

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

CONSOLIDATED FINANCIAL STATEMENTS

**with Independent Auditors' Review Report
For the Six Months Ended June 30, 2019 and 2018**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of China Metal Products Co., Ltd. and its subsidiaries as of June 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2019 and 2018, and the changes in equity and cash flows for the six months ended June 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 conducted in accordance with the generally accepted auditing standards 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.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$5,314,084 thousand and \$5,270,137 thousand, constituting 13.43% and 13.38% of consolidated total assets as of June 30, 2019 and 2018, respectively, total liabilities amounting to \$3,276,638 thousand and \$3,245,596 thousand, constituting 13.93% and 13.74% of consolidated total liabilities as of June 30, 2019 and 2018, respectively, and total comprehensive income (loss) amounting to \$15,898 thousand, \$19,546 thousand, \$42,916 thousand and \$13,127 thousand, constituting 15.81%, 23.58%, 7.21% and 1.73% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2019 and 2018, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of the China Metal Products Co., Ltd. and its subsidiaries in its investee companies of \$840,829 thousand and \$822,493 thousand as of June 30, 2019 and 2018, respectively, and its equity in net earnings on these investee companies of \$(15,887) thousand, \$(5,818) thousand, \$(21,805) thousand and \$(24,272) thousand for the three months and six months ended June 30, 2019 and 2018, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of China Metal Products Co., Ltd. and its subsidiaries as of June 30, 2019 and 2018, and of its consolidated financial performance for the three months and six months ended June 30, 2019 and 2018, and its consolidated cash flows for the six months ended June 30, 2019 and 2018 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 of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Kuo-Yang Tseng and Shih-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)
August 13, 2019

Notes to Readers

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

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2019 and 2018

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2019, December 31, 2018, and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2019		December 31, 2018		June 30, 2018		Liabilities and equity		June 30, 2019		December 31, 2018		June 30, 2018	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a) and (ab))	\$ 3,545,085	9	3,896,690	10	3,578,997	9	2100	Short-term borrowings (Note 6(o) and (ab))	\$ 8,084,880	20	6,620,573	17	8,606,834	22
1110	Current financial assets at fair value through profit or loss (Note 6(b) and (ab))	17,385	-	2,960	-	648	-	2130	Current contract liabilities (Note 6(x) and 9(a))	614,898	2	547,626	1	1,780,364	5
1170	Notes and accounts receivable, net (Note 6(d), (x) and (ab))	4,071,474	10	4,306,821	11	4,606,014	12	2170	Notes and accounts payable (Note 6(ab))	2,446,366	6	2,536,699	7	2,127,261	5
1180	Accounts receivable due from related parties, net (Note 6(ab) and 7)	1,213	-	1,276	-	1,298	-	2180	Accounts payable due to related parties (Note 6(ab) and 7)	45,983	-	19,921	-	25,797	-
1200	Other receivables (Note 6 (ab))	30,887	-	81,054	-	39,924	-	2200	Other payables (Note 6(ab))	1,917,092	5	1,073,350	3	1,534,809	4
1210	Other receivables due from related parties (Note 6(ab) and 7)	25,484	-	15,948	-	20,216	-	2220	Other payables to related parties (Note 6(ab) and 7)	24	-	10,109	-	8,907	-
130X	Inventories (Note 6(e), 8 and 9(a))	14,267,773	36	14,291,572	38	15,396,999	39	2230	Current income tax liabilities	121,014	-	56,813	-	163,891	-
1410	Prepayments (Note 7 and 9(a))	362,168	1	271,283	1	536,798	1	2280	Current lease liabilities (Note 6(q) and (ab))	190,706	1	-	-	-	-
1460	Non-current assets held for sale, net (Note 6(f))	-	-	-	-	42,052	-	2322	Long-term borrowings, current portion (Note 6(p) and (ab))	637,799	2	1,062,662	3	989,256	2
1470	Other current assets	230,433	1	196,979	1	258,501	1	2360	Current net defined benefit liability	1,389	-	1,389	-	1,389	-
1476	Other current financial assets (Note 6(d), (ab), 7, 8 and 9(a))	616,179	2	760,460	2	967,625	3	2399	Other current liabilities (Note 6(r), (t) and 7)	166,686	-	123,241	-	252,298	1
1480	Incremental costs of obtaining contracts	106,202	-	106,202	-	-	-		Total current liabilities	<u>14,226,837</u>	<u>36</u>	<u>12,052,383</u>	<u>31</u>	<u>15,490,806</u>	<u>39</u>
	Total current assets	<u>23,274,283</u>	<u>59</u>	<u>23,931,245</u>	<u>63</u>	<u>25,449,072</u>	<u>65</u>		Non-Current liabilities:						
Non-current assets:								2540	Long-term borrowings (Note 6(p) and (ab))	6,193,176	15	7,963,236	21	7,160,792	18
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c) and (ab))	216,065	1	207,818	1	193,456	-	2570	Deferred tax liabilities	646,541	2	646,449	2	620,248	2
1550	Investments accounted for using equity method (Note 6(g))	840,829	2	864,157	2	822,493	2	2580	Non-current lease liabilities (Note 6(q) and (ab))	2,084,916	5	-	-	-	-
1600	Property, plant and equipment (Note 6(i), 8 and 9(a))	10,350,321	26	10,280,411	27	10,256,223	26	2600	Other non-current liabilities (Note 6(r))	324,609	1	329,581	1	268,865	1
1755	Right-of-use assets (Note 6(j))	2,539,886	6	-	-	-	-	2640	Non-current net defined benefit liability	53,928	-	73,343	-	79,655	-
1760	Investment property, net (Note 6(k) and 8)	601,550	1	604,257	2	634,453	2		Total non-current liabilities	<u>9,303,170</u>	<u>23</u>	<u>9,012,609</u>	<u>24</u>	<u>8,129,560</u>	<u>21</u>
1780	Intangible assets (Note 6(l))	442,899	1	451,287	1	471,326	1		Total liabilities	<u>23,530,007</u>	<u>59</u>	<u>21,064,992</u>	<u>55</u>	<u>23,620,366</u>	<u>60</u>
1840	Deferred tax assets	28,150	-	28,092	-	27,753	-		Equity attributable to owners of parent (Note 6(v)):						
1900	Other non-current assets (Note 6(i), (m) and 9(a))	606,297	2	957,905	2	863,830	2	3100	Share capital	3,852,521	10	3,852,521	10	3,852,521	10
1980	Other non-current financial assets (Note 6(n), (ab), 7 and 9(a))	682,935	2	682,985	2	682,392	2	3200	Capital surplus	1,522,961	4	1,525,666	4	1,523,521	4
	Total non-current assets	<u>16,308,932</u>	<u>41</u>	<u>14,076,912</u>	<u>37</u>	<u>13,951,926</u>	<u>35</u>	3300	Retained earnings	6,420,624	16	7,159,640	19	6,031,166	15
	Total assets	<u>\$ 39,583,215</u>	<u>100</u>	<u>38,008,157</u>	<u>100</u>	<u>39,400,998</u>	<u>100</u>	3400	Other equity	307,957	1	206,070	1	430,544	1
									Total equity attributable to owners of parent:	<u>12,104,063</u>	<u>31</u>	<u>12,743,897</u>	<u>34</u>	<u>11,837,752</u>	<u>30</u>
								36XX	Non-controlling interests (Note 6(h))	3,949,145	10	4,199,268	11	3,942,880	10
									Total equity	<u>16,053,208</u>	<u>41</u>	<u>16,943,165</u>	<u>45</u>	<u>15,780,632</u>	<u>40</u>
									Total liabilities and equity	<u>\$ 39,583,215</u>	<u>100</u>	<u>38,008,157</u>	<u>100</u>	<u>39,400,998</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2019 and 2018

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

	For the three months ended June 30				For the six months ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Note 6(x) and 7)							
5000	Operating costs (Note 6(e) and 7)							
	Gross profit from operations							
	Operating expenses (Note 7):							
6100	Selling expenses							
6200	Administrative expenses							
6300	Research and development expenses							
6450	Expected credit gain or loss (Note 6(d))							
	Total operating expenses							
6500	Net other income and expenses (Note 6(z))							
	Net operating income							
	Non-operating income and expenses:							
7010	Other income (Note 6(aa) and 7)							
7020	Other gains and losses (Note 6(aa))							
7050	Finance costs (Note 6(aa))							
7375	Share of loss of associates and joint ventures accounted for using equity method (Note 6(g))							
	Total non-operating income and expenses							
	Profit from continuing operations before tax							
7950	Less: Tax expense (Note 6(u))							
8000	Profit from continuing operations							
8100	(Loss) profit from discontinued operations (Note 12(d))							
8200	Net profit							
8300	Other comprehensive income:							
8310	Items that may not be reclassified subsequently to profit or loss:							
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (Note 6(v) and (ab))							
8360	Items that may be reclassified subsequently to profit or loss:							
8361	Exchange differences on translation (Note 6(v))							
8300	Other comprehensive income (after tax)							
8500	Comprehensive income							
	Net profit, attributable to:							
8610	Owners of parent							
8620	Non-controlling interests							
	Comprehensive income attributable to:							
8710	Owners of parent							
8720	Non-controlling interests							
	Earnings per share (Note 6(w))							
	Basic earnings per share							
9710	From continuing operations							
9720	From discontinued operations							
	Diluted earnings per share							
9810	From continuing operations							
9820	From discontinued operations							

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent										Total Equity
	Share Capital		Retained Earnings			Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Unrealized Gains (Losses) on Available-For-Sale Financial Assets	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	
Balance on January 1, 2018	\$ 3,852,521	1,522,961	1,511,647	49,081	4,317,361	392,282	-	187	11,646,040	3,923,408	15,569,448
Effects of retrospective application	-	-	-	-	66,678	-	53,478	(187)	119,969	32,519	152,488
Balance on January 1, 2018, after adjustments	<u>3,852,521</u>	<u>1,522,961</u>	<u>1,511,647</u>	<u>49,081</u>	<u>4,384,039</u>	<u>392,282</u>	<u>53,478</u>	<u>-</u>	<u>11,766,009</u>	<u>3,955,927</u>	<u>15,721,936</u>
Profit for the six months ended June 30, 2018	-	-	-	-	699,745	-	-	-	699,745	66,776	766,521
Other comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	(15,216)	-	-	(15,216)	6,585	(8,631)
Total comprehensive income for the six months ended June 30, 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>699,745</u>	<u>(15,216)</u>	<u>-</u>	<u>-</u>	<u>684,529</u>	<u>73,361</u>	<u>757,890</u>
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	60,943	-	(60,943)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(577,878)	-	-	-	(577,878)	-	(577,878)
Other changes in capital surplus:											
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	(35,468)	-	-	-	(35,468)	28,337	(7,131)
Changes in equity of associates and joint ventures accounted for using equity method	-	560	-	-	-	-	-	-	560	674	1,234
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(66,959)	(66,959)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(48,460)	(48,460)
Balance on June 30, 2018	<u>\$ 3,852,521</u>	<u>1,523,521</u>	<u>1,572,590</u>	<u>49,081</u>	<u>4,409,495</u>	<u>377,066</u>	<u>53,478</u>	<u>-</u>	<u>11,837,752</u>	<u>3,942,880</u>	<u>15,780,632</u>
Balance on January 1, 2019	\$ 3,852,521	1,525,666	1,572,590	49,081	5,537,969	136,291	69,779	-	12,743,897	4,199,268	16,943,165
Effects of retrospective application	-	-	-	-	(58,290)	-	-	-	(58,290)	(332)	(58,622)
Balance on January 1, 2019, after adjustments	<u>3,852,521</u>	<u>1,525,666</u>	<u>1,572,590</u>	<u>49,081</u>	<u>5,479,679</u>	<u>136,291</u>	<u>69,779</u>	<u>-</u>	<u>12,685,607</u>	<u>4,198,936</u>	<u>16,884,543</u>
Profit for the six months ended June 30, 2019	-	-	-	-	361,827	-	-	-	361,827	110,272	472,099
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	84,025	17,862	-	101,887	21,411	123,298
Total comprehensive income for the six months ended June 30, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,827</u>	<u>84,025</u>	<u>17,862</u>	<u>-</u>	<u>463,714</u>	<u>131,683</u>	<u>595,397</u>
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	183,557	-	(183,557)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,040,181)	-	-	-	(1,040,181)	-	(1,040,181)
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	(2,705)	-	-	(2,372)	-	-	-	(5,077)	(51)	(5,128)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(10,000)	(10,000)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(371,423)	(371,423)
Balance on June 30, 2019	<u>\$ 3,852,521</u>	<u>1,522,961</u>	<u>1,756,147</u>	<u>49,081</u>	<u>4,615,396</u>	<u>220,316</u>	<u>87,641</u>	<u>-</u>	<u>12,104,063</u>	<u>3,949,145</u>	<u>16,053,208</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2019	2018
Cash flows from operating activities:		
Profit from continuing operations before tax	\$ 619,226	582,977
Profit from discontinued operations before tax	-	371,620
Profit before tax	619,226	954,597
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	499,685	391,712
Amortization expense	14,209	22,601
Expected credit loss (gain)	2,295	(342)
Net gain on financial assets or liabilities at fair value through profit or loss	(2,167)	(14,048)
Interest expense	146,057	118,113
Interest income	(34,076)	(30,010)
Dividend income	(28,174)	(38,481)
Share of loss of associates and joint ventures accounted for using equity method	21,805	24,272
Loss on disposal of property, plant and equipment	3,534	3,011
Property, plant and equipment transferred to expenses	152	-
Gain on disposal of discontinued operations and non-current assets held for sale	-	(375,854)
Impairment loss	447	-
Other gains	(2,713)	-
Total adjustments to reconcile profit	621,054	100,974
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(12,258)	58,372
Notes and accounts receivable, net	281,676	59,758
Accounts receivable due from related parties	53,159	(172,032)
Other receivables	15,177	25,344
Inventories	56,536	(361,855)
Prepayments	(93,113)	93,339
Other current assets	(42,666)	(42,316)
Other financial assets	219,203	52,310
Total changes in operating assets	477,714	(287,080)
Changes in operating liabilities:		
Notes and accounts payable (including related parties)	(91,154)	10,454
Other payables	(140,552)	28,511
Current contract liabilities	71,958	236,070
Other current liabilities	2,361	43,212
Other non-current liabilities	(789)	1,339
Total changes in operating liabilities	(158,176)	319,586
Total changes in operating assets and liabilities	319,538	32,506
Total adjustments	940,592	133,480
Cash inflow generated from operations	1,559,818	1,088,077
Interest received	27,347	22,805
Dividends received	28,218	39,113
Interest paid	(142,834)	(159,760)
Income taxes paid	(56,580)	(162,960)
Net cash flows generated from operating activities	1,415,969	827,275
Cash flows from investing activities:		
Proceeds from disposal of investments accounted for using equity method	-	1,990
Proceeds from capital reduction of investments accounted for using equity method	-	36,516
Proceeds from disposal of non-current assets held for sale	-	616,480
Acquisition of property, plant and equipment	(342,454)	(418,854)
Proceeds from disposal of property, plant and equipment	13,255	11,635
Increase in receipts in advance due to disposal of assets	-	30,502
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	8,000	-
Acquisition of intangible assets	(1,277)	(5,660)
(Increase) decrease in other financial assets	(68,148)	116,106
Increase in other non-current assets	(161,272)	(224,718)
Net cash flows from loss of control of subsidiary	-	(7,210)
Net cash flows (used in) generated from investing activities	(551,896)	156,787
Cash flows from financing activities:		
Increase in short-term borrowings	3,644,270	9,056,986
Decrease in short-term borrowings	(2,191,699)	(8,317,598)
Increase in short-term notes and bills payable	202	214,923
Proceeds from long-term borrowings	1,530,000	1,689,869
Repayments of long-term borrowings	(3,755,559)	(3,591,500)
Increase (decrease) in other non-current liabilities	9,503	(225)
Payment of lease liabilities	(109,991)	-
Cash dividends paid to non-controlling interests	(371,423)	(48,460)
Change in non-controlling interests	(10,000)	(66,959)
Net cash flows used in financing activities	(1,254,697)	(1,062,964)
Effect of exchange rate changes on cash and cash equivalents	39,019	27,887
Net increase in cash and cash equivalents	(351,605)	(51,015)
Cash and cash equivalents at beginning of period	3,896,690	3,630,012
Cash and cash equivalents at end of period	\$ 3,545,085	\$ 3,578,997

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2019 and 2018

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

(1) Company history

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

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

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors on August 13, 2019.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

- (i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 “Leases,” IFRIC 4 “Determining whether an Arrangement contains a Lease,” SIC-15 “Operating Leases – Incentives” and SIC-27 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease.”

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of machinery, office, office facilities, dormitory and company cars.

- Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.

(Continued)

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

- Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
 - Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
 - Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
 - Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Group recognized the right-of-use assets, other non-current assets, other payables, and the lease liabilities to increase by \$2,640,130 thousand, decrease by \$384,690 thousand, decrease by \$56,916 thousand, and increase by \$2,370,978 thousand, respectively, as well as the retained earnings and non-controlling interests to decrease by \$58,290 thousand and \$332 thousand, respectively, on January 1, 2019. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.38%.

(Continued)

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

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	\$ 2,911,878
Recognition exemption for:	
Short-term and low-value assets leases	(286,176)
	2,625,702
Discounted using the incremental borrowing rate at January 1, 2019	2,370,978
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	\$ 2,370,978

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

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

(4) Summary of significant accounting policies

The accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2018. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2018.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to Note 4(c) of the consolidated financial statements for the year ended December 31, 2018.

(i) List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			June 30, 2019	December 31, 2018	June 30, 2018	
The Company	United Elite Agents Limited (UEA)	Investing	100.00 %	100.00 %	100.00 %	Note 2
The Company and Sunflower Investment	Atrans Precision Industries Co., Ltd. (Atrans Precision)	Vehicle parts processing	83.58 %	83.58 %	75.92 %	Note 1
The Company	Sunflower Investment Co., Ltd. (Sunflower Investment)	Investing	99.00 %	99.00 %	99.00 %	Note 1
The Company	The Hotel National Co., Ltd. (The Hotel National)	International tourist hotel services and other hotel business approved by the Ministry of Transportation and Communications	100.00 %	100.00 %	100.00 %	Note 1
The Company	CHINA METAL AUTOMOTIVE INTERNATIONAL CO., LTD. (CMAI)	Vehicle parts retailing	94.00 %	94.00 %	94.00 %	Note 1
The Company	CHINA METAL JAPAN COMPANY LIMITED (CMJ)	Cast iron product retailing	83.33 %	83.33 %	83.33 %	Note 1

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			June 30, 2019	December 31, 2018	June 30, 2018	
The Company	National Management Co., Ltd. (National Management)	Management and consulting services	100.00 %	100.00 %	100.00 %	Note 1
The Company and Sunflower Investment	PUJEN Land Development Co., Ltd. (PUJEN Land Development)	Residents, commercial buildings and factories leasing and developing	71.72 %	71.72 %	71.47 %	Note 2
The company and PUJEN Land Development	Pu Sheng Construction Co., Ltd. (Pu Sheng Construction)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	50.00 %	Note 1
The company and PUJEN Land Development	Shangrila Tourism Co., Ltd. (Shangrila Tourism)	Amusement park and hotel services	100.00 %	100.00 %	100.00 %	Note 1
UEA	China Metal International Holdings Inc. (CMI)	Investing and cast iron product retailing	82.55 %	82.55 %	82.55 %	Note 2
CMI	China Metal International (BVI) Limited (CMI (BVI))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMI	CMW (Cayman Islands) Co., Ltd. (CMW (C.I.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMI	CMB (H.K.) Co., Ltd. (CMB (H.K.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMB (H.K.)	Suzhou CMB Machinery Co., Ltd. (Suzhou CMB)	Cast iron product designing, manufacturing and retailing	100.00 %	100.00 %	100.00 %	Note 2
CMI (BVI)	CMP (H.K.) Industry Co., Ltd. (CMP (H.K.))	Investing	100.00 %	100.00 %	100.00 %	Note 2
CMP (H.K.)	Tianjin CMT Industry Co., Ltd. (Tianjin CMT)	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMP (H.K.)	Suzhou CMS Machinery Co., Ltd. (Suzhou CMS)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMW (C.I.)	CMW (Tianjin) Industry Co., Ltd. (CMW (Tianjin))	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	100.00 %	100.00 %	100.00 %	Note 2
CMW (C.I.)	CMI (Wu Han) Precision Machinery Co., Ltd. (CMH)	Vehicle parts, farm wagon parts, industrial wagon parts, household appliances parts and E&M as-casting and molds developing, manufacturing, selling and the after sales services	100.00 %	100.00 %	- %	Note 2 and 4
CMJ	Qingdao Sourcing Specialists Trading Co., Ltd. (Qingdao Sourcing Specialists)	Cast iron product retailing	100.00 %	100.00 %	100.00 %	Note 1

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			June 30, 2019	December 31, 2018	June 30, 2018	
Atrans Precision	FAR HSING (SAMOA) ENTERPRISE CO., LTD. (FAR HSING (SAMOA))	Investing	100.00 %	100.00 %	100.00 %	Note 1
Atrans Precision	Acore Material Technology Co., Ltd. (Acore Material)	Mechanical equipment, electronic parts and other equipment manufacturing	21.23 %	21.23 %	21.23 %	Note 3
PUJEN Land Development	CHINGENG Land Development Co., Ltd. (CHINGENG Land Development)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	50.00 %	Note 1
PUJEN Land Development	PUJEN CHENGMEI Land Development Co., Ltd. (PUJEN CHENGMEI Land Development)	Residents, commercial buildings and factories leasing and developing	70.00 %	70.00 %	70.00 %	Note 1
PUJEN Land Development	PUCHIA Land Development Co., Ltd. (PUCHIA Land Development)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	50.00 %	Note 1
CMAI	Qinxin Trade Co., Ltd. (Qinxin Trade)	Vehicle parts retailing	100.00 %	100.00 %	100.00 %	Note 1
CMAI	CMAI Holding, Inc. (CMAI Holding)	Investing	100.00 %	100.00 %	100.00 %	Note 1
CMAI Holding	Pilot Drive LLC (Pilot)	Assets leasing	100.00 %	100.00 %	100.00 %	Note 1
Pilot	CMAI INDUSTRIES, INC. (CMAI N.A.)	Vehicle parts retailing	100.00 %	100.00 %	100.00 %	Note 1

Note 1: An non-significant subsidiary, its financial statements have not been reviewed.

Note 2: The financial statements have been reviewed.

Note 3: The group lost the control of Acore Material since they reselected their board members on April 30th, 2018 at the shareholders' meeting. As a result, Acore Material has not been included in the consolidated financial statements of the Groups since the day the group lost its control. Please refer to Note 6(h).

Note 4: Set up in the 4th quarter of 2018.

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

(c) Leases (applicable from January 1, 2019)

(i) Identifying a lease

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

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

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

- 2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the Group has the right to direct the use of the asset. The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

(ii) As a lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) As a lessor

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

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

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

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

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and be adjusted by the significant market flotation, significant curtailment, settlement or other significant single occasion.

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2018.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2018. Please refer to Note 6 of the 2018 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	\$ 10,432	11,826	11,163
Cash in banks	2,439,529	2,300,291	2,235,965
Time deposits	1,095,124	1,584,573	1,331,869
Cash and cash equivalents	<u>\$ 3,545,085</u>	<u>3,896,690</u>	<u>3,578,997</u>

(b) Financial assets at fair value through profit or loss

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets at fair value through profit or loss			
Stocks listed on domestic markets	<u>\$ 17,385</u>	<u>2,960</u>	<u>648</u>

(i) The Group holds financial assets designated as at FVTPL, which recognizes gain or loss on valuation of financial assets. Please refer to Note 6(27) for the recognized gains or losses.

(ii) The Group disclosed the relative risk of financial instruments in Note 6(28).

(iii) As of June 30, 2019, December 31 and June 30, 2018, the financial assets were not pledged as collateral.

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

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

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Equity investments at fair value through other comprehensive income			
Stocks unlisted on domestic markets—MEITA Industrial Co., Ltd.	\$ 135,300	128,063	112,132
Stocks unlisted on domestic markets—YUHUA Venture Capital Co., Ltd.	830	1,473	2,482
Stocks unlisted on domestic markets—FUHUA Venture Capital Co., Ltd.	1,920	2,868	2,986
Stocks unlisted on domestic markets—GUANGYUAN Investment Co., Ltd.	44,080	40,308	39,966
Stocks unlisted on domestic markets—DEVELOPMENT Venture Capital Co., Ltd.	<u>33,935</u>	<u>35,106</u>	<u>35,890</u>
Total	<u>\$ 216,065</u>	<u>207,818</u>	<u>193,456</u>

- (i) The Group intends to hold the equity investments for long-term strategic purposes, rather than transaction purposes. Therefore, the investments are measured at FVOCI.
- (ii) The Group did not dispose the strategic investments during the first two quarters of 2019 and 2018. Therefore, the accumulated income and loss was not transferred in equity.
- (iii) Please refer to Note 6(ab) for the information of credit risk (including the impairment of debt instrument investments) and market risk.
- (iv) As of June 30, 2019, December 31 and June 30, 2018, the financial assets were not pledged as collateral.

(d) Notes and accounts receivable

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Notes receivable from operating activities	\$ 361,519	252,172	296,059
Accounts receivable-measured as amortized cost	<u>3,734,293</u>	<u>4,076,523</u>	<u>4,389,357</u>
Subtotal	4,095,812	4,328,695	4,685,416
Less: Loss allowance	<u>24,338</u>	<u>21,874</u>	<u>79,402</u>
Total	<u>\$ 4,071,474</u>	<u>4,306,821</u>	<u>4,606,014</u>

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward-looking information. The loss allowance provision as of June 30, 2019 is determined as follows:

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The movements in the allowance for notes and accounts receivable is as follows:

	For the Six Months Ended June 30	
	2019	2018
Balance on January 1	\$ 21,874	79,202
Impairment losses (reversed) recognized	2,295	(342)
Foreign exchange losses	169	542
Balance on June 30	<u>\$ 24,338</u>	<u>79,402</u>

The financial assets mentioned above were not pledged as collateral.

The Group and the financial institutions entered into a non-recourse factoring contract. According to the contract, the Group need not assume the risks of unrecoverable losses, but the losses arising from unpaid advance payments and business disputes, which meet the requirements of derecognition of financial assets.

As of December 31, and June 30, 2018, the information of the sale of non-recourse receivables is as follows:

December 31, 2018					
Purchaser	Derecognized Amount	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral
Entie Commercial Bank	\$ <u>21,306</u>	<u>61,440</u>	<u>-</u>	0.38%	<u>-</u>

June 30, 2018					
Purchaser	Derecognized Amount	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral
Entie Commercial Bank	\$ <u>29,096</u>	<u>60,920</u>	<u>-</u>	0.40%	<u>-</u>

The factoring receivables mentioned above were deemed as a sale at the time of transferring the rights and obligations to the buyer. As of December 31, 2018 and June 30, 2018, the Group's factoring receivables amounted to \$21,306 thousand and \$29,096 thousand, respectively. The aforementioned factoring amounts included the retained amount arising from business disputes and unpaid advance payments, which amounted to \$21,306 thousand and \$29,096 thousand under other current financial assets, as of December 31, and June 30, 2018, respectively.

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

(e) Inventories

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials	\$ 103,747	141,654	158,227
Work in process	312,708	156,961	242,845
Semi-finished goods	131,541	202,095	147,708
Finished goods	820,280	933,550	821,595
Merchandise	66,908	65,758	58,685
Land held for development	3,698,790	3,956,001	5,135,509
Properties and land held for sale	3,978,886	4,594,464	899,876
Construction-in-progress	4,787,186	3,910,113	7,724,841
Prepayments for land	10,788	10,788	23,911
Other inventories	356,939	320,188	183,802
	<u>\$ 14,267,773</u>	<u>14,291,572</u>	<u>15,396,999</u>

For the three months and six months ended June 30, 2019 and 2018, the cost of goods sold and expenses amounted to \$2,746,350 thousand, \$2,831,276 thousand, \$5,611,751 thousand and \$5,531,426 thousand, respectively. For the three months and six months ended June 30, 2019 and 2018, the reversal gain from the sale of the beginning inventories and the loss for inventory obsolescence from the inventories write-down amounted to \$4,546 thousand, \$(7,298) thousand, \$11,032 thousand and \$17,567 thousand, respectively.

For the information of inventories pledged as collateral, as of June 30, 2019, December 31 and June 30, 2018, please refer to Note 8.

(f) Non-current assets held for sale

For the efficient usage and operation of assets, the Company resolved to sale the equipment in Tianjin, China, and the land, factory, and equipment of the steel product segment in the 1st and 4th quarter of 2017. In the 1st quarter of 2018, the Group sold all of the land and factory and most of the equipment in the steel product segment. The disposal gain \$375,854 thousand arose from measuring at the selling price less costs to sell and the book value shall be presented in the line item of profit from discontinued operations in the statement of comprehensive income for the six months ended June 30, 2018. As of June 30, 2018, non-current assets held for sale amounted to \$42,052 thousand. For the information of disposal gain or loss, please refer to Note 12(d).

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

(g) Investments accounted for using equity method

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

	June 30, 2019	December 31, 2018	June 30, 2018
Associates	\$ 448,110	458,920	469,441
Joint ventures	392,719	405,237	353,052
	<u>\$ 840,829</u>	<u>864,157</u>	<u>822,493</u>

(i) Associates

Due to the fact that the Group does not have the obligation of assuming the excess losses, it ceased the recognition of the losses from the investment of Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets). For the three months and six months ended June 30, 2019 and 2018, the unrealized investment losses amounted to \$84 thousand, \$74 thousand, \$162 thousand and \$148 thousand, respectively; and the accumulated unrealized investment losses, as of June 30, 2019 and 2018, amounted to \$56,895 thousand and \$56,582 thousand, respectively.

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

	June 30, 2019	December 31, 2018	June 30, 2018
Carry amount of individually insignificant associates' equity	<u>\$ 448,110</u>	<u>458,920</u>	<u>469,441</u>
	<u>For the Three Months Ended June 30</u>	<u>For the Six Months Ended June 30</u>	
	2019	2018	2019
Attributable to the Group:			
Net (loss) profit	\$ (4,128)	538	(7,496)
Other comprehensive income	-	-	-
Comprehensive income	<u>\$ (4,128)</u>	<u>538</u>	<u>(7,496)</u>

(ii) Joint ventures

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

	June 30, 2019	December 31, 2018	June 30, 2018
Carry amount of individually insignificant joint ventures' equity	<u>\$ 392,719</u>	<u>405,237</u>	<u>353,052</u>

(Continued)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Attributable to the Group:				
Net loss	\$ (11,759)	(6,356)	(14,309)	(16,906)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (11,759)</u>	<u>(6,356)</u>	<u>(14,309)</u>	<u>(16,906)</u>

(iii) Pledge to secure

As of June 30, 2019, December 31 and June 30, 2018, the investments accounted for using equity method were not pledged as collateral.

(iv) The unreviewed financial statements of investments accounted for using equity method

The investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

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

(i) Acquisition of subsidiary

During the six months ended of June 30, 2018, Sunflower Investment invested Atrans Precision in cash by the amount of \$31,775 thousand, which increased the equity investment of the Group from 70.47% to 75.92%.

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

	For the Six Months Ended June 30 2018
	Atrans Precision
Book value of acquisition of non-controlling interests	\$ 31,206
Cash paid to non-controlling interests	(31,775)
Capital surplus	<u>\$ (569)</u>

The capital surplus resulting from changes in ownership is not sufficient as of June 30, 2018, the remaining difference was debited to retained earnings.

(ii) Loss control of subsidiaries

The Group lost the actual control of Acore Material but still had significant influence, due to the re-election of the members of the Board of Directors at shareholders meeting on April 30, 2018. The Group derecognized the consolidation of the subsidiary on the day of losing control, and measured the residual investment at fair value.

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

(i) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the six months ended June 30, 2019 and 2018 is as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Leasehold Improvement</u>	<u>Other Equipment</u>	<u>Prepayments for Equipment and Construction in Progress</u>	<u>Total</u>
Cost:									
Balance on January 1, 2019	\$ 3,748,835	3,456,414	8,897,490	112,871	64,673	175,896	843,898	362,328	17,662,405
Additions	-	150	43,202	2,488	84	17,662	7,838	268,592	340,016
Disposals	-	(9,682)	(153,190)	(3,064)	(2,916)	(2,779)	(10,815)	-	(182,446)
Reclassification	-	(4,239)	334,636	588	2,340	13,553	22,245	(139,838)	229,285
Influence from exchange rates	93	27,033	83,898	593	561	1,726	4,567	2,153	120,624
Balance on June 30, 2019	<u>\$ 3,748,928</u>	<u>3,469,676</u>	<u>9,206,036</u>	<u>113,476</u>	<u>64,742</u>	<u>206,058</u>	<u>867,733</u>	<u>493,235</u>	<u>18,169,884</u>
Balance on January 1, 2018	\$ 3,418,874	3,548,424	9,150,381	215,621	64,960	151,348	637,410	353,827	17,540,845
Additions	-	2,667	45,830	8,614	2,924	49,961	18,235	299,971	428,202
Disposals	(5,690)	(59,468)	(63,048)	(454)	(13)	(4,770)	(25,334)	-	(158,777)
Reclassification	226,446	(18,560)	(215,938)	(88,593)	(940)	434	134,412	(237,076)	(199,815)
Loss control of subsidiaries	-	(3,750)	(57,378)	(987)	-	-	(1,109)	-	(63,224)
Influence from exchange rates	191	11,600	33,519	74	261	323	1,954	1,136	49,058
Balance on June 30, 2018	<u>\$ 3,639,821</u>	<u>3,480,913</u>	<u>8,893,366</u>	<u>134,275</u>	<u>67,192</u>	<u>197,296</u>	<u>765,568</u>	<u>417,858</u>	<u>17,596,289</u>
Accumulated depreciation:									
Balance on January 1, 2019	\$ -	1,268,502	5,376,957	82,927	49,251	70,864	533,493	-	7,381,994
Depreciation	-	53,656	266,664	6,134	2,143	23,341	38,005	-	389,943
Impairment loss	-	-	447	-	-	-	-	-	447
Disposals	-	(9,682)	(137,588)	(3,014)	(2,736)	(2,779)	(9,858)	-	(165,657)
Reclassification	-	(7,952)	150,125	(35)	(17)	-	7,986	-	150,107
Influence from exchange rates	-	8,307	49,909	454	460	617	2,982	-	62,729
Balance on June 30, 2019	<u>\$ -</u>	<u>1,312,831</u>	<u>5,706,514</u>	<u>86,466</u>	<u>49,101</u>	<u>92,043</u>	<u>572,608</u>	<u>-</u>	<u>7,819,563</u>
Balance on January 1, 2018	\$ -	1,231,336	5,562,744	178,222	48,411	74,259	394,126	-	7,489,098
Depreciation	-	52,517	270,131	5,896	2,657	20,056	36,789	-	388,046
Disposals	-	(59,403)	(56,148)	(423)	(12)	(4,770)	(23,375)	-	(144,131)
Reclassification	-	(14,265)	(417,442)	(82,958)	(876)	-	111,035	-	(404,506)
Loss control of subsidiaries	-	(996)	(12,019)	(403)	-	-	(352)	-	(13,770)
Influence from exchange rates	-	2,575	20,964	258	223	220	1,089	-	25,329
Balance on June 30, 2018	<u>\$ -</u>	<u>1,211,764</u>	<u>5,368,230</u>	<u>100,592</u>	<u>50,403</u>	<u>89,765</u>	<u>519,312</u>	<u>-</u>	<u>7,340,066</u>
Carrying value:									
Balance on January 1, 2019	<u>\$ 3,748,835</u>	<u>2,187,912</u>	<u>3,520,533</u>	<u>29,944</u>	<u>15,422</u>	<u>105,032</u>	<u>310,405</u>	<u>362,328</u>	<u>10,280,411</u>
Balance on June 30, 2019	<u>\$ 3,748,928</u>	<u>2,156,845</u>	<u>3,499,522</u>	<u>27,010</u>	<u>15,641</u>	<u>114,015</u>	<u>295,125</u>	<u>493,235</u>	<u>10,350,321</u>
Balance on January 1, 2018	<u>\$ 3,418,874</u>	<u>2,317,088</u>	<u>3,587,637</u>	<u>37,399</u>	<u>16,549</u>	<u>77,089</u>	<u>243,284</u>	<u>353,827</u>	<u>10,051,747</u>
Balance on June 30, 2018	<u>\$ 3,639,821</u>	<u>2,269,149</u>	<u>3,525,136</u>	<u>33,683</u>	<u>16,789</u>	<u>107,531</u>	<u>246,256</u>	<u>417,858</u>	<u>10,256,223</u>

(i) As of June 30, 2019, December 31 and June 30, 2018, please refer to Note 8 for the details of plant, property and equipment pledged as collateral for the Group's long-term borrowing and financing guarantee.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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- (ii) The land held by the Group is located at Xinfeng Township Kengzikou and Zaoqiao Township Niclan Lake. According to the laws and regulations, companies cannot be registered as landowners, due to the usage of the land is registered for farming, graveyard and conservation. Therefore, the ownership of the land was passed to individuals and was registered as private personal property. For obtaining the right of land, the Group held the land certificate and entered into an agreement with the registered owner, which specified that the Group retain all rights and obligations of the land, and pledged the land as collateral for the Group. The information of the land mentioned above, which is presented in the line item of other non-current assets, is as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Land	\$ 44,299	44,299	44,299

- (j) Right-of-use assets

The Group leases many assets including land, buildings, machinery and transportation equipment. Information about leases for which the Group as a lessee is presented below:

	Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost:							
Balance on January 1, 2019	\$ -	-	-	-	-	-	-
After application of IFRS 16 adjustments	1,017,511	2,394,192	58,966	22,155	1,658	122,607	3,617,089
Additions	-	1,404	-	-	73	-	1,477
Reclassification	3,192	(578)	(3,192)	-	578	-	-
Reduction for expiration	-	-	-	-	(13)	-	(13)
Influence from exchange rates	3,913	1,532	549	983	1	-	6,978
Balance on June 30, 2019	\$ 1,024,616	2,396,550	56,323	23,138	2,297	122,607	3,625,531
Accumulated depreciation and impairment losses:							
Balance at January 1, 2019	\$ -	-	-	-	-	-	-
After application of IFRS 16 adjustments	115,406	837,173	9,813	6,670	421	7,476	976,959
Depreciation	11,911	80,925	8,011	4,124	303	1,761	107,035
Reclassification	-	323	-	-	77	-	400
Reduction for expiration	-	-	-	-	(13)	-	(13)
Influence from exchange rates	778	271	31	183	1	-	1,264
Balance on June 30, 2019	\$ 128,095	918,692	17,855	10,977	789	9,237	1,085,645
Carrying value:							
Balance on June 30, 2019	\$ 896,521	1,477,858	38,468	12,161	1,508	113,370	2,539,886

The Group leases offices, buildings, development land, equipment and company cars under the finance lease for the six months ended June 30, 2018, please refer to note 6(s).

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(k) Investment property

The movements in the investment property is as follows:

	Owned Property		Total
	Land	Buildings	
Cost:			
Balance on January 1, 2019	\$ 528,019	113,617	641,636
Balance on June 30, 2019	<u>\$ 528,019</u>	<u>113,617</u>	<u>641,636</u>
Balance on January 1, 2018	\$ 820,742	105,811	926,553
Reclassification to property, plant and equipment	<u>(226,446)</u>	<u>(23,109)</u>	<u>(249,555)</u>
Balance on June 30, 2018	<u>\$ 594,296</u>	<u>82,702</u>	<u>676,998</u>
Depreciation and impairment loss:			
Balance on January 1, 2019	\$ -	37,379	37,379
Depreciation	<u>-</u>	<u>2,707</u>	<u>2,707</u>
Balance on June 30, 2019	<u>\$ -</u>	<u>40,086</u>	<u>40,086</u>
Balance on January 1, 2018	\$ -	55,476	55,476
Depreciation	-	3,666	3,666
Reclassification to property, plant and equipment	<u>-</u>	<u>(16,597)</u>	<u>(16,597)</u>
Balance on June 30, 2018	<u>\$ -</u>	<u>42,545</u>	<u>42,545</u>
Carrying value:			
Balance on January 1, 2019	<u>\$ 528,019</u>	<u>76,238</u>	<u>604,257</u>
Balance on June 30, 2019	<u>\$ 528,019</u>	<u>73,531</u>	<u>601,550</u>
Balance on January 1, 2018	<u>\$ 820,742</u>	<u>50,335</u>	<u>871,077</u>
Balance at June 30, 2018	<u>\$ 594,296</u>	<u>40,157</u>	<u>634,453</u>
Fair value:			
Balance on January 1, 2019			<u>\$ 956,008</u>
Balance on June 30, 2019			<u>\$ 806,965</u>
Balance on January 1, 2018			<u>\$ 938,704</u>
Balance on June 30, 2018			<u>\$ 684,762</u>

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

Information on depreciation for the three months and six months ended June 30, 2019 and 2018 is discussed in Note 12(c), and for the information of rental revenue and other direct operating expense, please refer to Note 6(s).

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

As of June 30, 2019, December 31 and June 30, 2018, the details of investment properties pledged as collateral, please refer to Note 8.

(l) Intangible assets

The movements in the costs of intangible assets, amortization, and impairment loss of the Group are as follows:

	<u>Goodwill</u>	<u>Patent</u>	<u>Client Relationship</u>	<u>Computer Software</u>	<u>Total</u>
Costs:					
Balance on January 1, 2019	\$ 405,342	64,974	234,560	24,333	729,209
Acquisitions	-	-	-	1,402	1,402
Reclassification	-	-	-	(192)	(192)
Influence from exchange rates	<u>4,148</u>	<u>730</u>	<u>2,636</u>	<u>-</u>	<u>7,514</u>
Balance on June 30, 2019	<u><u>\$ 409,490</u></u>	<u><u>65,704</u></u>	<u><u>237,196</u></u>	<u><u>25,543</u></u>	<u><u>737,933</u></u>
Balance on January 1, 2018	\$ 405,697	66,207	239,007	28,750	739,661
Acquisitions	-	-	-	5,660	5,660
Influence from exchange rates	<u>4,939</u>	<u>520</u>	<u>1,880</u>	<u>-</u>	<u>7,339</u>
Balance on June 30, 2018	<u><u>\$ 410,636</u></u>	<u><u>66,727</u></u>	<u><u>240,887</u></u>	<u><u>34,410</u></u>	<u><u>752,660</u></u>
Accumulated amortization and impairment loss:					
Balance on January 1, 2019	\$ -	64,974	203,022	9,926	277,922
Amortization	-	-	11,965	2,244	14,209
Reclassification	-	-	-	(4)	(4)
Influence from exchange rates	<u>-</u>	<u>730</u>	<u>2,177</u>	<u>-</u>	<u>2,907</u>
Balance on June 30, 2019	<u><u>\$ -</u></u>	<u><u>65,704</u></u>	<u><u>217,164</u></u>	<u><u>12,166</u></u>	<u><u>295,034</u></u>
Balance on January 1, 2018	\$ -	60,958	182,970	17,397	261,325
Amortization	-	4,054	12,177	2,036	18,267
Influence from exchange rates	<u>-</u>	<u>435</u>	<u>1,307</u>	<u>-</u>	<u>1,742</u>
Balance on June 30, 2018	<u><u>\$ -</u></u>	<u><u>65,447</u></u>	<u><u>196,454</u></u>	<u><u>19,433</u></u>	<u><u>281,334</u></u>
Carrying value:					
Balance on January 1, 2019	<u><u>\$ 405,342</u></u>	<u><u>-</u></u>	<u><u>31,538</u></u>	<u><u>14,407</u></u>	<u><u>451,287</u></u>
Balance on June 30, 2019	<u><u>\$ 409,490</u></u>	<u><u>-</u></u>	<u><u>20,032</u></u>	<u><u>13,377</u></u>	<u><u>442,899</u></u>
Balance on January 1, 2018	<u><u>\$ 405,697</u></u>	<u><u>5,249</u></u>	<u><u>56,037</u></u>	<u><u>11,353</u></u>	<u><u>478,336</u></u>
Balance on June 30, 2018	<u><u>\$ 410,636</u></u>	<u><u>1,280</u></u>	<u><u>44,433</u></u>	<u><u>14,977</u></u>	<u><u>471,326</u></u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(m) Prepayment for long-term land lease

The Group's long-term land lease is the usage rights of lands located in Taichung and China area, which is recognized under other non-current assets. The amortization period of the contracts is 40 to 50 years, it depends on each contract. The amount was transferred to the right-of-use asset when the application of IFRS 16 on January 1, 2019.

	June 30, 2019	December 31, 2018	June 30, 2018
Payment for long-term land lease	<u>\$ -</u>	<u>384,690</u>	<u>321,311</u>

As of December 31, 2018 and June 30, 2018, there were no prepayments for long-term land lease pledged as collateral for the Group.

(n) Other non-current financial assets

	June 30, 2019	December 31, 2018	June 30, 2018
Debt obligation receivable— The Splendor Hospitality International Co., Ltd.	<u>\$ 575,000</u>	<u>575,000</u>	<u>575,000</u>
Debt obligation receivable— Chin Ling Steel Co., Ltd. — non-guaranteed	23,250	23,250	23,250
Less: Accumulated impairment— Debt obligation receivable— Chin Ling Steel Co., Ltd.	(23,250)	(23,250)	(23,250)
Refundable deposits	<u>107,935</u>	<u>107,985</u>	<u>107,392</u>
	<u>\$ 682,935</u>	<u>682,985</u>	<u>682,392</u>

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

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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June 30, 2019				
Underlying	Obligation Cost	Obligation Principal	Valuation Assessment	Collateral
The Splendor Hospitality International	<u>\$ 575,000</u>	<u>796,845</u>	According to the assessment of Zhonglian Real Estate Appraiser Joint Office, the valuation of mortgage is \$7,579,711 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,809,856 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

December 31, 2018				
Underlying	Obligation Cost	Obligation Principal	Valuation Assessment	Collateral
The Splendor Hospitality International	<u>\$ 575,000</u>	<u>796,845</u>	According to the assessment of Zhonglian Real Estate Appraiser Joint Office, the valuation of mortgage is \$7,153,000 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,596,500 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

June 30, 2018				
Underlying	Obligation Cost	Obligation Principal	Valuation Assessment	Collateral
The Splendor Hospitality International	<u>\$ 575,000</u>	<u>796,845</u>	According to the assessment of Zhonglian Real Estate Appraiser Joint Office, the valuation of mortgage is \$7,153,000 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,596,500 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

(ii) As of June 30, 2019, December 31 and June 30, 2018, the costs and principal of debt obligation from Chin Ling Steel were \$23,250 thousand and \$118,561 thousand, respectively.

(o) Short-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured bank borrowings	\$ 1,256,695	892,507	1,348,896
Secured bank borrowings	6,393,531	5,293,613	6,828,176
Notes and bills payable	434,654	434,453	429,762
Total	<u>\$ 8,084,880</u>	<u>6,620,573</u>	<u>8,606,834</u>
Unused credit limit	<u>\$ 9,587,270</u>	<u>8,392,251</u>	<u>3,934,760</u>
Range of interest rates	<u>0.91%~3.15%</u>	<u>0.91%~3.50%</u>	<u>0.91%~2.85%</u>

(Continued)

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

(i) Borrowing and repayment

For the six months ended June 30, 2019 and 2018, the Group obtained from short-term borrowings amounting to \$3,644,270 thousand and \$9,056,986 thousand with an interest rate of 0.90%~3.12% and 0.50%~3.68%; the repayment amounted to \$2,191,699 thousand and \$8,317,598 thousand, respectively. Please refer to Note 6(27) for details of the interest expense.

(ii) Collateral for bank borrowings

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

(p) Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured bank borrowings	\$ 1,343,957	2,261,183	1,999,308
Secured bank borrowings	5,487,060	6,764,916	6,151,049
Less: Current portion	(637,799)	(1,062,662)	(989,256)
Unamortized long-term borrowings costs	(42)	(201)	(309)
Total	<u>\$ 6,193,176</u>	<u>7,963,236</u>	<u>7,160,792</u>
Unused credit limit	<u>\$ 6,126,478</u>	<u>2,088,619</u>	<u>1,986,330</u>
Interest rate range	<u>1.00%~3.79%</u>	<u>1.00%~3.75%</u>	<u>1.00%~3.70%</u>

(i) Borrowing and repayment

For the six months ended June 30, 2019 and 2018, the Group obtained from long-term borrowings amounting to \$1,530,000 thousand and \$1,689,869 thousand with an interest rate of 1.00%~1.30% and 1.00%~2.53%; the repayment amounted to \$3,755,559 thousand and \$3,591,500 thousand, respectively. Please refer to Note 6(27) for details of the interest expense.

(ii) Collateral for bank borrowings

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

(iii) Borrowing covenants

The Group entered into a loan contract in a total credit of \$3,150,000 thousand with a financial institution on April 23, 2019. According to the contract, during the borrowing repayment periods the Company should file annual and semi-annual consolidated financial statements which were audited and reviewed by CPA and must comply with certain financial covenants, such as the current ratio shall be greater than or equal to 100%, the debt ratio shall be less than or equal to 200%, the interest coverage ratio shall be greater than or equal to 5 times, and the tangible net value shall be greater than or equal to \$14,000,000 thousand. The compliance with the aforementioned covenants will be examined semi-annually. As of June 30, 2019, the Group was in compliance with the above borrowing covenants.

(Continued)

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

The Group entered into a loan contract in a total credit of USD104,000 thousand with one financial institution on July 27, 2017. According to the contract, during the loan repayment periods the Company should file UEA annual non-consolidated and CMI annual consolidated financial statements which were audited by CPA and must comply with certain financial covenants. The financial covenants based on the years of 2018 and 2017 CMI annual consolidated financial statements is EBITDA/(CPLTD+1), which shall be greater than or equal to 1, and of which based on UEA annual non-consolidated and CMI annual consolidated financial statements is debt ratio, which shall be less than or equal to 80%. The compliance with the aforementioned covenants will be examined annually. As of December 31, 2018, the Group was in compliance with the above loan covenants.

(q) Lease liabilities

The details of the lease liabilities is as follows:

	June 30, 2019		
	Future Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
Less than one year	\$ 219,283	28,577	190,706
Between one and five years	802,014	87,573	714,441
More than five years	1,546,213	175,738	1,370,475
	\$ 2,567,510	291,888	2,275,622
Current	\$ 219,283	28,577	190,706
Non-current	\$ 2,348,227	263,311	2,084,916

For the six month ended June 30, 2019, the Group recognized its lease liability amounted to \$1,477 thousand, with an interest rate of 1.56%. The lease liabilities are due in January, 2021 to April, 2023.

The amounts recognized in profit or loss are as follows:

	For the Three Months Ended June 30 2019	For the Six Months Ended June 30 2019
Interest on lease liabilities	\$ 7,147	13,158
Expenses relating to leases short-term assets	\$ 3,099	5,565

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

	For the Six Months Ended June 30 2019
Total cash outflow for leases	\$ 109,991

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

(i) Real estate leases

As of June 30, 2019, the Group leases land and buildings for its offices, retail stores and future project development. The leases of offices, typically run for a period of 2 years, retail stores for a period of 15 years, and the land use rights leased for future project development for 40 to 50 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices, or sales that the Group makes at the leased store in the period. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

Some leases of equipment contain extension or cancellation options exercisable by the Group up to one year before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases equipment and transportation, with lease terms of 2 to 6 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group also leases equipment and machinery, dormitory and company cars with contract term of one year. These leases are short-term or low-value items which the Group has elected not to recognize right-of-use assets and lease liabilities.

(r) Provisions

	<u>June 30, 2019</u>	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Current:			
Warranties	\$ 3	50	79
Legal	-	-	13,000
Subtotal	<u>3</u>	<u>50</u>	<u>13,079</u>
Non-current:			
Financial guarantee contracts	51,065	55,958	4,633
Legal	<u>236,052</u>	<u>236,052</u>	<u>236,052</u>
Subtotal	<u>287,117</u>	<u>292,010</u>	<u>240,685</u>
Total	<u>\$ 287,120</u>	<u>292,060</u>	<u>253,764</u>

(Continued)

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

(i) Warranties

The Group's warranties are mainly related to the sales of construction projects. They are estimated based on the historical data and the expectation to occur after 3 to 5 years of selling the construction projects.

(ii) Financial guarantee contracts

The Group assisted the joint venture to obtain the endorsement guarantee of credit limit borrowing from the financial institutions. According to IFRS 9 "Financial Instruments", the financial guarantee contracts are measured at fair value.

(iii) Legal

Please refer to Note 9(b) for the information of estimated legal provisions and losses.

The withholding tax administrative remedy of the subsidiary, Sunflower Investment, has been affirmed on June 28, 2018, which the final assessment of tax and penalty amounted to the total of \$29,468 thousand. The subsidiary has paid the remaining penalty amounted to \$11,700 thousand.

(s) Operating leases

(i) Lessee

The future minimum lease payments of the non-cancellable operating lease are as follows:

	December 31, 2018	June 30, 2018
Less than five year	\$ 1,094,658	1,078,278
More than five years	<u>1,817,220</u>	<u>1,911,049</u>
	<u>\$ 2,911,878</u>	<u>2,989,327</u>

The Group leased land and buildings under operating lease. The term of the lease usually is 2 to 40 years. When renew the lease, the rental payments will be adjusted to reflect the market. Parts of the lease contracts are adjusted in the year of eleventh. There will be additional rental payments for the Group when the annual consumer price index (CPI) is greater than the rental adjustments in the first five years.

For the three months and six months ended June 30, 2018, the operating lease expenses amounted to \$57,259 thousand and \$113,435 thousand.

(ii) Lessor

The Group leases out investment properties under operating lease which was based on the assessment of the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. Please refer to Note 6(k) for the regarding information of investment properties.

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

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

	<u>June 30, 2019</u>
Less than one year	\$ 42,196
One to two years	30,118
Two to three years	6,557
Three to four years	6,233
Four to five years	6,358
More than five years	<u>24,725</u>
Total undiscounted lease payments	<u>\$ 116,187</u>

The receivables from future minimum lease payments of the non-cancellable leases are as follows:

	<u>December 31, 2018</u>	<u>June 30, 2018</u>
Less than one year	\$ 10,154	11,188
One to five years	<u>2,576</u>	<u>6,816</u>
	<u>\$ 12,730</u>	<u>18,004</u>

For the three months and six months ended June 30, 2019 and 2018, rental revenues from investment properties amounted to \$5,320 thousand, \$2,983 thousand, \$6,813 thousand and \$5,712 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "Operating costs") are as follows:

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Lease-out property	<u>\$ 2</u>	<u>2</u>	<u>4</u>	<u>4</u>

(t) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2018 and 2017.

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

The expenses recognized in profit or loss for the Group are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating cost	\$ 248	323	494	669
Selling expenses	37	31	77	55
Administration expenses	203	175	406	360
Research and development expenses	14	12	44	26
Total	\$ 502	541	1,021	1,110

For the three months and six months ended June 30, 2019 and 2018, the Group's employee benefits retirement expenses amounted to \$0, \$0, \$228 thousand and \$0, respectively.

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating cost	\$ 11,931	13,363	25,209	26,137
Selling expenses	655	625	1,353	1,234
Administration expenses	6,724	4,123	11,541	8,646
Research and development expenses	146	140	277	294
Total	\$ 19,456	18,251	38,380	36,311

(iii) Short-term employee benefits

	June 30, 2019	December 31, 2018	June 30, 2018
Paid leave and other liabilities	\$ 23,520	33,089	18,958

(u) Income tax

(i) The income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Current income tax expense				
Current period incurred	\$ 51,884	145,343	101,356	173,208
Land value increment taxes	9,805	590	24,422	2,437
Undistributed profit tax	40,834	536	40,834	536
Adjustment for prior periods	(19,295)	880	(19,485)	820
Income tax expense	\$ 83,228	147,349	147,127	177,001

(Continued)

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

- (ii) Under income tax return filing of the Group, the income tax returns of the Company and its subsidiaries had been assessed and approved by the Tax Authority through 2017. The Company and Sunflower Investment did not agree on the proposed tax adjustments from the Tax Authority, and filed the petition of administration. Please refer to Note 9(b) for the details of the petition.

- (v) Share capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2019 and 2018. For the related information, please refer to Note 6(21) of the consolidated financial statements for the year ended December 31, 2018.

- (i) Capital surplus

The components of the capital surplus are as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
From issuance of share capital	\$ 626,110	626,110	626,110
Employee stock option of subsidiaries	33,352	33,352	33,352
From conversion of convertible bonds	863,499	863,499	863,499
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	426	-
Changes in equity of associates and joint ventures accounted for using equity method	-	2,279	560
	<u>\$ 1,522,961</u>	<u>1,525,666</u>	<u>1,523,521</u>

- (ii) Retained earnings

The Company's Articles of Incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, under its Articles of Incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, may be appropriated according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. If all or part of the aforementioned employees' compensation is distributed in cash, the resolution will be approved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and the distribution shall be submitted to the shareholders' meeting.

(Continued)

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

The Company is in the growth stage of business cycle and the annual earnings and future cash flow is maintained stable. Considering the Company's significant investment plan for the future, the Company applied "Residual dividend policy" for long-term operating plan and funding needs. The dividend distribution of cash and stock is correlated with annual earning. The Company's stock dividends cannot be higher than 70% of the total dividend.

1) Earnings distribution

The Company appropriated the 2018 and 2017 earnings, which was resolved by the shareholder's meeting on June 24, 2019 and June 21, 2018, respectively. These earnings were appropriated or distributed as follows:

	2018		2017	
	Allotment (NTD)	Amount	Allotment (NTD)	Amount
Common stock dividends per share				
Cash	\$ 2.70	<u>1,040,181</u>	1.50	<u>577,878</u>

(iii) Other equity (net of tax)

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at FVOCI	Unrealized Gains (Losses) on Available- for-sale Financial Assets	Non-controlling Interest	Total
Balance on January 1, 2019	\$ 136,291	69,779	-	4,199,268	4,405,338
Effects of retrospective application	-	-	-	(332)	(332)
Balance on January 1, 2019, after adjustments	136,291	69,779	-	4,198,936	4,405,006
Profit attributable to non-controlling interests	-	-	-	110,272	110,272
Exchange differences on foreign operations	84,025	-	-	21,411	105,436
Unrealized gain on financial assets measured at FVOCI	-	17,862	-	-	17,862
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	(51)	(51)
Changes in non-controlling interest	-	-	-	(10,000)	(10,000)
Cash dividends paid to non-controlling interests	-	-	-	(371,423)	(371,423)
Balance on June 30, 2019	<u>\$ 220,316</u>	<u>87,641</u>	<u>-</u>	<u>3,949,145</u>	<u>4,257,102</u>

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

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at FVOCI	Unrealized Gains (Losses) on Available- for-sale Financial Assets	Non-controlling Interest	Total
Balance on January 1, 2018	\$ 392,282	-	187	3,923,408	4,315,877
Effects of retrospective application	-	53,478	(187)	32,519	85,810
Balance on January 1, 2018, after adjustments	392,282	53,478	-	3,955,927	4,401,687
Profit attributable to non-controlling interests	-	-	-	66,776	66,776
Exchange differences on foreign operations	(15,216)	-	-	6,585	(8,631)
Difference between consideration and carrying amount of subsidiaries disposed of	-	-	-	28,337	28,337
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	674	674
Changes in non-controlling interest	-	-	-	(66,959)	(66,959)
Cash dividends paid to non-controlling interests	-	-	-	(48,460)	(48,460)
Balance on June 30, 2018	<u>\$ 377,066</u>	<u>53,478</u>	<u>-</u>	<u>3,942,880</u>	<u>4,373,424</u>

(w) Earnings per share

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Basic earnings per share				
Profit from continuing operation attributable to the Company	\$ 192,370	254,797	361,827	339,200
(Loss) profit from discontinued operation attributable to the Company	-	(3,548)	-	360,545
Profit attributable to owners of the parent	<u>\$ 192,370</u>	<u>251,249</u>	<u>361,827</u>	<u>699,745</u>
Weighted average number of ordinary shares	<u>385,252</u>	<u>385,252</u>	<u>385,252</u>	<u>385,252</u>
Basic earnings per share				
Profit from continuing operation	\$ 0.50	0.66	0.94	0.88
(Loss) profit from discontinued operation	-	(0.01)	-	0.94
	<u>\$ 0.50</u>	<u>0.65</u>	<u>0.94</u>	<u>1.82</u>
Diluted earnings per share				
Profit from continuing operation attributable to the Company	\$ 192,370	254,797	361,827	339,200
(Loss) profit from discontinuing operation attributable to the Company	-	(3,548)	-	360,545
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	<u>\$ 192,370</u>	<u>251,249</u>	<u>361,827</u>	<u>699,745</u>
Weighted average number of ordinary shares	<u>385,252</u>	<u>385,252</u>	<u>385,252</u>	<u>385,252</u>
Effect of potential diluted ordinary shares				
Employee stock option	<u>183</u>	<u>266</u>	<u>956</u>	<u>991</u>
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	<u>385,435</u>	<u>385,518</u>	<u>386,208</u>	<u>386,243</u>
Diluted earnings per share				
Profit from continuing operation	\$ 0.50	0.66	0.94	0.88
(Loss) profit from discontinued operation	-	(0.01)	-	0.93
	<u>\$ 0.50</u>	<u>0.65</u>	<u>0.94</u>	<u>1.81</u>

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

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

For the Three Months Ended June 30, 2019				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 98,852	397,376	180,047	676,275
United States	626,151	-	-	626,151
Japan	489,434	-	-	489,434
China	1,708,785	-	-	1,708,785
Europe	60,131	-	-	60,131
South America	8,888	-	-	8,888
Others	88,046	-	-	88,046
	<u>\$ 3,080,287</u>	<u>397,376</u>	<u>180,047</u>	<u>3,657,710</u>
Major product/service lines:				
Iron casting hardware	\$ 3,057,591	-	-	3,057,591
Construction	-	392,629	-	392,629
Counter commissions	-	-	84,568	84,568
Others	22,696	4,747	95,479	122,922
	<u>\$ 3,080,287</u>	<u>397,376</u>	<u>180,047</u>	<u>3,657,710</u>
For the Three Months Ended June 30, 2018				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 151,587	120,470	181,605	453,662
United States	754,788	-	-	754,788
Japan	314,835	-	-	314,835
China	2,040,802	-	-	2,040,802
Europe	93,745	-	-	93,745
South America	422	-	-	422
Others	68,994	-	-	68,994
	<u>\$ 3,425,173</u>	<u>120,470</u>	<u>181,605</u>	<u>3,727,248</u>

(Continued)

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

For the Three Months Ended June 30, 2018				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major product/service lines:				
Iron casting hardware	\$ 3,408,782	-	-	3,408,782
Construction	-	70,509	-	70,509
Counter commissions	-	-	84,249	84,249
Others	16,391	49,961	97,356	163,708
	\$ 3,425,173	120,470	181,605	3,727,248
For the Six Months Ended June 30, 2019				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 219,453	1,038,327	366,254	1,624,034
United States	1,242,472	-	-	1,242,472
Japan	897,702	-	-	897,702
China	3,350,137	-	-	3,350,137
Europe	131,529	-	-	131,529
South America	11,333	-	-	11,333
Others	187,574	-	-	187,574
	\$ 6,040,200	1,038,327	366,254	7,444,781
Major product/service lines:				
Iron casting hardware	\$ 5,998,062	-	-	5,998,062
Construction	-	1,028,930	-	1,028,930
Counter commissions	-	-	168,826	168,826
Others	42,138	9,397	197,428	248,963
	\$ 6,040,200	1,038,327	366,254	7,444,781

(Continued)

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

	For the Six Months Ended June 30, 2018			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 274,688	320,277	375,275	970,240
United States	1,514,079	-	-	1,514,079
Japan	613,011	-	-	613,011
China	3,777,230	-	-	3,777,230
Europe	168,722	-	-	168,722
South America	4,148	-	-	4,148
Others	187,896	-	-	187,896
	\$ 6,539,774	320,277	375,275	7,235,326
Major product/service lines:				
Iron casting hardware	\$ 6,510,166	-	-	6,510,166
Construction	-	265,623	-	265,623
Counter commissions	-	-	168,938	168,938
Others	29,608	54,654	206,337	290,599
	\$ 6,539,774	320,277	375,275	7,235,326

For the six months ended June 30, 2018 the operating revenue from steel products of discontinued operation in Taiwan amounted to \$23,496 thousand.

(ii) Contract balances

	June 30, 2019	December 31, 2018	June 30, 2018
Notes and accounts receivable	\$ 4,095,812	4,328,695	4,685,416
Less: Loss allowance	(24,338)	(21,874)	(79,402)
Total	\$ 4,071,474	4,306,821	4,606,014
Contract assets	\$ -	-	-
Contract liabilities—Advance real estate receipts	\$ 596,416	502,930	1,780,364
Contract liabilities—Advance receipts	\$ 18,482	44,696	-

The amount of revenue recognized for six months ended June 30, 2019 and 2018, that was included in the contract liability balance at the beginning of the period was \$94,180 thousand, and \$104,980 thousand.

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

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

(y) Employees' compensation and remuneration of directors

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

For the three months and six months ended June 30, 2019 and 2018, appropriated employees' compensation by \$6,568 thousand, \$7,647 thousand, \$11,666 thousand and \$20,113 thousand, respectively, and appropriated remuneration of directors by \$6,315 thousand, \$7,352 thousand, \$11,217 thousand and \$19,339 thousand, respectively, which were estimated on the basis of the Company's net profit before tax, excluding employees' compensation and the remuneration of directors of each period, then multiplied by the percentage of remuneration of employees and directors as specified in the Company's Articles of Incorporation. Such amounts were recognized as operating cost or operating expense for the six months ended June 30, 2019 and 2018. The number of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day prior to Board of Directors meeting. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss.

There were no significant difference between employees' compensation and remuneration of directors approved by the Board of Directors meeting and the estimated amount for the years of 2018 and 2017.

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

(z) Net other income and expenses

The information of net other income and expenses is listed as follows:

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rental revenue	<u>\$ 1,186</u>	<u>1,559</u>	<u>2,256</u>	<u>3,520</u>

(Continued)

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

(aa) Non-operating income and expenses

(i) Other income

The information of other income is listed as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest income				
Interest income from bank deposits	\$ 12,946	10,814	27,347	22,804
Interest income from financial assets measured at amortized cost	3,406	3,613	6,729	7,206
Total interest income	<u>16,352</u>	<u>14,427</u>	<u>34,076</u>	<u>30,010</u>
Dividend income	28,174	38,481	28,174	38,481
Others	18,869	10,805	29,166	25,546
Total other income	<u>\$ 63,395</u>	<u>63,713</u>	<u>91,416</u>	<u>94,037</u>

(ii) Other gains and losses

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Loss on disposal of property, plant and equipment	\$ (1,532)	(1,646)	(3,534)	(3,011)
Foreign exchange gains	17,591	97,830	546	43,586
Gains on financial assets at FVTPL	1,379	13,530	2,167	14,048
Impairment loss	-	-	(447)	-
Other gains (losses)	<u>1,550</u>	<u>(183)</u>	<u>1,539</u>	<u>(190)</u>
Net amount of other gains and losses	<u>\$ 18,988</u>	<u>109,531</u>	<u>271</u>	<u>54,433</u>

(iii) Finance costs

The information of interest costs is listed as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest expense	\$ 70,849	61,175	145,330	117,443
Other finance costs	349	243	727	670
Net amount of finance costs	<u>\$ 71,198</u>	<u>61,418</u>	<u>146,057</u>	<u>118,113</u>

For the three months and six months ended June 30, 2019 and 2018, the capitalized interest costs amounted to \$5,228 thousand, \$17,469 thousand, \$9,983 thousand and \$40,947 thousand, respectively.

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

(ab) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to Note 6(29) of the consolidated financial statements for the year ended December 31, 2018.

(i) Credit risk

1) Credit risk exposure

The carrying amounts of financial assets and contract assets represent the maximum amount exposed to credit risk.

2) Concentration of credit risk

Since the Group had a large number of unrelated customers, the concentration of the credit risk is limited.

3) Credit risks of receivables and debt securities

For the information of credit risk exposure of note and trade receivables, please refer to Note 6(d). Other financial assets at amortized cost include other receivables and time deposits.

All of these financial assets mentioned above are considered to be low risk, therefore, the impairment provision recognized during the period was limited to 12 months expected losses. For the allowance of impairment on financial assets for the six months ended June 30, 2019 and 2018, please refer to Note 6(d).

(ii) Liquidity risk

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

	<u>Contractual Cash Flow</u>	<u>Within 6 Months</u>	<u>6-12 Months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Over 5 Years</u>
June 30, 2019						
Non-derivative financial liabilities						
Bank borrowings	\$ 15,375,417	4,092,037	1,273,704	5,355,988	4,573,146	80,542
Lease liabilities	2,567,510	109,666	109,617	214,842	587,172	1,546,213
Notes and accounts payables (including related parties)	2,492,349	2,492,349	-	-	-	-
Other payables (including related parties)	1,699,696	1,699,696	-	-	-	-
	<u>\$ 22,134,972</u>	<u>8,393,748</u>	<u>1,383,321</u>	<u>5,570,830</u>	<u>5,160,318</u>	<u>1,626,755</u>

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

	<u>Contractual Cash Flow</u>	<u>Within 6 Months</u>	<u>6-12 Months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Over 5 Years</u>
December 31, 2018						
Non-derivative financial liabilities						
Bank borrowings	\$ 16,676,375	3,028,214	2,110,393	6,045,199	5,395,124	97,445
Notes and accounts payables (including related parties)	2,556,620	2,556,620	-	-	-	-
Other payables (including related parties)	<u>778,027</u>	<u>778,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,011,022</u>	<u>6,362,861</u>	<u>2,110,393</u>	<u>6,045,199</u>	<u>5,395,124</u>	<u>97,445</u>
June 30, 2018						
Non-derivative financial liabilities						
Bank borrowings	\$ 18,282,814	7,528,375	2,186,491	3,772,297	4,127,776	667,875
Notes and accounts payables (including related parties)	2,153,058	2,153,058	-	-	-	-
Other payables (including related parties)	<u>1,354,776</u>	<u>1,354,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,790,648</u>	<u>11,036,209</u>	<u>2,186,491</u>	<u>3,772,297</u>	<u>4,127,776</u>	<u>667,875</u>

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

(iii) Currency risk

The Group's significant exposure to foreign currency risk is as follows:

	<u>June 30, 2019</u>			<u>December 31, 2018</u>			<u>June 30, 2018</u>		
	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>	<u>Foreign Currency</u>	<u>Exchange Rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD:NTD	\$ 29,639	31.06	920,594	39,633	30.72	1,217,524	34,852	30.46	1,061,591
USD:CNY	116,743	6.87	3,626,033	95,929	6.87	2,946,939	146,989	6.64	4,477,286
USD:JPY	454	107.62	14,110	553	110.42	16,994	789	110.60	24,024
EUR:NTD	1,457	35.38	51,540	596	35.20	20,975	1,550	35.40	54,874
EUR:CNY	1,993	7.83	70,510	1,834	7.87	64,567	1,626	7.71	57,564
JPY:NTD	78,605	0.29	22,685	95,615	0.28	26,600	159,091	0.28	43,814
JPY:CNY	50,493	0.06	14,572	24,849	0.06	6,913	19,902	0.06	5,481
HKD:USD	16,514	0.13	65,726	6,357	0.13	24,918	5,813	0.13	22,554
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:CNY	106,060	6.87	3,294,220	117,735	6.87	3,616,810	107,493	6.64	3,274,251
EUR:CNY	10,243	7.83	362,408	975	7.87	34,330	614	7.71	21,720
HKD:USD	390,880	0.13	1,555,702	502,560	0.13	1,970,035	558,400	0.13	2,166,592

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

1) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Group's functional currency as of June 30, 2019 and 2018 would have increased (decreased) the after-tax net income for the three months and six months ended June 30, 2019 and 2018 by \$(2,853) thousand, \$(4,397) thousand, \$(1,706) thousand and \$1,139 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2019 and 2018, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$17,591 thousand, \$97,830 thousand, \$546 thousand and \$43,586 thousand, respectively.

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments at the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year at the reporting date.

If the interest rate increases or decreases by 1% the Group's net income will decrease /increase by \$25,111 thousand, \$32,341 thousand, \$57,211 thousand and \$53,111 thousand for the three months and six months ended June 30, 2019 and 2018, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's variable rate bank borrowings.

(v) Other market price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis were based on the same basis, and other variables considered in the analysis remain the same:

	For the Six Months Ended June 30			
	2019		2018	
	Other Comprehensive Income (net of tax)	Net Income (Loss) (net of tax)	Other Comprehensive Income (net of tax)	Net Income (Loss) (net of tax)
Increase 10%	\$ <u>21,607</u>	<u>1,739</u>	<u>19,346</u>	<u>65</u>
Decrease 10%	\$ <u>(21,607)</u>	<u>(1,739)</u>	<u>(19,346)</u>	<u>(65)</u>

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

(vi) Fair value of financial instruments

1) Fair value hierarchy

The Group measured its financial assets and liabilities at FVTPL and financial assets at FVOCI on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy are as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	June 30, 2019				
	Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$ 17,385</u>	<u>17,385</u>	<u>-</u>	<u>-</u>	<u>17,385</u>
Non-current financial assets at FVOCI	<u>\$ 216,065</u>	<u>-</u>	<u>-</u>	<u>216,065</u>	<u>216,065</u>
Financial assets measured at amortized cost	<u>\$ 8,043,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 19,107,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2018				
	Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$ 2,960</u>	<u>2,960</u>	<u>-</u>	<u>-</u>	<u>2,960</u>
Non-current financial assets at FVOCI	<u>\$ 207,818</u>	<u>-</u>	<u>-</u>	<u>207,818</u>	<u>207,818</u>
Financial assets measured at amortized cost	<u>\$ 8,665,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 18,981,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	June 30, 2018				
	Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	<u>\$ 648</u>	<u>648</u>	<u>-</u>	<u>-</u>	<u>648</u>
Non-current financial assets at FVOCI	<u>\$ 193,456</u>	<u>-</u>	<u>-</u>	<u>193,456</u>	<u>193,456</u>
Financial assets measured at amortized cost	<u>\$ 8,558,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 20,264,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

2) Valuation techniques for financial instruments measured at fair value

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

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

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

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

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

If the financial instruments held by the Group have no active market, the measurements of fair value are categorized as follows:

- Equity instruments without quoted price: The fair value is measured at discounted cash flow model. The assumption is discounted investees' expected future cash flows by using the discounting rate which reflects the time value of money and the return of the investment.

3) Transfers between Level 1 and Level 2

There were no transfers in either direction for the six months ended June 30, 2019 and 2018.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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4) Reconciliation of Level 3 instruments

	Noncurrent Financial Assets at FVOCI
	Equity Instrument without Quoted Price
Balance on January 1, 2019	\$ 207,818
Total gains recognized as other comprehensive income	17,862
Capital reduction	(9,615)
Balance on June 30, 2019	\$ 216,065
Balance on January 1, 2018	\$ 193,456
Total gains recognized as other comprehensive income	-
Balance on June 30, 2018	\$ 193,456

The total gains or losses is listed under “unrealized gain on financial assets at FVOCI”. The information of assets held as of June 30, 2019 and 2018 is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Total gains or losses				
Recognized as other comprehensive income (which is listed under "unrealized gain on financial assets of FVOCI")	\$ -	-	17,862	-

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s major financial instruments that use Level 3 inputs to measure fair value is “financial assets measured at FVOCI – equity investments”.

Most of the Group’s financial assets in Level 3 have only one significant unobservable input, while its equity investments without an active market have more than one significant unobservable inputs. The significant unobservable inputs of equity investments without an active market are individually independent, and there is no correlation between them.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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Quantified information of significant unobservable inputs are as follows:

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement</u>
Financial assets at FVOCI equity investments without active market	Dividend discount model	·Average expected future dividend income of 5 years (As of June 30, 2019 was \$0~30,176 thousand, December 31, 2018, was \$0~31,752 thousand ;June 30, 2018, was \$0~27,023 thousand, respectively.)	·The estimated fair value would increase, if the 5-year average expected future dividend income is increased.
Financial assets at FVOCI equity investments without active market	Dividend discount model	·Weighted average capital cost (As of June 30, 2019, December 31, 2018 and June 30, 2018, were 4.27%, 5.79% and 5.46%, respectively.) ·Discounting rate without market liquidity (As of June 30, 2019 , December 31, 2018 and June 30, 2018, were all 15%)	·The estimated fair value would decrease, if the weighted average capital cost is increased. ·The estimated fair value would decrease, if the discounting rate without market liquidity is increased.

6) Fair value measurements in Level 3-sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	<u>Inputs</u>	<u>Fluctuation in Inputs</u>	<u>Other Comprehensive Income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2019				
Financial assets at FVOCI				
Equity investments without an active market	4.27 %	1%	7,825	(7,431)
December 31, 2018				
Financial assets at FVTPL				
Equity investments without an active market	5.79 %	1%	7,567	(7,193)
June 30, 2018				
Financial assets at FVTPL				
Equity investments without an active market	5.46 %	1%	7,239	(6,877)

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(ac) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(ad) of the consolidated financial statements for the year ended December 31, 2018.

(ad) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2018. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2018. Please refer to Note6 (ae) of the consolidated financial statements for the year ended December 31, 2018 for further details.

(7) Related-party transactions:

(a) The ultimate parent company

The company is both the parent company and the ultimate controlling party of the Group.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
The Splendor Hospitality International Co., Ltd. (The Splendor Hospitality)	Joint ventures
CMAAN Health Co., Ltd. (CMAAN Health)	Joint ventures
Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets)	Associates
Hua-Pu Development Co., Ltd. (Hua-Pu Development)	Joint venture of subsidiaries
Keng-Hsin Urban Renewal Co., Ltd. (Keng-Hsin Urban Renewal)	Associate of subsidiaries
ADVANCISION (CAYMAN) Industries Co., Ltd. (ADVANCISION (CAYMAN))	Associate of subsidiaries
Beyond Fitness Co., Ltd. (Beyond Fitness)	Associate of subsidiaries
Acore Material Technology Co., Ltd. (Acore Material Technology)	Associate of subsidiaries
Fuzhou Aprec Mechanical and Electrical Co., Ltd. (Fuzhou Aprec)	Subsidiaries of subsidiaries' associates

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

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Advancision Corporation (Advancision)	Subsidiaries of subsidiaries' associates
Chain-Yuan Investment Co., Ltd. (Chain-Yuan Investment)	Other related parties
San Lien Technology Corp. (San Lien Technology)	Other related parties
Kemitek Industrial Corp. (Kemitek Industrial)	Other related parties
CMP PUJEN Foundation for Arts and Culture (Foundation)	Other related parties
San Lien Educational Foundation (San Lien Foundation)	Other related parties
Pu Yuan Construction Co., Ltd. (Pu Yuan Construction)	Other related parties
LEESCO Development Co., Ltd. (LEESCO Development)	Other related parties
Yu-Tai Investment Co., Ltd. (Yu-Tai Investment)	Other related parties
Hao Bao Investment Co., Ltd. (Hao Bao Investment)	Other related parties
Rui Hua Investment Co., Ltd. (Rui Hua Investment)	Other related parties
Mr. Ming Shiann, Ho	Other related parties
Mr. Cheng Ta, Wu	Other related parties

(c) Significant transactions with related parties

(i) Sales to related parties

The amounts of significant sales transactions and outstanding balance between the Group and related parties are as follows:

	<u>Sales</u>				<u>Notes and Accounts Receivable</u>		
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months ended June 30</u>		<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Associates	\$ 622	663	2,318	1,289	1,188	1,252	1,263
Joint ventures	-	35	-	65	-	12	26
Other related parties	89	814	212	1,564	25	12	9
	<u>\$ 711</u>	<u>1,512</u>	<u>2,530</u>	<u>2,918</u>	<u>1,213</u>	<u>1,276</u>	<u>1,298</u>

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

(ii) Purchases from related parties

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

	<u>Purchases</u>				<u>Notes and Accounts Payable</u>		
	<u>For the Three Months Ended June 30</u>		<u>For the Six Months ended June 30</u>		<u>June 30,</u>	<u>December 31,</u>	<u>June 30,</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2018</u>
Associates	\$ <u>32,353</u>	<u>24,912</u>	<u>45,853</u>	<u>40,009</u>	<u>45,983</u>	<u>19,921</u>	<u>25,797</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The purchases mentioned above could not compare to the market because the Group did not purchase the same items from non-related parties. The payment terms with related parties are not significantly different from those with third parties.

(iii) Leases

1) Rental expenses

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

	Rental Expenses			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Associates	\$ -	12	12	24
Other related parties				
Mr. Ming Shiann, Ho	578	608	1,156	1,216
Other	15	164	30	219
	<u>\$ 593</u>	<u>784</u>	<u>1,198</u>	<u>1,459</u>

	Guarantee Deposit Paid (Recognized under other current and non-current financial assets)		
	June 30, 2019	December 31, 2018	June 30, 2018
	Other related parties	<u>\$ 452</u>	<u>452</u>

	Prepayments		
	June 30, 2019	December 31, 2018	June 30, 2018
	Other related parties	<u>\$ -</u>	<u>-</u>

2) Rental revenues

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

	Rental Revenues			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Associates:				
Advansion	\$ 142	142	285	285
Beyond Fitness	480	360	863	720
Acore Material Technology	-	-	383	-
Others	8	196	17	205
Other related parties:				
Foundation	535	735	611	1,469
Others	30	-	30	-
	<u>\$ 1,195</u>	<u>1,433</u>	<u>2,189</u>	<u>2,679</u>

(Continued)

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

	Guarantee Deposit Received		
	(Recognized under other current liabilities)		
	June 30,	December 31,	June 30,
	2019	2018	2018
Associates	<u>\$ 240</u>	<u>240</u>	<u>240</u>

(iv) Providing services to related party

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

	Service Revenues			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Associates	\$ -	258	-	516
Joint ventures	<u>1,482</u>	<u>1,354</u>	<u>2,920</u>	<u>2,713</u>
	<u>\$ 1,482</u>	<u>1,612</u>	<u>2,920</u>	<u>3,229</u>

(v) Non-performing receivables

	Total Claims		
	June 30,	December 31,	June 30,
	2019	2018	2018
Joint ventures:			
The Splendor Hospitality	<u>\$ 796,845</u>	<u>796,845</u>	<u>796,845</u>

	Costs of Claims		
	June 30,	December 31,	June 30,
	2019	2018	2018
Joint ventures:			
The Splendor Hospitality	<u>\$ 575,000</u>	<u>575,000</u>	<u>575,000</u>

The claims mentioned above was recognized in other non-current financial assets, please refer to Note 6(14).

(vi) Guarantees and endorsements

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

	Borrowing Limits		
	June 30,	December 31,	June 30,
	2019	2018	2018
Joint ventures:			
The Splendor Hospitality	\$ 2,050,000	2,000,000	1,902,727
Others	<u>45,680</u>	<u>62,500</u>	<u>50,000</u>
	<u>\$ 2,095,680</u>	<u>2,062,500</u>	<u>1,952,727</u>

(Continued)

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

	Actual Usage Amount		
	June 30, 2019	December 31, 2018	June 30, 2018
Joint ventures:			
The Splendor Hospitality	\$ 1,670,000	1,674,500	1,708,859
Others	<u>45,680</u>	<u>55,681</u>	<u>43,181</u>
	<u><u>\$ 1,715,680</u></u>	<u><u>1,730,181</u></u>	<u><u>1,752,040</u></u>

(vii) Guarantee for bank loans

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

(viii) Property transaction

The information of acquisitions of assets and subsidiaries investments from related parties is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Other related parties	\$ -	<u>32,675</u>	-	<u>32,675</u>

(ix) Other transactions

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

	Donation			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Other related parties:				
Foundation	\$ <u>60</u>	<u>810</u>	<u>185</u>	<u>1,560</u>

2) The information of advertising provided by related parties is as follows:

	Advertising Expenses			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Joint ventures	\$ -	<u>103</u>	-	<u>136</u>

3) The information of management services provided by related parties is as follows:

	Management Service Expenses			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Other related parties:				
Foundation	\$ -	<u>3,952</u>	<u>600</u>	<u>7,905</u>

(Continued)

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

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

	Other Expenses			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Associates	\$ -	40	5	40
Joint ventures	-	39	37	362
Other related parties	<u>8</u>	<u>2,050</u>	<u>44</u>	<u>2,085</u>
	<u>\$ 8</u>	<u>2,129</u>	<u>86</u>	<u>2,487</u>

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

	Interest Revenues			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Joint ventures:				
The Splendor Hospitality	\$ 3,327	3,520	6,543	7,022
Others	<u>79</u>	<u>92</u>	<u>186</u>	<u>183</u>
	<u>\$ 3,406</u>	<u>3,612</u>	<u>6,729</u>	<u>7,205</u>

- 6) Other receivables and advance payments from related parties

	Other Receivables (including advance payments)		
	June 30, 2019	December 31, 2018	June 30, 2018
	Associates:		
Keng-Hsin Urban Renewal	\$ 25,046	14,660	19,308
Others	289	711	472
Joint ventures	143	137	112
Other related parties	<u>6</u>	<u>440</u>	<u>324</u>
	<u>\$ 25,484</u>	<u>15,948</u>	<u>20,216</u>

- 7) Other payables and advance receipts from related parties

	Other Payables (including advance receipts)		
	June 30, 2019	December 31, 2018	June 30, 2018
	Associates	\$ -	9,835
Joint ventures	4	69	52
Other related parties	<u>20</u>	<u>205</u>	<u>8,771</u>
	<u>\$ 24</u>	<u>10,109</u>	<u>8,907</u>

(Continued)

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

(d) Key management transactions

The compensation of key management is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term employee benefits	\$ 35,723	34,076	67,018	82,896
Post-employment benefits	479	569	1,040	1,111
	<u>\$ 36,202</u>	<u>34,645</u>	<u>68,058</u>	<u>84,007</u>

(8) Pledged assets

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

Pledged Assets	Object	June 30, 2019	December 31, 2018	June 30, 2018
Land (including other non-current assets)	The credit limits of long-term and short-term bank borrowings	\$ 1,412,440	1,412,348	1,296,500
Buildings	"	407,939	422,107	429,137
Investment properties	"	601,550	604,257	634,453
Inventories—land held for development	"	3,591,718	3,892,953	4,995,222
Inventories—construction in progress	"	2,847,031	2,406,303	6,537,865
Inventories—buildings and land held for sale	The credit limits of short-term borrowings	3,915,706	4,520,258	800,672
Other current financial assets	Bank acceptance bills	40,465	55,584	56,273
"	Trusts	137,775	243,319	270,271
		<u>\$ 12,954,624</u>	<u>13,557,129</u>	<u>15,020,393</u>

(9) Significant commitments and contingencies

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

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

	June 30, 2019	December 31, 2018	June 30, 2018
Unused standby letters of credit	<u>\$ 1,179</u>	<u>627</u>	<u>127</u>

(Continued)

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

- (ii) The unrecognized contractual commitment from contracts of buildings for future operational use, selling and purchasing of equipment, decorating constructions, and engineering constructions entered into by and between the Group and unconsolidated entities is as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Total contract price	<u>\$ 5,524,667</u>	<u>2,544,415</u>	<u>3,276,029</u>
Total amounts paid under contracts (Note)	<u>\$ 1,541,339</u>	<u>824,843</u>	<u>1,846,444</u>

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

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

	June 30, 2019	December 31, 2018	June 30, 2018
Total contract price	<u>\$ 4,767,354</u>	<u>4,337,978</u>	<u>7,072,358</u>
Total amounts received under contracts (recognized under current contract liabilities)	<u>\$ 596,416</u>	<u>502,930</u>	<u>1,780,364</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Total contract price	<u>\$ 200,944</u>	<u>503,029</u>	<u>200,944</u>
Total amounts paid under contracts (recognized under prepayments)	<u>\$ 116,570</u>	<u>207,195</u>	<u>116,570</u>

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

	June 30, 2019	December 31, 2018	June 30, 2018
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	<u>\$ 254,290</u>	<u>196,894</u>	<u>200,871</u>

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

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

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>June 30,</u> <u>2018</u>
Security deposits (recognized under other current and non-current financial assets)	\$ <u>97,289</u>	<u>97,449</u>	<u>97,281</u>

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

	<u>June 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>June 30,</u> <u>2018</u>
Total contract price	\$ <u>219,342</u>	<u>219,342</u>	<u>22,886</u>
Total amounts paid under contracts (recognized under inventories—prepayments for land)	\$ <u>10,788</u>	<u>10,788</u>	<u>3,353</u>

(viii) The Group and The Presbyterian Church in Taiwan entered into a real estate leasing contract. The contract term was 40 years commenced on the next day of the signing date. For the development of the leasing real estates, the Group agreed to pay development royalty amounted to \$126,000 thousand. As of June 30, 2019 and 2018, the accumulated royalties paid amounted to \$126,000 thousand, respectively, which was recognized under other non-current assets and transferred to right-of-use assets when the first application of IFRS16 on January 1, 2019, and was depreciated by the contract term.

(b) Contingencies

- (i) Please refer to Note 7 for the Group's guarantees and endorsements for related parties' loans as of June 30, 2019 and 2018.
- (ii) Contingencies for the Company and subsidiaries- the stages of Sunflower Investment Daguangsan tax petition for real estate transaction and non-performing receivables, and the petition stages of CMW (Tianjin) sales contract dispute is as follows:

<u>Litigant</u>	<u>Issue</u>	<u>Current Status</u>
The Company	Filing a petition for the administrative penalty of the value-added tax in the Daguangsan real estate transaction which was approved by National Taxation Bureau of Taipei	National Taxation Bureau of Taipei has approved the additional value-added tax and the regarding penalty amounted to \$38,497 thousand, which the Company had paid \$25,665 thousand in 2012. The Company was dissatisfied with the verdict from the original authority, which has filed the administrative petition. According to the ruling of the Taipei High Administrative Court, the lawsuit has now been suspended.

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

<u>Litigant</u>	<u>Issue</u>	<u>Current Status</u>
Sunflower Investment	Since 2011, Sunflower Investment had received several administrative penalties approved by National Tax Bureau of Taipei which arose from the withholding tax, value-added tax, enterprise income tax and undistributed earning tax of the Daguangsan non-performing receivables. The Company has sought administrative remedy for the aforementioned verdict.	National Tax Bureau of Taipei reduced the approved value-added tax and the regarding penalties to the total amount of \$564,452 thousand on June 6, 2014, which arose from Daguangsan non-performing receivables. The aforementioned amount had been paid in the amount of \$46,174 thousand. The Company was dissatisfied with the verdicts and filed the petitions of the review, appeal and administrative litigation, which are being processed by the authority. The administrative litigation was filed against Taipei High Administrative Court on December 24, 2013. In accordance with the Administrative Regulation Article 177, Section 1 and 2, Taipei High Administrative Court suspended the proceeding of the lawsuit on July 25, 2016. Considering the risk of losing the lawsuit in the future, the Company assessed the aforementioned possible losses based on the conservative principle and estimate the contingent liabilities. For details of regarding contingencies, please refer to Note 6(r).
CMW (Tianjin)	CMW (Tianjin) engaged in a sales contract dispute with its customer and received the arbitration notice in February 2019, which the arbitration tribunal was formed in April 2019. The appeal is now in the trial of arbitration tribunal.	The customer requested CMW (Tianjin) to compensate for the loss caused by the deficiency of the product quality. However, CMW (Tianjin) developed the product based on the technical criterion and specifications provided by the customer. During the development stage, CMW (Tianjin) found a problem within the design and reminded the customer to modify. Due to the pressure of supply, the customer did not agree the proposal of the design modification to its end customers. In addition, the customer failed to follow the schedule in the process of verifying and approving the materials CMW (Tianjin) used in the production, which was inappropriate to the supply chain quality assurance. CMW (Tianjin) believes that the arbitration request lacks the facts and conclusive evidence, which is not possible for CMW (Tianjin) to take the whole responsibility of the end customers' loss. The case appointed lawyer stated that it is unlikely that all of the customers' arbitration requests will be accepted. The arbitration tribunal of this case was formed, however, the court session for the trial has not been opened. The engagement attorney stated that the arbitration request raised by the customer is unlikely to be supported. This appeal is now in the trial of the arbitration tribunal.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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

(12) Other:

- (a) The Securities and Futures Investors Protection Center (SFIPC) filed a criminal incidental civil action on behalf of the Company against the former chairman of the Company, Mr. Ming Shiann, Ho. This case was partially dismissed by the Supreme Court on January 12, 2017, and partially remanded. On June 26, 2018, the remanded part was dismissed by the Civil Division of Tainan Branch of Taiwan High Court, and the appeal of the SFIPC was dismissed. However, the SFIPC was dissatisfied with the verdicts and filed an appeal on July 19, 2018, which was remanded by the Supreme Court and was waiting for the trial of Taiwan High Court by now.
- (b) The SFIPC filed a lawsuit for damage remedy against the Company, the members of directors and supervisors, and the employees of both the Company and its subsidiaries. The case was passed by Taiwan High Court on February 13, 2018, and had been dismissed. The SFIPC was dissatisfied with the verdicts and filed an appeal. On March 27, 2019, the Civil Court of the Supreme Court vacated the original verdict and remanded to the Taiwan High Court. The appeal is now in its first trial in Taiwan High Court.
- (c) Employee benefits, depreciation, and amortization are summarized as follows:

		For the Three Months Ended June 30					
		2019			2018		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
By item	By function						
	Employee benefits						
	Salary	184,659	152,209	336,868	199,944	140,269	340,213
	Labor and health insurance	17,669	15,810	33,479	17,292	9,336	26,628
	Pension	12,179	7,779	19,958	13,686	5,106	18,792
	Others	16,979	17,462	34,441	18,894	9,383	28,277
	Depreciation	169,876	78,748	248,624	182,210	16,106	198,316
	Amortization	328	6,770	7,098	325	11,068	11,393

		For the Six Months Ended June 30					
		2019			2018		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
By item	By function						
	Employee benefits						
	Salary	359,722	319,942	679,664	387,994	308,942	696,936
	Labor and health insurance	37,015	29,807	66,822	35,348	17,546	52,894
	Pension	25,703	13,926	39,629	26,806	10,615	37,421
	Others	29,780	28,740	58,520	36,272	19,171	55,443
	Depreciation	342,996	156,689	499,685	354,513	37,199	391,712
	Amortization	653	13,556	14,209	650	21,951	22,601

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

(d) Discontinued operation:

For the higher efficiency of asset use and operation, the Board of Directors approved the steel product segment to be discontinued in December 2017, and sold all of the land, factories and equipment of the segment in the 1st quarter of 2018. The income and expenses of discontinued operation had been separated from the continuing operation.

Profit and loss, and cash flows generated from discontinued operations are summarized as follows:

	<u>For the Three Months</u> <u>Ended June 30</u>	<u>For the Six Months</u> <u>Ended June 30</u>
	<u>2018</u>	<u>2018</u>
Results from operating activities:		
Revenues	\$ -	23,496
Costs	-	(21,878)
Operating expenses	(3,207)	(6,151)
Other income and expenses	-	28
Operating loss	(3,207)	(4,505)
Non-operating income and expenses	2	271
Income tax expense	-	-
Loss	<u>(3,205)</u>	<u>(4,234)</u>
Gain on disposal of non-current assets held for sale		
Gain (loss) on disposal of non-current assets held for sale	(343)	375,854
Tax expense from disposal of non-current assets held for sale	-	(11,075)
Profit	<u>\$ (3,548)</u>	<u>360,545</u>
Basic earnings per share	<u>\$ (0.01)</u>	<u>0.94</u>
Diluted earnings per share	<u>\$ (0.01)</u>	<u>0.93</u>
Cash flows from discontinued operation:		
Net cash generated from operating activities		\$ 14,147
Net cash generated from investing activities		616,225
Net cash generated from financing activities		840
Net cash inflow		<u>\$ 631,212</u>

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

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the six months ended June 30, 2019, required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of NTD)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance During the Period	Ending Balance (Note 1)	Actual Borrowing Amount	Interest Rate	Nature for Financing (Note 2)	Transaction Amount for Business	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 4)
													Item	Value		
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	230,000	226,000	226,000	0.75%	2	-	Operation requirements	-		-	349,446	465,928
1	Tianjin CMT	CMW (Tianjin)	Accounts receivable due from related parties	Yes	207,000	203,400	203,400	0.75%	2	-	Operation requirements	-		-	349,446	465,928
2	FAR HSING (SAMOA)	Atrans Precision	Accounts receivable due from related parties	Yes	31,600	31,060	31,060	1.00%	2	-	Operation requirements	-		-	51,178	68,238

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

Note 2: 1. For business transactions.

2. For the necessity of short-term financing.

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

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

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of NTD)

No.	Name of Guarantor/Endorsee	Counter-party of Guarantee and Endorsement		Limitation on Amount of Guarantees and Endorsements for a Specific Enterprise (Note 4)	Highest Balance for Guarantees and Endorsements During the Period	Ending Balance (Note 2)	Actual Borrowing Amount	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest financial Statements	Maximum Amount for Guarantees and Endorsements (Note 5)	Parent Company Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary (Note 3)	Subsidiary Endorsements/ Guarantees to Third Parties on Behalf of Parent Company (Note 3)	Endorsements/ Guarantees to Third Parties on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship with the Company (Note 1)										
0	The Company	Sunflower Investment	1	4,841,625	220,000	220,000	6,500	-	1.82 %	6,052,031	Y	N	N
0	The Company	The Hotel National	1	4,841,625	100,000	100,000	95,000	-	0.83 %	6,052,031	Y	N	N
0	The Company	Shangrila Tourism	1	4,841,625	702,500	652,500	425,500	-	5.39 %	6,052,031	Y	N	N
0	The Company	The Splendor Hospitality	2	4,841,625	2,100,000	2,050,000	1,670,000	-	16.94 %	6,052,031	N	N	N
0	The Company	CMAAN Health	2	4,841,625	95,680	45,680	45,680	-	0.38 %	6,052,031	N	N	N
1	CMAI N.A.	Pilot	4	64,551	59,900	58,877	57,055	-	91.21 %	64,551	N	N	N
2	CMI	UEA	3	4,049,253	1,975,061	1,555,702	1,555,702	-	15.37 %	5,061,567	N	N	N

Note 1: 1.The Company held directly or indirectly more than 50% of the shares with voting rights.

2.Due to the joint investment relationship, all of the shareholders of the Group endorse the company in accordance with their investment ratio.

3.The company held directly or indirectly more than 50% of the shares with voting rights.

4.The company held directly or indirectly more than 90% of the shares with voting rights.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 2: Balance of guarantees and endorsements as of the reporting date was within the credit limit approved by the Board of Directors.

Note 3: The following three situations are filled in Y: the endorsement of the subsidiary by the Company; the endorsement of the Company by the subsidiary and the endorsement to the company located in Mainland China.

Note 4: The guarantor's total amount available for guarantee and endorsement shall not exceed the percentage mentioned below of its net worth: The Company 40%, CMAI N.A.100%, and CMI 40%.

Note 5: The guarantor's total amount available for guarantee and endorsement shall not exceed the percentage mentioned below of its net worth: The Company 50%, CMAI N.A.100%, and CMI 50%.

(iii) Securities held as of June 30, 2019 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of NTD)

Name of Holder	Category and Name of Security	Relationship with Issued Company	Account	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	MEITA Industrial Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	1,351,164	135,300	3.12 %	135,300	
The Company	YUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	112,574	830	1.25 %	830	
The Company	FUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	86,625	1,920	1.67 %	1,920	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	5,000,000	44,080	3.91 %	44,080	
The Company	DEVELOPMENT Venture Capital Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	5,200,000	33,935	4.00 %	33,935	
The Company	Pacific Electric Wire & Cable Co., Ltd.	-	Current financial assets at FVTPL	74,242	-	0.01 %	-	
Sunflower Investment	YungTay Engineering Co., Ltd.	-	Current financial assets at FVTPL	248,000	17,385	0.06 %	17,385	
Sunflower Investment	il. COM, INC.	-	Non-current financial assets at FVOCI	100,000	-	0.52 %	-	
The Hotel National	Century National Technology Co., Ltd.	-	Non-current financial assets at FVOCI	35,600	-	2.51 %	-	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding NT\$300 million or 20% of the share capital: None.

(v) Information on the acquisition of real estate exceeding NT\$300 million or 20% of the share capital: None.

(vi) Information on the disposal of real estate exceeding of NT\$300 million or 20% of the share capital: None.

(vii) Information regarding related-party transactions for purchases and sales exceeding NT\$300 million or 20% of the share capital:

(In Thousands of NTD)

Name of Company	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)	
Suzhou CMS	CMI	Subsidiaries	Sale	604,979	34.30 %	120~180 days	-	-	1,492,043	68.39%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	667,563	35.17 %	120~180 days	-	-	1,637,296	57.92%	

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

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

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the share capital:

(In Thousands of NTD/In CNY)

Name of Company	Counter-party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad debts
					Amount	Action Taken		
CMI	CMB (H.K.)	Parent company	Accounts receivable due from related parties, other 232,492	-	-	-	-	-
CMW (C.I.)	CMW (Tianjin)	Parent company	Accounts receivable due from related parties, other 711,266	-	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 2,200,484	-	-	-	-	-
CMP (H.K.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 138,263	-	-	-	-	-
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 1,637,296	0.84	-	-	CNY 15,822,042	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 292,770	-	-	-	-	-
Tianjin CMT	CMW (Tianjin)	Affiliates	Accounts receivable due from related parties, other 203,411	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 226,012	-	-	-	-	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,492,043	0.84	-	-	CNY 23,693,219	-

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

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

(In Thousands of NTD)

No. (Note 1)	Name of Company	Name of Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions (Note 3)			Percentage of the Total Consolidated Revenue or Total Assets (Note 4)
				Account	Amount	Trading Terms	
0	China Metal Products	Atrans Precision	1	Operating revenue	43,946	60~90 days	0.59%
0	China Metal Products	CMJ	1	Operating revenue	11,179	90 days	0.15%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	667,563	120~180 days	8.97%
3	Suzhou CMS	CMI	2	Operating revenue	604,979	120~180 days	8.13%
4	Suzhou CMB	CMB (H.K.)	2	Operating revenue	34,669	120~180 days	0.47%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	39,584	120~180 days	0.53%
6	National Management	China Metal Products	2	Operating revenue	31,041	OA 25 days	0.42%
11	CMAI	CMW(C.I.)	3	Operating revenue	13,305	90 days	0.18%
5	CMAI N.A.	CMW(C.I.)	3	Operating revenue	16,705	90 days	0.22%
5	CMAI N.A.	CMAI	2	Operating revenue	17,239	90~120 days	0.23%
8	CMW(C.I.)	CMAI	3	Operating revenue	10,245	120~180 days	0.14%
0	China Metal Products	Atrans Precision	1	Accounts receivable due from related parties	37,079	60~90 days	0.09%
1	CMW (Tianjin)	CMW (C.I.)	2	Accounts receivable due from related parties	1,637,296	120~180 days	4.14%
2	Tianjin CMT	CMI	2	Accounts receivable due from related parties	292,770	120~180 days	0.74%
2	Tianjin CMT	CMW (Tianjin)	3	Accounts receivable due from related parties	35,784	120~180 days	0.09%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,492,043	120~180 days	3.77%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related parties	95,734	120~180 days	0.24%
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related parties	34,365	120~180 days	0.09%
2	Tianjin CMT	CMW (Tianjin)	3	Other receivables due from related parties	203,411	-	0.51%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,777	-	0.03%
2	Tianjin CMT	Suzhou CMB	3	Other receivables due from related parties	226,012	-	0.57%
7	CMI	CMB (H.K.)	1	Other receivables due from related parties	232,492	-	0.59%

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

No. (Note 1)	Name of Company	Name of Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions (Note 3)			
				Account	Amount	Trading Terms	Percentage of the Total Consolidated Revenue or Total Assets (Note 4)
8	CMW (C.I.)	CMW (Tianjin)	1	Other receivables due from related parties	711,266	-	1.80%
8	CMW (C.I.)	CMI	2	Other receivables due from related parties	2,200,484	-	5.56%
10	CMP (H.K.)	CMI	2	Other receivables due from related parties	138,263	-	0.35%
12	CHINGENG Land Development	Keng-Hsin Urban Renewal	2	Other receivables due from related parties	25,046	-	0.06%
11	CMAI	CMAI N.A.	1	Other receivables due from related parties	12,136	-	0.03%
11	CMAI	CMI	3	Other receivables due from related parties	14,368	-	0.04%
9	CMB (H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	27,034	-	0.07%

Note 1: For the inter-company business relationship and transaction condition in the “Number” column, the labeling method is as follows:

1. Parent company - 0.
2. Subsidiaries – In sequence from 1.

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: The Group only disclosed the information of sales and accounts receivable with subsidiary and did not give unnecessary details of opposite purchases and accounts payables in this part.

Note 4: The transaction amount is divided by the consolidated operating revenue or the consolidated total assets.

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2019 (excluding information on investees in Mainland China):

(In Thousands of NTD/In USD and CNY)

Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of June 30, 2019			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				June 30, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
The Company	UEA	British Virgin Islands	Investing in CMI	865,286	865,286	667,820	100.00 %	7,021,859	296,678	296,678	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,000	99,000	67,006,291	99.00 %	891,718	22,953	22,724	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	236,780	236,780	25,149,502	70.47 %	400,644	36,079	25,426	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	63,433	22,490	18,741	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	71,644	71,644	2,820,000	94.00 %	202,289	331	311	Subsidiaries
The Company	Pu Sheng Construction	Taiwan	Residents, commercial buildings and factories leasing and developing	30	30	3,000	30.00 %	10,121	(25)	(8)	Subsidiaries
The Company	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	2,003,067	2,003,067	158,877,643	56.65 %	3,980,924	112,386	63,887	Subsidiaries
The Company	Amida Trustlink Assets	Taiwan	Real estate developing, leasing and financial claims acquiring from financial institutions	44,576	44,576	16,763,726	35.21 %	(21,760)	(340)	-	Investees accounted for using equity method
The Company	The Hotel National	Taiwan	International tourist hotel services and other hotel business approved by the Ministry of Transportation and Communications	1,304,549	1,304,549	31,200,000	100.00 %	813,405	(17,144)	(18,089)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	14,669	(285)	(285)	Subsidiaries

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

Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of June 30, 2019			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				June 30, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	975,000	975,000	97,500,000	50.00 %	340,160	(18,474)	(15,780)	Joint ventures accounted for using equity method
The Company	Shangrila Tourism	Taiwan	Amusement park and hotel services	359,470	359,470	18,131,840	80.00 %	209,236	(14,339)	(10,877)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	47,497	3,341	1,484	Joint ventures accounted for using equity method
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	280,768	280,768	42,269,213	15.07 %	1,023,879	112,386	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	76,878	76,878	4,677,481	13.11 %	73,872	36,079	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Amida Trustlink Assets	Taiwan	Real estate developing, leasing and financial claims acquiring from financial institutions	-	-	5,951,619	12.50 %	(7,726)	(340)	Exempt from disclosure	Investees accounted for using equity method
Sunflower Investment	ADVANCISION (CAYMAN)	Cayman Islands	Investing and cast iron product retailing	29,154	29,154	1,871,288	4.46 %	32,463	216	Exempt from disclosure	Investee accounted for using equity method
UEA	CMI	Cayman Islands	Investing in CMI (BVI) and cast iron product retailing	USD 136,536,250	USD 136,536,250	823,281,475	82.55 %	USD 289,879,148	USD 12,712,930	Exempt from disclosure	Subsidiaries of UEA
CMI	CMI (BVI)	British Virgin Islands	Investing in CMP (H.K.)	USD 280,426	USD 280,426	161	100.00 %	CNY 1,023,134,920	CNY 46,169,076	Exempt from disclosure	Subsidiaries of CMI
CMI	CMW (C.I.)	Cayman Islands	Investing in CMW (Tianjin) and CMH	USD 75,156,500	USD 75,156,500	50,000,000	100.00 %	CNY 1,630,287,783	CNY 31,249,458	Exempt from disclosure	Subsidiaries of CMI
CMI	CMB (H.K.)	Hong Kong	Investing in Suzhou CMS	USD 85,820,000	USD 85,820,000	82,000,000	100.00 %	CNY 581,810,401	CNY 1,245,034	Exempt from disclosure	Subsidiaries of CMI
CMI(BVI)	CMP (H.K.)	Hong Kong	Investing in Tianjin CMT and Suzhou CMS	USD 21,000,000	USD 21,000,000	21,000,000	100.00 %	CNY 1,025,926,336	CNY 46,169,076	Exempt from disclosure	Subsidiaries of CMI(BVI)
CMAI	CMAI Holding	USA	Investing	USD 8,328,644	USD 8,328,644	8,328,644	100.00 %	USD 2,197,616	USD (362,113)	Exempt from disclosure	Subsidiaries of CMAI
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	8,328,644	100.00 %	USD 2,366,184	USD (362,113)	Exempt from disclosure	Subsidiaries of CMAI (Holding)
Pilot	CMAI N.A.	USA	Vehicle parts retailing	USD 7,792,972	USD 7,792,972	7,792,972	100.00 %	USD 1,661,944	USD (416,159)	Exempt from disclosure	Subsidiaries of Pilot
Atrans Precision	FAR HSING (SAMOA)	SAMOA	Investing	USD 4,922,055	USD 4,922,055	4,922,055	100.00 %	165,848	USD 1,755	Exempt from disclosure	Subsidiaries of Atrans Precision
Atrans Precision	Acore Material	Taiwan	Mechanical equipment, electronic parts and other equipment manufacturing	31,000	31,000	775,000	21.23 %	-	(10,015)	Exempt from disclosure	Investees of Atrans Precision accounted for using equity method
FAR HSING (SAMOA)	ADVANCISION (CAYMAN)	Cayman Islands	Investing and cast iron product retailing	USD 4,959,029	USD 4,959,029	9,068,414	21.59 %	USD 4,219,820	USD 7,048	Exempt from disclosure	Investees of FAR HSING (SAMOA) accounted for using equity method
PUJEN Land Development	Pu Sheng Construction	Taiwan	Residents, commercial buildings and factories leasing and developing	20	20	2,000	20.00 %	6,747	(25)	Exempt from disclosure	Subsidiaries of the Company
PUJEN Land Development	Keng-Hsin Urban Renewal	Taiwan	Residents, commercial buildings and factories leasing and developing	250,928	250,928	32,864,188	30.00 %	312,093	(26,548)	Exempt from disclosure	Investees of PUJEN Land Development accounted for using equity method
PUJEN Land Development	CHINGENG Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	72,500	82,500	7,250,000	50.00 %	69,401	(176)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUJEN CHENGMEI Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	59,500	59,500	5,950,000	70.00 %	47,279	(289)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUCHIA Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	35,000	35,000	3,500,000	50.00 %	28,040	23	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	Shangrila Tourism	Taiwan	Amusement park and hotel services	89,867	89,867	4,532,960	20.00 %	52,309	(14,339)	Exempt from disclosure	Subsidiaries of the Company

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of June 30, 2019			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				June 30, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
PUJEN Land Development	Hua-Pu Development	Taiwan	Residents, commercial buildings and factories leasing and developing	5,000	5,000	500,000	50.00 %	5,062	(25)	Exempt from disclosure	Joint ventures of PUJEN Land Development accounted for using equity method
PUJEN Land Development	Beyond Fitness	Taiwan	Sport training and other consulting service	3,000	3,000	300,000	37.50 %	1,972	1,096	Exempt from disclosure	Investees of PUJEN Land Development accounted for using equity method

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of NTD, CNY, USD and JPY)

Name of Investee	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2019	Net Income (Losses) of the Investee	Percentage of Ownership	Investment Income (Losses) (Notes 2,3)	Book Value (Note 3)	Accumulated Remittance of Earnings in Current Period (Note 5)
					Outflow	Inflow						
Tianjin CMT	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	931,800 (USD 30,000)	2	388,238	-	-	388,238	(3,073) (CNY (674))	82.55%	(2,535) (CNY (556))	1,164,822 (CNY 257,704)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	745,440 (USD 24,000)	2	423,406	-	-	423,406	213,385 (CNY46,795)	82.55%	176,094 (CNY38,617)	3,331,778 (CNY 737,119)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,546,920 (USD 82,000)	2	-	-	-	-	12,700 (CNY2,785)	82.55%	10,483 (CNY 2,299)	2,796,990 (CNY 618,803)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	993,920 (USD 32,000)	2	-	-	-	-	156,276 (CNY34,271)	82.55%	135,651 (CNY29,748)	4,204,802 (CNY930,266)	-
CMH	Vehicle parts, farm wagon parts, industrial wagon parts household appliances parts and E&M as-casting and molds developing, manufacturing, selling and after sales services	341,256 (USD 10,987)	2	-	-	-	-	(406) (CNY(89))	82.55%	(333) (CNY(73))	342,187 (CNY75,705)	-
Qinxin Trade	Vehicle parts retailing	4,348 (USD 140)	2	-	-	-	-	(31) (USD(1))	94.00%	(31) (USD(1))	4,442 (USD 143)	-
Qingdao Sourcing Specialists	Cast iron product retailing	3,106 (USD 100)	2	-	-	-	-	10,455 (JPY37,115)	83.33%	8,712 (JPY 30,928)	31,599 (JPY109,491)	-

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

(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of June 30, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
811,644	6,479,768 (USD 208,621)	-

Note 1: Method of investment is classified into three types:

1. Directly invested in Mainland China.
2. Indirectly invested in Mainland China through the third region.
3. Other methods.

Note 2: The recognition basis of the investment income and losses is the financial report audited by an international accounting firm which is in partnership with the accounting firm in the R.O.C.

Note 3: The amount stated is the investment income and losses and the book value of the investment at the end of the period which is recognized by the subsidiaries established through the investment in the third region.

Note 4: The Company complies with the amended Permit 9704604680 ‘ Investment or technical cooperation review principal in China’ which is numbered 9704604680, which obtained the certification documents of the operational scope of the operational headquarters from the Industrial Development Bureau, Ministry of Economic Affairs. The restriction on the cumulative investment amount or proportion in China is not applicable.

Note 5: As of June 30, 2019, the company had obtained a surplus of \$1,974,381 thousand (USD63,955 thousand) from the investment companies set up in the third region. The surplus was remitted to the companies by the subsidiaries which was invested indirectly in China and then was remitted to Taiwan. It was impossible to distinguish the remittance from the company in China.

Note 6: The aforementioned investments have been eliminated in the consolidated financial statements.

Note 7: The amount in the table is translated by the spot rate on the financial reporting date.

(iii) Significant transactions: None.

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

(14) Segment information:

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

	Metal Manufacturing Segment	Steel Product Segment (Discontinued)	Real Estate Development Segment	Lifestyle Hospitality Segment	Reconciliation and Elimination	Total
For the Three Months Ended June 30, 2019						
Revenue from external customers	\$ 3,080,287	-	397,376	180,047	-	3,657,710
Intersegment revenues	736,234	-	30	18,041	(754,305)	-
Total revenue	<u>\$ 3,816,521</u>	<u>-</u>	<u>397,406</u>	<u>198,088</u>	<u>(754,305)</u>	<u>3,657,710</u>
Reportable segment profit or loss	<u>\$ 270,931</u>	<u>-</u>	<u>42,427</u>	<u>(28,751)</u>	<u>42,540</u>	<u>327,147</u>
For the Three Months Ended June 30, 2018						
Revenue from external customers	\$ 3,425,173	-	120,470	181,605	-	3,727,248
Intersegment revenues	991,240	-	58	16,913	(1,008,211)	-
Total revenue	<u>\$ 4,416,413</u>	<u>-</u>	<u>120,528</u>	<u>198,518</u>	<u>(1,008,211)</u>	<u>3,727,248</u>
Reportable segment profit or loss	<u>\$ 472,764</u>	<u>(3,548)</u>	<u>(69,229)</u>	<u>(22,517)</u>	<u>62,884</u>	<u>440,354</u>
For the Six Months Ended June 30, 2019						
Revenue from external customers	\$ 6,040,200	-	1,038,327	366,254	-	7,444,781
Intersegment revenues	1,504,933	-	58	38,031	(1,543,022)	-
Total revenue	<u>\$ 7,545,133</u>	<u>-</u>	<u>1,038,385</u>	<u>404,285</u>	<u>(1,543,022)</u>	<u>7,444,781</u>
Reportable segment profit or loss	<u>\$ 473,560</u>	<u>-</u>	<u>175,597</u>	<u>(54,094)</u>	<u>24,163</u>	<u>619,226</u>
For the Six Months Ended June 30, 2018						
Revenue from external customers	\$ 6,539,774	23,496	320,277	375,275	-	7,258,822
Intersegment revenues	1,868,416	-	58	33,717	(1,902,191)	-
Total revenue	<u>\$ 8,408,190</u>	<u>23,496</u>	<u>320,335</u>	<u>408,992</u>	<u>(1,902,191)</u>	<u>7,258,822</u>
Reportable segment profit or loss	<u>\$ 693,309</u>	<u>371,620</u>	<u>(101,193)</u>	<u>(43,462)</u>	<u>34,323</u>	<u>954,597</u>

Note1: The amount of assets and liabilities of the Group's reportable segments was not provided to the management. It is not required for disclosure.

Note2: The reportable segments of the Group are adjusted as follows: The original "Department store segment" and "Other segment" are adjusted and stated under "Lifestyle hospitality segment" and "Real estate development segment"; the original "Construction and Resident segment" is adjusted and stated under "Real estate development segment"; the original "Iron casting and manufacturing segment" is adjusted and stated under "Metal Manufacturing segment".