -	-	\$ -	\$ 335,555	\$ 503,333	Note 2

Note1 : The need for short-term financing.

Note2 : 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.

Note3 : The transaction had been eliminated when preparing consolidated financial statements.

TABLE 2

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 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	JUNE 30, 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	\$ 13,663	-	\$ 13,663	
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	12,720	-	12,720	
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	11,541	-	11,541	
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	11,168	-	11,168	
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	14,268	-	14,268	
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	10,994	-	10,994	
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	10,041	-	10,041	
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	10,008	-	10,008	
China Steel Chemical 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)	333,333	8,710	-	8,710	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 11,687	-	\$ 11,687	
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	10,953	-	10,953	
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	10,233	-	10,233	
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	9,319	-	9,319	
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	14,561	-	14,561	
China Steel Chemical Corporation	Preferred stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	229,000	11,656	-	11,656	
China Steel Chemical Corporation	Common stock	China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income-current	2,556,915	72,744	-	72,744	
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	15,450	-	15,450	
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	8,344	-	8,344	
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	4,475	-	4,475	
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	4,126	-	4,126	
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	18,952	-	18,952	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 13,764	-	\$ 13,764	
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	13,375	-	13,375	
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)	1,135,072	15,131	-	15,131	
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	8,800	-	8,800	
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	8,251	-	8,251	
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)	500,000	3,725	-	3,725	
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	4,634	-	4,634	
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	3,731	-	3,731	
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	3,712	-	3,712	
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	2,961	-	2,961	
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	2,656	-	2,656	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 9,166	-	\$ 9,166	
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	2,908	-	2,908	
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	5,416	-	5,416	
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	4,462	-	4,462	
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	26,791	-	26,791	
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	4,935	-	4,935	
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	24,303	-	24,303	
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	8,720	-	8,720	
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)	743,564	11,908	-	11,908	
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	7,279	-	7,279	
Ever Wealthy International Corporation	Mutual fund	Jih Sun Rising Dragon Fund	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	500,000	4,991	-	4,991	

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	\$ 3,987	-	\$ 3,987	
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	13,542	-	13,542	
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	9,072	-	9,072	
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	4,873	-	4,873	
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	3,578	-	3,578	
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	1,713	-	1,713	
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	1,544	-	1,544	
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. Ltd. Preferred Shares C	No relation	Financial assets mandatorily classified as at fair value through profit or loss - current (including measurement)	175,000	10,378	-	10,378	
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	785	-	785	
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	52,320	4	52,320	Note 1

(Continued)

Held Company Name	Type and Name of Marketable Securities		Relationship with The Company	Financial Statement Account	JUNE 30, 2022				Note
					Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
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	Note 1
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	1,845	-	1,845	Note 1
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	Note 1
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	27,577	7	27,577	Note 1
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	Note 2
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	120,238	-	120,238	
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	46,384	-	46,384	
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 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 JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	Sales	\$ (727,965)	(13)	Receivables are collected as the end of every month of when invoice is issued	Note 1	Note 1	\$ 147,652	17	
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	Sales	(151,167)	(3)	Receivables were collected within 150 days after shipment date	Note 2	Note 2	134,800	15	Note 3
China Steel Chemical Corporation	China Steel Corporation	Parent company	Purchases	1,528,492	47	Letter of credit at sight	Note 1	Note 1	(366,030)	(82)	
China Steel Chemical Corporation	Formosa Ha Tinh Steel Corporation	Other related parties	Purchases	976,130	30	Payment within 10 days after shipment date	Note 1	Note 1	-	-	
China Steel Chemical Corporation	Dragon Steel Corporation	The same parent company	Purchases	616,063	19	Letter of credit at sight	Note 1	Note 1	-	-	
Changzhou China Steel New Materials Technology Co., Ltd.	China Steel Chemical Corporation	Parent company	Purchases	161,898	91	Payment within 150 days after shipment date	Note 2	Note 2	(134,800)	(100)	Note 3

Note1: Refer to Note 29.

Note2: Sales to subsidiaries are priced on a cost-plus basis, and there is no significant difference in terms of payment except that the credit period for Changzhou China Steel New Materials Technology Co., Ltd is 150 days.

Note3: The transactions had been eliminates when preparing consolidated financial statements.

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
JUNE 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
China Steel Chemical Corporation	Linyuan Advanced Materials Technology Co., Ltd.	Subsidiary of director of the board	\$ 147,652	10.58	\$ -	-	\$ -	\$ -
China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiary	134,800 (Note 2)	2.58	-	-	-	-
Formosa Ha Tinh CSCC (Cayman) International Limited	China Steel Chemical Corporation	Parent company	208,040 (Note 1 and 2)	Note 1	-	-	-	-
Formosa Ha Tinh CSCC (Cayman) International Limited	Formosa Ha Tinh (Cayman) Limited	Other related parties	208,040 (Note 1)	Note 1	-	-	-	-

Note 1: Dividends receivables.

Note 2: The transactions had been eliminated when preparing consolidated financial statements.

TABLE 5

CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE PERIOD ENDED JUNE 30, 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	\$ 161,898 (Note)	Charged at the cost plus additional percentage, receivables were collected within 150 days after shipment date.	3.00
0	China Steel Chemical Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Parent to subsidiaries	Accounts receivable	134,800		1.00
0	China Steel Chemical Corporation	Formosa Ha Tinh CSCC (Cayman) International Limited	Parent to subsidiaries	Other payables	208,040		2.00
1	Ever Wealthy International Corporation	Changzhou China Steel New Materials Technology Co., Ltd.	Subsidiaries to subsidiaries	Other receivables	74,767		1.00

Note: Sales amount includes sales of trial product NT\$5,375 thousand and sale of supplies NT\$5,356 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 JUNE 30, 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 JUNE 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				JUNE 30, 2022	DECEMBER 31, 2021	Number of Shares	%	Carrying Amount			
China Steel Chemical Corporation	CHC Resources Corporation	Republic of China	Manufacture and sale of Ground-Granulated Blast-Furnace Slag and Blast-Furnace Slag Cement, Air-cooled Blast Furnace Slag and Basic Oxygen Furnace Slag, reutilization of resources	\$ 91,338	\$ 91,338	15,019,341	6.00	\$ 331,311	\$ 400,505	\$ 24,190	
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	-	14,689	214,400	643	
China Steel Chemical Corporation	Ever Wealthy International Corporation	Republic of China	General investment	300,083	300,083	104,574,982	100.00	1,241,630	(31,233)	(31,233)	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	286,536	268	134	Subsidiary (Note)
China Steel Chemical Corporation	Transglory Investment Corporation	Republic of China	General investment	450,000	450,000	69,000,960	9.00	682,879	(5,258)	(483)	
China Steel Chemical Corporation	CSC Solar Corporation	Republic of China	Solar energy generation	261,600	261,600	26,160,000	15.00	276,592	56,238	8,436	
China Steel Chemical Corporation	Eminent III Venture Capital Corporation	Republic of China	General investment	160,000	160,000	16,000,000	9.00	124,563	(30,261)	(3,299)	
China Steel Chemical Corporation	Pro-Ascentek Investment Corporation	Republic of China	General investment	60,000	60,000	6,000,000	5.00	55,992	22,450	1,122	
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	52,593	67,683	5,300	
China Steel Chemical Corporation	United Steel International Development Corporation	British Virgin Islands	Holding and investment	68,839	68,839	2,450,000	5.00	25,492	(33,325)	(1,666)	
China Steel Chemical Corporation	Gau Ruei Investment Corporation	Republic of China	General investment	15,070	15,070	1,196,000	40.00	30,747	3,417	1,367	
China Steel Chemical Corporation	Li-Ching-Long Investment Corporation	Republic of China	General investment	7,000	7,000	700,000	35.00	15,877	(6)	(2)	
China Steel Chemical Corporation	Eminent Venture Capital Corporation	Republic of China	General Investment	6,750	13,500	675,000	5.00	6,901	17,386	869	
China Steel Chemical Corporation	TaiAn Technologies Corporation	Republic of China	Bio-Tech consultants and management	2,295	2,295	499,998	5.00	6,763	9,917	496	
Ever Wealthy International Corporation	China Steel Structure Co., Ltd.	Republic of China	Manufacture and sale of products of steel structure	2,866	-	51,000	-	2,764	214,400	-	
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	97,042	61,446	5,116	
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	38,555	67,683	3,885	
Ever Wealthy International Corporation	Hung-Chuan Investment Corporation	Republic of China	General investment	9,000	9,000	900,000	45.00	20,416	(6)	(3)	
Ever Wealthy International Corporation	Sheng Lih Dar Investment Corporation	Republic of China	General investment	8,400	8,400	840,000	35.00	19,320	821	287	
Ever Wealthy International Corporation	Ding Da Investment Corporation	Republic of China	General investment	10,495	10,495	897,000	30.00	18,133	1,810	543	

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

TABLE 7**CHINA STEEL CHEMICAL CORPORATION AND SUBSIDIARIES**
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
 FOR THE PERIOD ENDED JUNE 30, 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 (Note 1)	Remittance of Funds (Note 1)		Accumulated Outward Remittance for Investment from Taiwan as of JUNE 30, 2022 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of JUNE 30, 2022	Accumulated Repatriation of Investment Income as of JUNE 30, 2022	Note
					Outward	Inward							
Ningbo Huayang Aluminium-Tech Co., Ltd.	Production of aluminum products	\$ 1,456,280	Investments through a holding company registered in a third region	\$ 72,814	\$ -	\$ -	\$ 72,814	\$ (33,882)	5.00	\$ (1,694)	\$ 25,007	\$ 5,439	Note 4
Changzhou China Steel New Materials Technology Co., Ltd.	Mesophase sales and trading	177,338	Direct investment	193,358	-	-	193,358	14,898	100.00	14,898	181,677	-	

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of JUNE 30, 2022 (Note 1)	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	\$ 266,172	\$ 266,172	\$ 4,247,690

Note 1: The amounts were calculated based on the foreign exchange rate as of JUNE 30,2022.

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 AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS

JUNE 30, 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.