

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

CONSOLIDATED FINANCIAL STATEMENTS

**with Independent Auditors' Review Report
For the Nine Months Ended September 30, 2020 and 2019**

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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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安侯建業聯合會計師事務所

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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. (the "Company") and its subsidiaries (the "Group") as of September 30, 2020 and 2019, and the related consolidated statements of comprehensive income, for the three months and nine months ended September 30, 2020 and 2019, and the changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, 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 Standards 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 the total assets amounting to \$4,268,145 thousand and \$5,239,144 thousand, constituting 9.67% and 13.15% of the consolidated total assets; and the total liabilities amounting to \$3,463,059 thousand and \$3,311,507 thousand, constituting 11.95% and 13.72% of the consolidated total liabilities as of September 30, 2020 and 2019, respectively, as well as the total comprehensive income (loss) amounting to \$(42,611) thousand, \$(51,460) thousand, \$(153,274) thousand and \$(8,544) thousand, constituting (11.46)%, 15.42%, (128.96)% and (3.26)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2020 and 2019, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$758,284 thousand and \$824,242 thousand as of September 30, 2020 and 2019, respectively, and its equity in net earnings on these investee companies of \$(22,504) thousand, \$(13,460) thousand, \$(90,818) thousand and \$(35,265) thousand for the three months and nine months ended September 30, 2020 and 2019, 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 the Group as of September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months ended September 30, 2020 and 2019, and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 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)
November 12, 2020

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 September 30, 2020 and 2019**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES****Consolidated Balance Sheets****September 30, 2020, December 31, 2019, and September 30, 2019****(Expressed in Thousands of New Taiwan Dollars)**

		<u>September 30, 2020</u>		<u>December 31, 2019</u>		<u>September 30, 2019</u>				<u>September 30, 2020</u>		<u>December 31, 2019</u>		<u>September 30, 2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets															
Current assets:															
1100	Cash and cash equivalents (Notes 6(a) and (z))	\$ 4,189,484	9	3,700,547	9	3,324,214	8	2100	Short-term borrowings (Notes 6(m) and (z))	\$ 10,347,169	24	8,168,354	19	8,714,501	22
1110	Current financial assets at fair value through profit or loss (Notes 6(b) and (z))	-	-	51,440	-	25,320	-	2130	Current contract liabilities (Notes 6(v) and 9(a))	2,317,362	5	1,388,953	4	1,143,588	3
1170	Notes and accounts receivable, net (Notes 6(d), (v) and (z))	3,504,756	8	3,903,549	9	3,999,570	10	2170	Notes and accounts payable (Notes 6(z) and 7)	2,143,274	5	2,598,484	6	2,361,940	6
1180	Accounts receivable due from related parties, net (Notes 6(z) and 7)	864	-	515	-	797	-	2180	Accounts payable due to related parties (Notes 6(z) and 7)	22,005	-	29,717	-	28,869	-
1200	Other receivables (Note 6(z))	71,112	-	47,180	-	86,209	-	2200	Other payables (Note 6(z))	959,454	2	837,271	2	862,931	2
1210	Other receivables due from related parties (Notes 6(z) and 7)	39,413	-	28,160	-	21,180	-	2220	Other payables due to related parties (Notes 6(z) and 7)	18,865	-	13,491	-	8,951	-
130X	Inventories (Notes 6(e), 8 and 9(a))	18,655,218	42	17,686,807	41	14,691,452	37	2230	Current income tax liabilities	70,250	-	113,999	-	137,218	-
1410	Prepayments (Note 9(a))	281,311	1	268,535	1	300,216	1	2280	Current lease liabilities (Notes 6(o) and (z))	185,995	1	190,521	-	190,589	-
1470	Other current assets	306,095	1	243,827	1	238,016	1	2322	Long-term borrowings, current portion (Notes 6(n) and (z))	9,673	-	2,533,247	6	1,773,704	5
1476	Other current financial assets (Notes 6(z), 7, 8 and 9(a))	1,213,279	2	1,078,864	2	867,197	2	2360	Current net defined benefit liabilities	-	-	-	-	1,389	-
1480	Incremental costs of obtaining contracts	196,033	1	156,104	-	129,855	-	2399	Other current liabilities (Notes 6(p) and (r))	110,356	-	156,465	-	175,712	-
	Total current assets	<u>28,457,565</u>	<u>64</u>	<u>27,165,528</u>	<u>63</u>	<u>23,684,026</u>	<u>59</u>		Total current liabilities	<u>16,184,403</u>	<u>37</u>	<u>16,030,502</u>	<u>37</u>	<u>15,399,392</u>	<u>38</u>
Non-current assets:															
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(c) and (z))	250,179	1	216,065	1	216,065	1	2540	Long-term borrowings (Notes 6(n) and (z))	9,943,087	23	8,161,069	19	5,669,288	14
1550	Investments accounted for using equity method (Note 6(f))	758,284	2	853,073	2	824,242	2	2570	Deferred tax liabilities	615,457	1	628,060	1	644,567	2
1600	Property, plant and equipment (Notes 6(h), 8 and 9(a))	9,542,117	22	9,589,959	22	10,121,059	25	2580	Non-current lease liabilities (Notes 6(o) and (z))	1,851,136	4	1,991,672	5	2,038,287	5
1755	Right-of-use assets (Note 6(i))	2,259,511	5	2,422,158	6	2,476,740	6	2600	Other non-current liabilities (Notes 6(p) and 7)	354,909	1	319,118	1	323,016	1
1760	Investment property, net (Notes 6(j) and 8)	691,925	2	639,573	2	641,064	2	2640	Non-current net defined benefit liabilities	39,997	-	55,190	-	57,604	-
1780	Intangible assets (Note 6(k))	398,725	1	415,890	1	428,753	1		Total non-current liabilities	<u>12,804,586</u>	<u>29</u>	<u>11,155,109</u>	<u>26</u>	<u>8,732,762</u>	<u>22</u>
1840	Deferred tax assets	35,810	-	32,234	-	26,918	-		Total liabilities	<u>28,988,989</u>	<u>66</u>	<u>27,185,611</u>	<u>63</u>	<u>24,132,154</u>	<u>60</u>
1900	Other non-current assets (Notes 6(h), 7 and 9(a))	1,045,308	2	905,188	2	750,840	2	Equity attributable to owners of parent (Note 6(t)):							
1975	Non-current net defined benefit assets	-	-	7,643	-	-	-	3100	Ordinary share	3,761,221	9	3,852,521	9	3,852,521	10
1980	Other non-current financial assets (Notes 6(l), (z), 7 and 9(a))	681,279	1	680,391	1	680,848	2	3200	Capital surplus	1,487,802	3	1,523,104	4	1,522,961	4
	Total non-current assets	<u>15,663,138</u>	<u>36</u>	<u>15,762,174</u>	<u>37</u>	<u>16,166,529</u>	<u>41</u>	3300	Retained earnings	6,230,749	14	6,569,681	15	6,469,477	16
Total assets		<u>\$ 44,120,703</u>	<u>100</u>	<u>42,927,702</u>	<u>100</u>	<u>39,850,555</u>	<u>100</u>	3400	Other equity	(119,205)	-	(56,109)	-	(14,910)	-
									Total equity attributable to owners of parent:	<u>11,360,567</u>	<u>26</u>	<u>11,889,197</u>	<u>28</u>	<u>11,830,049</u>	<u>30</u>
								36XX	Non-controlling interests	3,771,147	8	3,852,894	9	3,888,352	10
									Total equity	<u>15,131,714</u>	<u>34</u>	<u>15,742,091</u>	<u>37</u>	<u>15,718,401</u>	<u>40</u>
									Total liabilities and equity	<u>\$ 44,120,703</u>	<u>100</u>	<u>42,927,702</u>	<u>100</u>	<u>39,850,555</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 Nine Months Ended September 30, 2020 and 2019

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues (Notes 6(v) and 7)							
	\$							
5000	Operating costs (Notes 6(e) and 7)							
	Gross profit from operations							
	Operating expenses (Note 7):							
6100								
6200								
6300								
6450								
	Total operating expenses							
6500	Net other income and expenses (Note 6(x))							
	Net operating income							
	Non-operating income and expenses:							
7100								
7010								
7020								
7050								
7375								
	Total non-operating income and expenses							
	Profit from continuing operations before tax							
7950	Less: Tax expense (Note 6(s))							
8200	Net profit							
8300	Other comprehensive income:							
8310	Items that may not be reclassified subsequently to profit or loss:							
8316								
	Total items that may not be reclassified subsequently to profit or loss							
8360	Items that may be reclassified subsequently to profit or loss:							
8361								
	Total items that may be reclassified subsequently to profit or loss							
8300	Other comprehensive income (after tax)							
8500	Comprehensive income							
	Net profit, attributable to:							
8610								
8620								
	Comprehensive income attributable to:							
8710								
8720								
	Earnings per share (expressed in dollars) (Note 6(u))							
9750	Basic earnings per share							
9850	Diluted earnings per share							

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 Changes in Equity
For the Nine Months Ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent												
	Share Capital					Other Equity					Total Equity Attributable to Owners of Parent	Non- Controlling Interests	Total Equity
	Ordinary Share	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	Treasury share					
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>12,685,607</u>	<u>4,198,936</u>	<u>16,884,543</u>		
Profit for the nine months ended September 30, 2019	-	-	-	-	410,725	-	-	-	410,725	118,727	529,452		
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	(238,842)	17,862	-	(220,980)	(46,695)	(267,675)		
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	410,725	(238,842)	17,862	-	189,745	72,032	261,777		
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)	-	-	(2,417)	-	-	-	(5,122)	9	(5,113)		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(10,958)	(10,958)		
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(371,667)	(371,667)		
Balance on September 30, 2019	<u>\$ 3,852,521</u>	<u>1,522,961</u>	<u>1,756,147</u>	<u>49,081</u>	<u>4,664,249</u>	<u>(102,551)</u>	<u>87,641</u>	-	<u>11,830,049</u>	<u>3,888,352</u>	<u>15,718,401</u>		
Balance on January 1, 2020	\$ 3,852,521	1,523,104	1,756,147	49,081	4,764,453	(143,749)	87,640	-	11,889,197	3,852,894	15,742,091		
Profit for the nine months ended September 30, 2020	-	-	-	-	138,987	-	-	-	138,987	62,035	201,022		
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	(61,952)	(1,144)	-	(63,096)	(19,074)	(82,170)		
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	138,987	(61,952)	(1,144)	-	75,891	42,961	118,852		
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	45,022	-	(45,022)	-	-	-	-	-	-		
Special reserve	-	-	-	7,028	(7,028)	-	-	-	-	-	-		
Cash dividends	-	-	-	-	(346,727)	-	-	-	(346,727)	-	(346,727)		
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	(571)	-	-	-	(571)	676	105		
Acquisition of treasury share	-	-	-	-	-	-	-	(257,223)	(257,223)	-	(257,223)		
Retirement of treasury share	(91,300)	(35,302)	-	-	(130,621)	-	-	257,223	-	-	-		
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,924	1,924		
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(127,308)	(127,308)		
Balance on September 30, 2020	<u>\$ 3,761,221</u>	<u>1,487,802</u>	<u>1,801,169</u>	<u>56,109</u>	<u>4,373,471</u>	<u>(205,701)</u>	<u>86,496</u>	-	<u>11,360,567</u>	<u>3,771,147</u>	<u>15,131,714</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 Nine Months Ended September 30, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2020	2019
Cash flows from operating activities:		
Profit before tax	\$ 264,642	734,879
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	712,844	759,367
Amortization expense	11,633	21,318
Expected credit gains	(11,444)	(389)
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	6,000	(215)
Interest expense	210,734	202,806
Interest income	(36,342)	(46,649)
Dividend income	(30,167)	(28,174)
Share of losses of associates and joint ventures accounted for using equity method	90,818	35,265
(Gains) losses on disposal of property, plant and equipment	(5,355)	4,459
Property, plant and equipment transferred to expenses	171	152
Impairment loss	-	447
Lease modification gain	(1,185)	-
Other losses (gains)	25,564	(2,690)
Total adjustments to reconcile profit	973,271	945,697
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(11,070)	(22,145)
Notes and accounts receivable, net	375,708	211,172
Accounts receivable due from related parties, net	(384)	(100,303)
Other receivables	(35,971)	4,315
Inventories	(955,639)	(430,997)
Prepayments	(17,743)	(37,001)
Other current assets	(63,153)	(57,298)
Other financial assets	(133,822)	(144,694)
Incremental costs of obtaining contracts	(39,929)	(23,654)
Total changes in operating assets	(882,003)	(600,605)
Changes in operating liabilities:		
Notes and accounts payable (including related parties), net	(390,728)	69,527
Other payables	75,188	(140,806)
Current contract liabilities	930,027	607,842
Other current liabilities	(8,265)	18,171
Other non-current liabilities	(1,193)	(161)
Total changes in operating liabilities	605,029	554,573
Total changes in operating assets and liabilities	(276,974)	(46,032)
Total adjustments	696,297	899,665
Cash inflow generated from operations	960,939	1,634,544
Interest received	26,363	36,589
Dividends received	30,217	28,218
Interest paid	(249,830)	(234,840)
Income taxes paid	(156,886)	(119,212)
Net cash flows generated from operating activities	610,803	1,345,299
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	21,241	9,615
Acquisition of investments accounted for using equity method	-	(1,050)
Acquisition of property, plant and equipment	(585,959)	(524,536)
Proceeds from disposal of property, plant and equipment	7,844	18,054
Acquisition of intangible assets	(499)	(2,424)
Acquisition of investment properties	(101)	-
Decrease in other financial assets	931	45,665
Increase in other non-current assets	(151,467)	(375,304)
Net cash flows used in investing activities	(708,010)	(829,980)
Cash flows from financing activities:		
Increase in short-term borrowings	7,502,308	4,577,552
Decrease in short-term borrowings	(5,422,125)	(2,463,421)
Increase in short-term notes and bills payable	329,842	(20,117)
Proceeds from long-term borrowings	3,476,100	3,080,000
Repayments of long-term borrowings	(4,387,181)	(4,688,041)
Payment of lease liabilities	(140,648)	(142,116)
Increase in other non-current liabilities	3,224	11,108
Cash dividends paid	(346,727)	(1,040,181)
Payment of treasury share	(257,223)	-
Cash dividends paid to non-controlling interests	(127,308)	(371,667)
Change in non-controlling interests	1,924	(10,958)
Net cash flows generated from (used in) financing activities	632,186	(1,067,841)
Effect of exchange rate changes on cash and cash equivalents	(46,042)	(19,954)
Net increase (decrease) in cash and cash equivalents	488,937	(572,476)
Cash and cash equivalents at the beginning of the period	3,700,547	3,896,690
Cash and cash equivalents at the end of the period	\$ 4,189,484	3,324,214

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 Nine Months Ended September 30, 2020 and 2019

(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 issue by the Board of Directors on November 12, 2020.

(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, 2020.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020

Except for the following adoption, 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 significant changes are as follows:

- (i) Amendments to IFRS 16 “Covid-19-Related Rent Concessions”

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets conditions for lease modification, but recognize the change in lease liability in profit or loss. The amendments have been endorsed by the FSC in July 2020, whereas, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(c).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the three months and the nine month ended September 30, 2020 were \$15 thousand and \$25 thousand, respectively.

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

- (b) The impact of IFRS issued by the 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, 2021:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

The Group assesses that the adoption of the abovementioned amendments 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, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”	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

(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, 2019. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2019.

(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, 2019. For the related information, please refer to Note 4(c) of the consolidated financial statements for the year ended December 31, 2019.

(i) List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			September 30, 2020	December 31, 2019	September 30, 2019	
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	85.35 %	83.74 %	83.74 %	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	CMJ CO., LTD. (CMJ) (Note 3)	Cast iron product retailing	83.33 %	83.33 %	83.33 %	Note 1
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 %	71.72 %	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

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			September 30, 2020	December 31, 2019	September 30, 2019	
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
The Company	InterContinental Taichung Co., Ltd. (InterContinental Taichung)	International tourist hotel services	100.00 %	- %	- %	Notes 1 and 5
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 %	100.00 %	Notes 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
Atrans Precision	FAR HSING (SAMOA) ENTERPRISE CO., LTD. (FAR HSING (SAMOA))	Investing	100.00 %	100.00 %	100.00 %	Note 1
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 %	Notes 1 and 6
CMAI	CMAI Holding, Inc. (CMAI Holding)	Investing	100.00 %	100.00 %	100.00 %	Note 1

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			September 30, 2020	December 31, 2019	September 30, 2019	
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: A non-significant subsidiary, its financial statements have not been reviewed.

Note 2: The financial statements have been reviewed.

Note 3: The former name was “CHINA METAL JAPAN COMPANY LIMITED”.

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

Note 5: Set up in the 1st quarter of 2020.

Note 6: The cancellation of business registration of Qinxin Trade has been completed on June 22, 2020. However, the proceeds from the cancellation of shares have yet to be remitted.

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

(c) Leases

As a practical expedient, the Group elects not to assess whether eligible rent concessions that meets all the following conditions for lease modifications:

- (i) the rent concessions occurring as a direct consequence of the covid-19 pandemic;
- (ii) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (iii) any reduction in lease payments affects only payments originally due on, or before, September 30, 2021; and
- (iv) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(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 which is 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.

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

(e) Employee benefits

The pension cost for the 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 occasions.

(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, 2019. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2019.

(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, 2019. Please refer to Note 6 of the 2019 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 6,994	8,361	9,189
Cash in banks	2,645,708	2,164,951	2,044,415
Time deposits	<u>1,536,782</u>	<u>1,527,235</u>	<u>1,270,610</u>
Cash and cash equivalents	<u><u>\$ 4,189,484</u></u>	<u><u>3,700,547</u></u>	<u><u>3,324,214</u></u>

Please refer to Note 6(z) for the sensitivity analysis of the financial assets.

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

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets at fair value through profit or loss			
Stocks listed on domestic markets	<u>\$ -</u>	<u>51,440</u>	<u>25,320</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(y) for the recognized gains or losses.

(ii) Please refer to Note 6(z) for the risks of financial instruments.

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

(iii) As of September 30, 2020, December 31 and September 30, 2019, the financial assets were not pledged as collateral.

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets— YungTay Engineering Co., Ltd.	\$ 55,355	-	-
Stocks unlisted on domestic markets— MEITA Industrial Co., Ltd.	135,300	135,300	135,300
Stocks unlisted on domestic markets— YUHUA Venture Capital Co., Ltd.	435	830	830
Stocks unlisted on domestic markets— FUHUA Venture Capital Co., Ltd.	1,574	1,920	1,920
Stocks unlisted on domestic markets— GUANGYUAN Investment Co., Ltd.	31,580	44,080	44,080
Stocks unlisted on domestic markets— DEVELOPMENT Venture Capital Co., Ltd.	25,935	33,935	33,935
Total	<u>\$ 250,179</u>	<u>216,065</u>	<u>216,065</u>

- (i) The Group holds the equity investments for long-term strategic purposes, rather than transaction purposes. Therefore, the investments are measured at FVOCI.
- (ii) For the three months and nine months ended September 30, 2020 and 2019, the Group received dividend income amounting to \$2,577 thousand, \$0 thousand, \$30,167 thousand and \$28,174 thousand, respectively, from the above investments measured at FVOCI.
- (iii) The Group did not dispose the strategic investments during the first three quarters of 2020 and 2019. Therefore, the accumulated income and loss was not transferred in equity.
- (iv) Please refer to Note 6(z) for the information on credit risk (including the impairment of debt instrument investments) and market risk.
- (v) As of September 30, 2020, December 31 and September 30, 2019, 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

(d) Notes and accounts receivable

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable from operating activities	\$ 363,841	425,013	471,412
Accounts receivable measured as amortized cost	<u>3,155,270</u>	<u>3,504,541</u>	<u>3,549,296</u>
Subtotal	3,519,111	3,929,554	4,020,708
Less: Loss allowance	<u>14,355</u>	<u>26,005</u>	<u>21,138</u>
Total	<u><u>\$ 3,504,756</u></u>	<u><u>3,903,549</u></u>	<u><u>3,999,570</u></u>

The Group applies the simplified approach to estimate its 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 including macroeconomics and relative industries information. The loss allowance provision is determined as follows:

	<u>September 30, 2020</u>		
	<u>Gross Carrying Amount</u>	<u>Weighted Average Loss Rate</u>	<u>Loss Allowance Provision</u>
Current	\$ 3,168,147	0%	-
1 to 30 days past due	289,087	0%	-
31 to 90 days past due	21,064	0%	-
91 to 120 days past due	22,098	0%~11%	1,927
121 days to a year past due	14,546	23%~56.78%	8,259
Over a year past due	<u>4,169</u>	100%	<u>4,169</u>
	<u><u>\$ 3,519,111</u></u>		<u><u>14,355</u></u>
	<u>December 31, 2019</u>		
	<u>Gross Carrying Amount</u>	<u>Weighted Average Loss Rate</u>	<u>Loss Allowance Provision</u>
Current	\$ 3,720,432	0%	-
1 to 30 days past due	137,451	0%	-
31 to 90 days past due	17,700	0%	-
91 to 120 days past due	5,770	0%~8.87%	310
121 days to a year past due	40,459	17.13~52.79%	17,953
Over a year past due	<u>7,742</u>	100%	<u>7,742</u>
	<u><u>\$ 3,929,554</u></u>		<u><u>26,005</u></u>

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

	September 30, 2019		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,717,111	0%	-
1 to 30 days past due	156,108	0%	-
31 to 90 days past due	105,781	0%~6%	1,233
91 to 120 days past due	6,113	3.34~11.82%	524
121 days to a year past due	24,491	24.73%~62.68%	8,277
Over a year past due	11,104	100%	11,104
	\$ 4,020,708		21,138

The movements in the allowance for notes and accounts receivable are as follows:

	For the Nine Months Ended September 30	
	2020	2019
Balance on January 1	\$ 26,005	21,874
Impairment losses recognized	(11,444)	(389)
Amounts written off	(6)	-
Foreign exchange (losses) gains	(200)	(347)
Balance on September 30	\$ 14,355	21,138

The financial assets mentioned above were not pledged as collateral.

(e) Inventories

	September 30, 2020	December 31, 2019	September 30, 2019
Raw materials	\$ 104,150	129,856	123,442
Work in process	216,015	272,337	278,882
Semi-finished goods	100,012	144,254	146,639
Finished goods	718,605	876,524	764,990
Merchandise	59,318	69,151	64,922
Land held for development	6,105,194	6,032,491	3,698,790
Properties and land held for sale	3,519,820	3,798,608	3,941,623
Construction-in-progress	7,375,931	5,906,061	5,009,250
Prepayments for land	131,099	121,228	309,250
Other inventories	325,074	336,297	353,664
	\$ 18,655,218	17,686,807	14,691,452

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

For the three months and nine months ended September 30, 2020 and 2019, the cost of goods sold amounted to \$2,532,017 thousand, \$2,431,637 thousand, \$6,117,446 thousand and \$8,043,388 thousand, respectively. For the three months and nine months ended September 30, 2020 and 2019, the reversal gain (loss for inventory obsolescence) from the increase (decrease) in inventories' net realizable value amounted to \$(6,233) thousand, \$(3,416) thousand, \$29,337 thousand and \$7,616 thousand, respectively.

For the information on inventories pledged as collateral, as of September 30, 2020, December 31 and September 30, 2019, please refer to Note 8.

(f) Investments accounted for using equity method

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Associates	\$ 452,173	472,260	442,653
Joint ventures	306,111	380,813	381,589
	<u>\$ 758,284</u>	<u>853,073</u>	<u>824,242</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 nine months ended September 30, 2020 and 2019, the unrealized investment losses amounted to \$70 thousand, \$74 thousand, \$234 thousand and \$237 thousand, respectively; the accumulated unrealized investment losses, as of September 30, 2020 and 2019, amounted to \$57,281 thousand and \$56,969 thousand, respectively.

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Carrying amount of individually insignificant associates' equity	\$ <u>452,173</u>	<u>472,260</u>	<u>442,653</u>
	<u>For the Three Months Ended September 30</u>	<u>For the Nine Months Ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>
Attributable to the Group:			
Net loss	\$ (4,817)	(2,143)	(14,248)
Other comprehensive income	-	-	-
Comprehensive income	<u>\$ (4,817)</u>	<u>(2,143)</u>	<u>(14,248)</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>
Comprehensive income	<u>(9,639)</u>	<u>(9,639)</u>	<u>(9,639)</u>

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

(ii) Joint ventures

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

	September 30, 2020	December 31, 2019	September 30, 2019	
Carrying amount of individually insignificant joint ventures' equity	<u>\$ 306,111</u>	<u>380,813</u>	<u>381,589</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Attributable to the Group:				
Net loss	\$ (17,687)	(11,317)	(76,570)	(25,626)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (17,687)</u>	<u>(11,317)</u>	<u>(76,570)</u>	<u>(25,626)</u>

(iii) Pledge to secure

As of September 30, 2020, December 31 and September 30, 2019, 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.

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

(i) Acquisition of additional shares interests of subsidiary

The Company and Sunflower Investment obtained Atrans Precision additional equity on \$9,490 thousand and \$958 thousand, increasing the percentage of ownership from 83.74% to 85.35% and 83.58% to 83.74%, respectively.

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

	For the Nine Months Ended September 30	
	2020	2019
	Atrans Precision	Atrans Precision
Acquisition of non-controlling interests	\$ 8,919	913
Payment to non-controlling interests	(9,490)	(958)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	<u>\$ (571)</u>	<u>(45)</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The capital surplus resulting from changes in ownership is not sufficient as of September 30, 2020 and 2019, the remaining difference was debited to retained earnings.

(h) Property, plant and equipment

The cost and accumulated depreciation of the property, plant equipment of the Group for the nine months ended September 30, 2020 and 2019 are 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, 2020	\$ 3,106,656	3,361,551	9,176,092	122,759	56,945	199,768	849,881	543,517	17,417,169
Additions	53,725	771	92,887	8,109	1,575	11,937	10,909	406,046	585,959
Disposals	-	(5,540)	(161,842)	(12,825)	(2,983)	(42,447)	(92,718)	-	(318,355)
Reclassification	(41,736)	328	168,672	5,388	465	1,170	3,716	(170,627)	(32,624)
Influence from exchange rates	(240)	(22,842)	(73,208)	(639)	(334)	(2,086)	(3,590)	(3,623)	(106,562)
Balance on September 30, 2020	\$ <u>3,118,405</u>	<u>3,334,268</u>	<u>9,202,601</u>	<u>122,792</u>	<u>55,668</u>	<u>168,342</u>	<u>768,198</u>	<u>775,313</u>	<u>17,545,587</u>
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	-	209	56,461	6,860	816	24,779	13,444	405,116	507,685
Disposals	-	(9,597)	(195,684)	(4,230)	(9,769)	(3,306)	(16,894)	-	(239,480)
Reclassification	-	(3,580)	377,096	8,060	2,322	13,434	14,320	(178,183)	233,469
Influence from exchange rates	87	(61,149)	(212,550)	(1,403)	(764)	(5,665)	(10,640)	(15,914)	(307,998)
Balance on September 30, 2019	\$ <u>3,748,922</u>	<u>3,382,297</u>	<u>8,922,813</u>	<u>122,158</u>	<u>57,278</u>	<u>205,138</u>	<u>844,128</u>	<u>573,347</u>	<u>17,856,081</u>
Accumulated depreciation and impairment loss:									
Balance on January 1, 2020	\$ -	1,327,569	5,674,431	96,102	45,102	108,067	575,939	-	7,827,210
Depreciation	-	75,163	382,393	9,074	2,606	31,101	51,302	-	551,639
Disposals	-	(5,540)	(159,835)	(12,698)	(2,862)	(42,447)	(92,484)	-	(315,866)
Reclassification	-	(2,769)	-	40	-	-	(40)	-	(2,769)
Influence from exchange rates	-	(7,378)	(45,123)	(547)	(271)	(1,089)	(2,336)	-	(56,744)
Balance on September 30, 2020	\$ <u>-</u>	<u>1,387,045</u>	<u>5,851,866</u>	<u>91,971</u>	<u>44,575</u>	<u>95,632</u>	<u>532,381</u>	<u>-</u>	<u>8,003,470</u>
Balance on January 1, 2019	\$ -	1,268,502	5,376,957	82,927	49,251	70,864	533,493	-	7,381,994
Depreciation	-	80,013	403,628	11,195	3,175	39,498	57,172	-	594,681
Impairment loss	-	-	447	-	-	-	-	-	447
Disposals	-	(9,597)	(175,395)	(4,082)	(9,025)	(3,306)	(15,562)	-	(216,967)
Reclassification	-	(7,952)	149,312	6,981	(17)	-	(2,148)	-	146,176
Influence from exchange rates	-	(21,758)	(137,666)	(1,211)	(521)	(3,107)	(7,046)	-	(171,309)
Balance on September 30, 2019	\$ <u>-</u>	<u>1,309,208</u>	<u>5,617,283</u>	<u>95,810</u>	<u>42,863</u>	<u>103,949</u>	<u>565,909</u>	<u>-</u>	<u>7,735,022</u>
Carrying value:									
Balance on January 1, 2020	\$ <u>3,106,656</u>	<u>2,033,982</u>	<u>3,501,661</u>	<u>26,657</u>	<u>11,843</u>	<u>91,701</u>	<u>273,942</u>	<u>543,517</u>	<u>9,589,959</u>
Balance on September 30, 2020	\$ <u>3,118,405</u>	<u>1,947,223</u>	<u>3,350,735</u>	<u>30,821</u>	<u>11,093</u>	<u>72,710</u>	<u>235,817</u>	<u>775,313</u>	<u>9,542,117</u>
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 September 30, 2019	\$ <u>3,748,922</u>	<u>2,073,089</u>	<u>3,305,530</u>	<u>26,348</u>	<u>14,415</u>	<u>101,189</u>	<u>278,219</u>	<u>573,347</u>	<u>10,121,059</u>

- (i) As of September 30, 2020, December 31 and September 30, 2019, please refer to Note 8 for the details of property, plant and equipment pledged as collateral for the Group's long-term loan 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 Niulan 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 regarding the land mentioned above, which is presented in the line item of other non-current assets, is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Land	\$ 44,299	44,299	44,299

- (i) Right-of-use assets

The cost and accumulated depreciation of the right-of-use assets, which includes land, property and transportation rented by the Group, for the nine months ended September 30, 2020 and 2019 are as follows:

	Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost:							
Balance on January 1, 2020	\$ 1,002,435	2,397,748	54,032	25,475	2,240	122,607	3,604,537
Additions	-	238	-	1,433	430	259	2,360
Reduction for expiration	-	(6,160)	(13,754)	(8,037)	(393)	(604)	(28,948)
Influence from exchange rates	(3,116)	(12)	(469)	(23)	(17)	-	(3,637)
Balance on September 30, 2020	\$ 999,319	2,391,814	39,809	18,848	2,260	122,262	3,574,312
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	-	2,329	-	1,069	72	-	3,470
Reclassification	3,192	(672)	(3,192)	93	579	-	-
Reduction for expiration	-	-	-	-	(48)	-	(48)
Influence from exchange rates	(9,256)	1,489	(1,306)	983	-	-	(8,090)
Balance on September 30, 2019	\$ 1,011,447	2,397,338	54,468	24,300	2,261	122,607	3,612,421
Accumulated depreciation and impairment loss:							
Balance at January 1, 2020	\$ 130,437	999,972	24,730	15,221	1,022	10,997	1,182,379
After application of IFRS 16 adjustments	-	-	-	-	-	-	-
Depreciation	17,473	120,899	9,919	5,114	391	2,647	156,443
Transferred to construction cost	-	650	-	-	-	-	650
Reduction for expiration	-	(5,786)	(9,124)	(8,037)	(378)	(413)	(23,738)
Influence from exchange rates	(696)	(7)	(204)	(18)	(8)	-	(933)
Balance on September 30, 2020	\$ 147,214	1,115,728	25,321	12,280	1,027	13,231	1,314,801
Balance on January 1, 2019	\$ -	-	-	-	-	-	-
After application of IFRS 16 adjustments	115,406	837,173	9,813	6,670	421	7,476	976,959
Depreciation	17,894	121,331	11,920	6,254	447	2,641	160,487
Reclassification	-	539	-	-	77	-	616
Reduction for expiration	-	-	-	-	(48)	-	(48)
Influence from exchange rates	(2,132)	253	(636)	182	-	-	(2,333)
Balance on September 30, 2019	\$ 131,168	959,296	21,097	13,106	897	10,117	1,135,681

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Carrying value:							
Balance on January 1, 2020	\$ 871,998	1,397,776	29,302	10,254	1,218	111,610	2,422,158
Balance on September 30, 2020	\$ 852,105	1,276,086	14,488	6,568	1,233	109,031	2,259,511
Balance on January 1, 2019	\$ -	-	-	-	-	-	-
Balance on September 30, 2019	\$ 880,279	1,438,042	33,371	11,194	1,364	112,490	2,476,740

(j) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 5 to 10 years. Some leases provide the lessees with options to extend at the end of the term.

For all investment property leases, the rental income is fixed under the contracts, but some leases require the lessee to reimburse the insurance costs of the Group. When this is the case, the amounts of insurance costs are determined annually.

The movements in the investment property are as follows:

	<u>Owned Property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Carrying value:			
Balance on January 1, 2020	\$ 545,783	93,790	639,573
Balance on September 30, 2020	\$ 593,697	98,228	691,925
Balance on January 1, 2019	\$ 528,019	76,238	604,257
Balance on September 30, 2019	\$ 545,783	95,281	641,064

Investment properties comprise a number of commercial properties that are leased to third parties. Each leasing contract 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(q) for the regarding information.

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the nine months ended September 30, 2020 and 2019. Information on depreciation for the period is discussed in Note 12(c), and for the information on rental revenue and other direct operating expense, please refer to Note 6(q).

The fair value of the investment property was not significantly different from those disclosed in the Note 6(l) of the annual consolidated financial statements for the year ended December 31, 2019.

As of September 30, 2020, December 31 and September 30, 2019, the details of investment properties pledged as collateral, please refer to Note 8.

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

(k) 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>
Cost:					
Balance on January 1, 2020	\$ 393,630	62,652	226,177	32,427	714,886
Acquisitions	-	-	-	499	499
Influence from exchange rates	<u>(5,941)</u>	<u>(582)</u>	<u>(2,099)</u>	<u>(94)</u>	<u>(8,716)</u>
Balance on September 30, 2020	<u>\$ 387,689</u>	<u>62,070</u>	<u>224,078</u>	<u>32,832</u>	<u>706,669</u>
Balance on January 1, 2019	\$ 405,342	64,974	234,560	24,333	729,209
Acquisitions	-	-	-	2,424	2,424
Reclassification	-	-	-	4,854	4,854
Influence from exchange rates	<u>(4,992)</u>	<u>(1,741)</u>	<u>(6,284)</u>	<u>(1)</u>	<u>(13,018)</u>
Balance on September 30, 2019	<u>\$ 400,350</u>	<u>63,233</u>	<u>228,276</u>	<u>31,610</u>	<u>723,469</u>
Accumulated amortization and impairment loss:					
Balance on January 1, 2020	\$ -	62,652	218,384	17,960	298,996
Amortization	-	-	7,702	3,931	11,633
Influence from exchange rates	<u>-</u>	<u>(582)</u>	<u>(2,008)</u>	<u>(95)</u>	<u>(2,685)</u>
Balance on September 30, 2020	<u>\$ -</u>	<u>62,070</u>	<u>224,078</u>	<u>21,796</u>	<u>307,944</u>
Balance on January 1, 2019	\$ -	64,974	203,022	9,926	277,922
Amortization	-	-	17,790	3,528	21,318
	-	-	-	3,326	3,326
Influence from exchange rates	<u>-</u>	<u>(1,741)</u>	<u>(6,108)</u>	<u>(1)</u>	<u>(7,850)</u>
Balance on September 30, 2019	<u>\$ -</u>	<u>63,233</u>	<u>214,704</u>	<u>16,779</u>	<u>294,716</u>
Carrying value:					
Balance on January 1, 2020	<u>\$ 393,630</u>	<u>-</u>	<u>7,793</u>	<u>14,467</u>	<u>415,890</u>
Balance on September 30, 2020	<u>\$ 387,689</u>	<u>-</u>	<u>-</u>	<u>11,036</u>	<u>398,725</u>
Balance on January 1, 2019	<u>\$ 405,342</u>	<u>-</u>	<u>31,538</u>	<u>14,407</u>	<u>451,287</u>
Balance on September 30, 2019	<u>\$ 400,350</u>	<u>-</u>	<u>13,572</u>	<u>14,831</u>	<u>428,753</u>

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

(l) Other non-current financial assets

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Debt obligation receivable—The Splendor Hospitality International Co., Ltd.	\$ 575,000	575,000	575,000
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>106,279</u>	<u>105,391</u>	<u>105,848</u>
	<u>\$ 681,279</u>	<u>680,391</u>	<u>680,848</u>

- (i) In June 2006, the Group and Prince Housing and Development Co., Ltd. (Prince Housing and Development) entered into an 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 a 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 a 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 are as follows:

	<u>September 30, 2020</u>		
<u>Underlying</u>	<u>Obligation Cost</u>	<u>Obligation Principal</u>	<u>Valuation Assessment</u>
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 \$7,056,000 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,548,000 thousand.
			<u>Collateral</u>
			The building of The Splendor Hospitality International (the 2 nd security)

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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December 31, 2019				
Underlying	Obligation Cost	Obligation Principal	Valuation Assessment	Collateral
The Splendor Hospitality International	\$ 575,000	796,845	According to the assessment of Integration Appraiser Jointed Firm, 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)

September 30, 2019				
Underlying	Obligation Cost	Obligation Principal	Valuation Assessment	Collateral
The Splendor Hospitality International	\$ 575,000	796,845	According to the assessment of Integration Appraiser Jointed Firm, 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)

(ii) As of September 30, 2020, December 31 and September 30, 2019, the cost and principal of debt obligation from Chin Ling Steel were \$23,250 thousand and \$118,561 thousand, respectively.

(m) Short-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured bank borrowings	\$ 2,539,458	1,638,974	1,749,385
Secured bank borrowings	7,248,151	6,299,662	6,550,780
Notes and bills payable	559,560	229,718	414,336
Total	\$ 10,347,169	8,168,354	8,714,501
Unused credit limit	\$ 4,263,027	6,206,252	12,360,809
Range of interest rates	0.51%~3.68%	0.90%~2.84%	0.91%~3.38%

(i) Borrowing and repayment

For the nine months ended September 30, 2020 and 2019, the Group obtained from short-term borrowings amounting to \$7,502,308 thousand and \$4,577,552 thousand with an interest rate of 0.51%~3.68% and 0.90%~3.38%; the repayment amounting to \$5,422,125 thousand and \$2,463,421 thousand, respectively. Please refer to Note 6(y) for details of the interest expense.

(ii) Collateral for bank borrowings

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

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

(n) Long-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured bank borrowings	\$ 2,514,215	2,449,877	1,609,972
Secured bank borrowings	7,439,236	8,244,478	5,833,166
Less: Current portion	(9,673)	(2,533,247)	(1,773,704)
Unamortized long-term borrowings costs	(691)	(39)	(146)
Total	\$ 9,943,087	8,161,069	5,669,288
Unused credit limit	\$ 41,676	792,170	5,494,523
Interest rate range	0.63%~4.21%	1.00%~4.03%	1.00%~4.03%

(i) Borrowing and repayment

For the nine months ended September 30, 2020 and 2019, the Group obtained from long-term borrowings amounting to \$3,476,100 thousand and \$3,080,000 thousand with an interest rate of 0.63%~2.00% and 1.00%~1.30%; the repayment amounting to \$4,387,181 thousand and \$4,688,041 thousand, respectively. Please refer to Note 6(y) for details of the interest expense.

(ii) Collateral for bank borrowings

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

(iii) Borrowing covenants

The Group entered into a syndicated loan contract in a total credit of \$3,150,000 thousand with multiple financial institutions 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, 2020, the Group was in compliance with the above borrowing covenants.

The Group entered into a borrowing contract in a total credit of USD104,000 thousand with one financial institution on July 27, 2017. According to the contract, during the 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, 2019, the Group was in compliance with the above borrowing covenants.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(o) Lease liabilities

The details of the lease liabilities are as follows:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Current	\$ <u>185,995</u>	<u>190,521</u>	<u>190,589</u>
Non-current	\$ <u>1,851,136</u>	<u>1,991,672</u>	<u>2,038,287</u>

For the maturing analysis, please refer to Note 6(z).

The amounts recognized in profit or loss are as follows:

	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>6,635</u>	<u>9,650</u>	<u>20,486</u>	<u>22,808</u>
Expenses relating to leases short-term assets	\$ <u>2,565</u>	<u>2,997</u>	<u>9,852</u>	<u>8,562</u>
Covid-19-related rent concessions (recognized as deduction of rent expenses)	\$ <u>15</u>	<u>-</u>	<u>25</u>	<u>-</u>

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

	<u>For the Nine Months Ended</u> <u>September 30</u>	
	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>170,986</u>	<u>173,486</u>

(i) Real estate leases

As of September 30, 2020, 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 the lessor is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

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

The Group also leases equipment and machinery, dormitory and company cars with contract terms 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.

(p) Provisions

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current:			
Warranties	\$ 194	246	-
Legal	<u>-</u>	<u>43,100</u>	<u>-</u>
Subtotal	<u>194</u>	<u>43,346</u>	<u>-</u>
Non-current:			
Financial guarantee contracts	36,695	44,756	47,921
Legal	<u>236,052</u>	<u>236,052</u>	<u>236,052</u>
Subtotal	<u>272,747</u>	<u>280,808</u>	<u>283,973</u>
Total	<u>\$ 272,941</u>	<u>324,154</u>	<u>283,973</u>

(i) Warranties

The Group's warranties are mainly related to the sales of construction projects. They are estimated based on the historical data and expected 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 for the credit limit 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 on estimated legal provisions and losses.

(q) Operating leases

The Group leases out investment properties under operating lease which was classified based on not transferring substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset to the lessee. Please refer to Note 6(j) for the regarding information on investment properties.

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

	September 30, 2020	December 31, 2019	September 30, 2019
Less than one year	\$ 11,741	10,678	13,498
One to two years	7,757	355	1,419
Two to three years	1,512	-	-
Total undiscounted lease payments	<u>\$ 21,010</u>	<u>11,033</u>	<u>14,917</u>

For the three months and nine months ended September 30, 2020 and 2019, rental revenues from investment properties amounted to \$3,036 thousand, \$2,395 thousand, \$8,997 thousand and \$9,208 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "operating costs") are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Lease-out property	<u>\$ 15</u>	<u>3</u>	<u>19</u>	<u>7</u>

(r) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or no 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, 2019 and 2018.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Operating cost	\$ 575	467	1,744	961
Selling expenses	107	44	313	121
Administration expenses	282	213	842	619
Research and development expenses	92	52	271	96
Total	<u>\$ 1,056</u>	<u>776</u>	<u>3,170</u>	<u>1,797</u>

For the three months and nine months ended September 30, 2020 and 2019, the Group's employee benefits retirement expenses amounted to \$1,811, \$0, \$1,811 and \$228 thousand, respectively.

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

(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 September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Operating cost	\$ 394	14,288	13,793	39,497
Selling expenses	156	718	1,086	2,071
Administration expenses	1,702	11,599	12,976	23,140
Research and development expenses	82	112	248	389
Total	<u>\$ 2,334</u>	<u>26,717</u>	<u>28,103</u>	<u>65,097</u>

(iii) Short-term employee benefits

	September 30, 2020	December 31, 2019	September 30, 2019
Paid leave and other liabilities	<u>\$ 16,818</u>	<u>20,503</u>	<u>21,063</u>

(s) Income tax

(i) Applied legal tax rates of foreign subsidiaries: China: 15%~25%; Japan: 29.05%~33.24%; the USA: 21%~27%.

(ii) The income tax expenses are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Current income tax expense				
Current period incurred	\$ 40,920	54,579	86,856	154,140
Land value increment taxes	13,414	2,065	13,981	26,487
Undistributed profit tax	-	-	6,551	42,629
Adjustment for prior periods	-	1,656	(27,764)	(17,829)
	<u>54,334</u>	<u>58,300</u>	<u>79,624</u>	<u>205,427</u>
Deferred tax expense				
Origination and reversal of temporary differences	(5,956)	-	(16,004)	-
Income tax expense	<u>\$ 48,378</u>	<u>58,300</u>	<u>63,620</u>	<u>205,427</u>

(iii) Under income tax return filing of the Group, the income tax returns of the Company and Atrans Precision had been assessed and approved by the Tax Authority through 2017, other domestic consolidated subsidiaries had been assessed and approved through 2018. 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.

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

(t) Share capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 2020 and 2019. For the related information, please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2019.

(i) Capital stock

As of September 30, 2020, December 31 and September 30, 2019, the Company's authorized share capital is 5,000,000 thousand, with par value of \$10 per share, and the issued capital is \$3,761,221 thousand, \$3,852,521 thousand and \$3,852,521 thousand, respectively. All the proceeds from the issued capital have been remitted.

(ii) Capital surplus

The components of the capital surplus are as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
From issuance of share capital	\$ 611,272	626,110	626,110
Employee stock option of subsidiaries	33,352	33,352	33,352
From conversion of convertible bonds	843,035	863,499	863,499
Changes in equity of associates and joint ventures accounted for using equity method	143	143	-
	<u>\$ 1,487,802</u>	<u>1,523,104</u>	<u>1,522,961</u>

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation, 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, as required by its operation or 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.

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.

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

1) Special reserve

In accordance with Ruling NO.1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The Company decided to set aside \$7,028 thousand special reserve in the shareholders' meeting on June 22, 2020. The aforementioned information is available on the Market Observation Post System website of the Taiwan Stock Exchange.

2) Earnings distribution

The appropriations of the Company's 2019 and 2018 earnings were based on the resolutions decided during the meetings of the Board of Directors and shareholders held on May 12, 2020 and June 24, 2019, respectively.

These earnings are appropriated as follows:

	2019		2018	
	Allotment (NTD)	Amount	Allotment (NTD)	Amount
Common stock dividends per share				
Cash	\$ 0.92	346,727	2.70	1,040,181

(iv) Treasury shares

For the nine month ended September 30, 2020, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 9,130 thousand shares as treasury shares in order to protect the Company's integrity and shareholders' equity. As of September 30, 2020, a total of 9,130 thousand shares were cancelled.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

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

(v) Other equity (net of tax)

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at FVOCI	Non-controlling Interest	Total
Balance on January 1, 2020	\$ (143,749)	87,640	3,852,894	3,796,785
Profit attributable to non-controlling interests	-	-	62,035	62,035
Exchange differences on foreign operations	(61,952)	-	(19,063)	(81,015)
Unrealized gain on financial assets	-	(1,144)	(11)	(1,155)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	676	676
Changes in non-controlling interest	-	-	1,924	1,924
Cash dividends paid to non-controlling interests	-	-	(127,308)	(127,308)
Balance on September 30, 2020	<u>\$ (205,701)</u>	<u>86,496</u>	<u>3,771,147</u>	<u>3,651,942</u>
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	-	-	118,727	118,727
Exchange differences on foreign operations	(238,842)	-	(46,695)	(285,537)
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	-	-	9	9
Changes in non-controlling interest	-	-	(10,958)	(10,958)
Cash dividends paid to non-controlling interests	-	-	(371,667)	(371,667)
Balance on September 30, 2019	<u>\$ (102,551)</u>	<u>87,641</u>	<u>3,888,352</u>	<u>3,873,442</u>

(u) Earnings per share

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Basic earnings per share				
Profit attributable to owners of the parent	\$ <u>126,185</u>	<u>48,898</u>	<u>138,987</u>	<u>410,725</u>
Weighted average number of ordinary shares	<u>381,355</u>	<u>385,252</u>	<u>381,355</u>	<u>385,252</u>
Basic earnings per share	<u>\$ 0.33</u>	<u>0.13</u>	<u>0.36</u>	<u>1.07</u>
Diluted earnings per share				
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	\$ <u>126,185</u>	<u>48,898</u>	<u>138,987</u>	<u>410,725</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Weighted average number of ordinary shares	381,355	385,252	381,355	385,252
Effect of potential diluted ordinary shares				
Employee stock option	115	53	341	854
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	381,470	385,305	381,696	386,106
Diluted earnings per share	\$ 0.33	0.13	0.36	1.06

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the Three Months Ended September 30, 2020			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 163,834	564,564	162,401	890,799
United States	521,023	-	-	521,023
Japan	211,626	-	-	211,626
China	1,630,157	-	-	1,630,157
Europe	61,374	-	-	61,374
South America	11,625	-	-	11,625
Others	39,792	-	-	39,792
	\$ 2,639,431	564,564	162,401	3,366,396
Major product/service lines:				
Iron casting hardware	\$ 2,622,723	-	-	2,622,723
Construction	-	561,190	-	561,190
Counter commissions	-	-	88,694	88,694
Others	16,708	3,374	73,707	93,789
	\$ 2,639,431	564,564	162,401	3,366,396

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

For the Three Months Ended September 30, 2019				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 106,330	886	174,101	281,317
United States	706,533	-	-	706,533
Japan	302,595	-	-	302,595
China	1,613,769	-	-	1,613,769
Europe	76,994	-	-	76,994
South America	10,995	-	-	10,995
Others	75,366	-	-	75,366
	<u>\$ 2,892,582</u>	<u>886</u>	<u>174,101</u>	<u>3,067,569</u>
Major product/service lines:				
Iron casting hardware	\$ 2,882,707	-	-	2,882,707
Counter commissions	-	-	86,526	86,526
Others	9,875	886	87,575	98,336
	<u>\$ 2,892,582</u>	<u>886</u>	<u>174,101</u>	<u>3,067,569</u>
For the Nine Months Ended September 30, 2020				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 394,871	586,974	446,152	1,427,997
United States	1,278,315	-	-	1,278,315
Japan	791,611	-	-	791,611
China	4,044,774	-	-	4,044,774
Europe	178,968	-	-	178,968
South America	28,212	-	-	28,212
Others	224,647	-	-	224,647
	<u>\$ 6,941,398</u>	<u>586,974</u>	<u>446,152</u>	<u>7,974,524</u>

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

For the Nine Months Ended September 30, 2020				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major product/service lines:				
Iron casting hardware	\$ 6,903,740	-	-	6,903,740
Construction	-	576,678	-	576,678
Counter commissions	-	-	253,747	253,747
Others	37,658	10,296	192,405	240,359
	<u>\$ 6,941,398</u>	<u>586,974</u>	<u>446,152</u>	<u>7,974,524</u>
For the Nine Months Ended September 30, 2019				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 325,783	1,039,213	540,355	1,905,351
United States	1,949,005	-	-	1,949,005
Japan	1,200,297	-	-	1,200,297
China	4,963,906	-	-	4,963,906
Europe	208,523	-	-	208,523
South America	22,328	-	-	22,328
Others	262,940	-	-	262,940
	<u>\$ 8,932,782</u>	<u>1,039,213</u>	<u>540,355</u>	<u>10,512,350</u>
Major product/service lines:				
Iron casting hardware	\$ 8,880,769	-	-	8,880,769
Construction	-	1,028,930	-	1,028,930
Counter commissions	-	-	255,352	255,352
Others	52,013	10,283	285,003	347,299
	<u>\$ 8,932,782</u>	<u>1,039,213</u>	<u>540,355</u>	<u>10,512,350</u>

(ii) Contract balances

	September 30, 2020	December 31, 2019	September 30, 2019
Notes and accounts receivable	\$ 3,519,111	3,929,554	4,020,708
Less: Loss allowance	(14,355)	(26,005)	(21,138)
Total	<u>\$ 3,504,756</u>	<u>3,903,549</u>	<u>3,999,570</u>

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Contract assets	\$ <u>-</u>	<u>-</u>	<u>-</u>
Contract liabilities—Advance real estate receipts	\$ <u>2,273,969</u>	<u>1,346,583</u>	<u>1,101,797</u>
Contract liabilities—Advance receipts	\$ <u>43,393</u>	<u>42,370</u>	<u>41,791</u>

For the details of accounts receivable and loss allowance, please refer to Note 6(d).

The amount of revenue recognized for the nine months ended September 30, 2020 and 2019, that were included in the contract liabilities balance at the beginning of the period were \$1,045 and \$94,180 thousand, respectively.

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.

(w) Employees' compensation and remuneration of directors

Based on the amended Company's Articles of Incorporation, employees' compensation is appropriated at the rate of no less than 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 cases of employees' compensation and remuneration of directors should be approved by the Board of Directors and reported to the shareholders meeting. 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 nine months ended September 30, 2020 and 2019, appropriated employees' compensation by \$3,644 thousand, \$1,603 thousand, \$3,844 thousand and \$13,269 thousand, respectively, and appropriated remuneration of directors by \$3,503 thousand, \$1,542 thousand, \$3,696 thousand and \$12,759 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 period. 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 2019 and 2018.

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

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.

(x) Net other income and expenses

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Rental revenue	\$ <u>1,907</u>	<u>5,757</u>	<u>5,768</u>	<u>8,013</u>

(y) Non-operating income and expenses

(i) Interest income

The information on interest income is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest income from bank deposits	\$ 5,592	9,242	26,363	36,589
Interest income from financial guarantee contracts	<u>3,405</u>	<u>3,331</u>	<u>9,979</u>	<u>10,060</u>
Total Interest income	\$ <u>8,997</u>	<u>12,573</u>	<u>36,342</u>	<u>46,649</u>

(ii) Other income

The information on other income is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Dividend income	\$ 2,577	-	30,167	28,174
Others	<u>20,614</u>	<u>42,834</u>	<u>53,152</u>	<u>72,000</u>
Total other income	\$ <u>23,191</u>	<u>42,834</u>	<u>83,319</u>	<u>100,174</u>

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

(iii) Other gains and losses

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
(Losses) gains on disposal of property, plant and equipment	\$ (141)	(925)	5,355	(4,459)
Foreign exchange (losses) gains	(27,440)	27,411	(8,873)	27,957
(Losses) gains on financial assets at FVTPL	-	(1,952)	(6,000)	215
Impairment loss on property, plant and equipment	-	-	-	(447)
Other losses	(1,008)	(2,820)	(26,088)	(1,281)
Net amount of other gains and losses	<u>\$ (28,589)</u>	<u>21,714</u>	<u>(35,606)</u>	<u>21,985</u>

(iv) Finance costs

The information on interest costs is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Bank borrowing interest expense	\$ 58,165	46,746	188,932	178,918
Lease liability interest expense	6,635	9,650	20,486	22,808
Other finance costs	449	353	1,316	1,080
Net amount of finance costs	<u>\$ 65,249</u>	<u>56,749</u>	<u>210,734</u>	<u>202,806</u>

For the three months and nine months ended September 30, 2020 and 2019, the capitalized interest costs amounted to \$11,914 thousand, \$21,137 thousand, \$33,627 thousand and \$31,120 thousand, respectively.

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

(z) 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(ac) of the consolidated financial statements for the year ended December 31, 2019.

(i) Credit risk

1) Credit risk exposure

The carrying amount 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 regarding credit risk exposure of notes and accounts 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 nine months ended September 30, 2020 and 2019, 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>
September 30, 2020						
Non-derivative financial liabilities						
Bank borrowings	\$ 20,731,172	6,551,529	1,129,592	10,020,781	2,996,566	32,704
Lease liabilities	2,293,693	105,957	104,850	195,129	590,507	1,297,250
Notes and accounts payables (including related parties)	2,165,279	2,165,279	-	-	-	-
Other payables (including related parties)	978,319	978,319	-	-	-	-
	<u>\$ 26,168,463</u>	<u>9,801,084</u>	<u>1,234,442</u>	<u>10,215,910</u>	<u>3,587,073</u>	<u>1,329,954</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, 2019						
Non-derivative financial liabilities						
Bank borrowings	\$ 19,546,749	2,685,966	4,771,158	4,103,271	7,917,829	68,525
Lease liabilities	2,459,427	109,857	107,755	209,687	585,500	1,446,628
Notes and accounts payables (including related parties)	2,628,201	2,628,201	-	-	-	-
Other payables (including related parties)	<u>850,762</u>	<u>850,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 25,485,139</u>	<u>6,274,786</u>	<u>4,878,913</u>	<u>4,312,958</u>	<u>8,503,329</u>	<u>1,515,153</u>
September 30, 2019						
Non-derivative financial liabilities						
Bank borrowings	\$ 16,517,066	4,825,804	2,181,420	4,213,764	5,258,375	37,703
Lease liabilities	2,513,331	109,292	109,120	213,644	584,854	1,496,421
Notes and accounts payables (including related parties)	2,390,809	2,390,809	-	-	-	-
Other payables (including related parties)	<u>871,882</u>	<u>871,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,293,088</u>	<u>8,197,787</u>	<u>2,290,540</u>	<u>4,427,408</u>	<u>5,843,229</u>	<u>1,534,124</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

Information on the significant exposure to foreign currency risk of the Group is as follows:

	<u>September 30, 2020</u>			<u>December 31, 2019</u>			<u>September 30, 2019</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	\$ 31,866	29.10	927,300	25,467	29.98	763,486	18,892	31.04	586,406
USD:CNY	110,627	6.81	3,219,239	33,943	6.96	1,017,620	32,957	7.14	1,022,979
USD:JPY	864	105.59	25,148	639	108.62	19,163	511	107.85	15,860
EUR:NTD	919	34.15	31,382	2,354	33.59	79,064	1,652	33.95	56,082
EUR:CNY	954	8.00	32,596	2,258	7.79	75,842	2,305	7.80	78,252
JPY:NTD	53,589	0.2800	14,769	93,893	0.28	25,914	77,885	0.29	22,415
JPY:CNY	54,835	0.06	15,113	33,989	0.06	9,381	72,907	0.07	20,983
HKD:USD	7,906	0.13	29,649	9,752	0.13	37,546	14,162	0.13	56,081
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:NTD	1,021	29.10	29,723	-	29.98	-	-	31.04	-
USD:CNY	133,056	6.81	3,871,939	109,837	6.96	3,292,900	104,426	7.14	3,241,380
EUR:CNY	1,655	8.00	56,508	8,618	7.79	289,492	6,358	7.80	215,868
HKD:USD	335,040	0.13	1,256,400	390,880	0.13	1,504,888	392,005	0.13	1,552,338

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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 September 30, 2020 and 2019 would have increased (decreased) the after-tax net income for the three months and nine months ended September 30, 2020 and 2019 by \$(2,107) thousand, \$(17,197) thousand, \$(5,516) thousand and \$(18,903) 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 nine months ended September 30, 2020 and 2019, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$(27,440) thousand, \$27,411 thousand, \$(8,873) thousand and \$27,957 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 increase /decrease by \$33,647 thousand, \$13,231 thousand, \$94,043 thousand and \$70,442 thousand for the three months and nine months ended September 30, 2020 and 2019, 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 Nine Months Ended September 30			
	2020		2019	
	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>25,018</u>	<u>-</u>	<u>21,607</u>	<u>2,532</u>
Decrease 10%	\$ <u>(25,018)</u>	<u>-</u>	<u>(21,607)</u>	<u>(2,532)</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:

	September 30, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-current financial assets at FVOCI	<u>\$ 250,179</u>	<u>55,355</u>	<u>-</u>	<u>194,824</u>	<u>250,179</u>
Financial assets measured at amortized cost	<u>\$ 9,670,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 25,480,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL	<u>\$ 51,440</u>	<u>51,440</u>	<u>-</u>	<u>-</u>	<u>51,440</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>\$ 9,437,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 24,523,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	September 30, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at FVTPL	<u>\$ 25,320</u>	<u>25,320</u>	<u>-</u>	<u>-</u>	<u>25,320</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>\$ 7,798,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 21,649,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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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 nine months ended September 30, 2020 and 2019.

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

	Non-current Financial Assets at FVOCI
	Equity Instrument without Quoted Price
Balance on January 1, 2020	\$ 216,065
Capital reduction	(21,241)
Balance on September 30, 2020	<u>\$ 194,824</u>
Balance on January 1, 2019	\$ 207,818
Total gains recognized as other comprehensive income	17,862
Capital reduction	(9,615)
Balance on September 30, 2019	<u>\$ 216,065</u>

The total gains or losses is listed under “unrealized gain (loss) on financial assets at FVOCI”. The information regarding assets held as of September 30, 2020 and 2019 is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Total gains or losses				
Recognized as other comprehensive income (which is listed under "unrealized gain (loss) on financial assets of FVOCI")	\$ (1,155)	-	(1,155)	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
Notes to the Consolidated Financial Statements

Quantified information regarding significant unobservable inputs is 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 September 30, 2020, December 31 and September 30, 2019 were \$0~\$29,388 thousand, \$0~\$30,176 thousand, and \$0~\$30,176 thousand, respectively.)	·The estimated fair value would increase, if the 5- year average expected future dividend income is increased.
		·Weighted average capital cost (As of September 30, 2020, December 31 and September 30, 2019, were 4.64%, 3.45% and 4.12%, respectively.)	·The estimated fair value would decrease, if the weighted average capital cost is increased.
		·Discounting rate without market liquidity (As of September 30, 2020, December 31 and September 30, 2019, were all 15%)	·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>
September 30, 2020				
Financial assets at FVOCI				
Equity investments without an active market	4.64 %	1%	6,827	(6,489)
December 31, 2019				
Financial assets at FVOCI				
Equity investments without an active market	3.45 %	1%	8,103	(7,693)
September 30, 2019				
Financial assets at FVOCI				
Equity investments without an active market	4.12 %	1%	7,920	(7,521)

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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.

(aa) 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, 2019.

(ab) 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, 2019. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2019. Please refer to Note6 (ae) of the consolidated financial statements for the year ended December 31, 2019 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
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
Advancision Corporation (Advancision)	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>
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
Hao Bao Investment Co., Ltd. (Hao Bao Investment)	Other related parties
Rui Hua Investment Co., Ltd. (Rui Hua Investment)	Other related parties
Meteorological Application and Development Foundation (MADF)	Other related parties
Gee Lien Resource Development Corp. (Gee Lien Resource)	Other related parties
Mr. Ming Shiann, Ho	Other related parties
Mr. Ting Fung, Lin	Key Management

(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 Receivables</u>		
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>September 30,</u>	<u>December 31,</u>	<u>September</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>30, 2019</u>
Associates	\$ 1,132	793	3,123	3,111	808	498	797
Joint ventures	26	7	32	7	-	-	-
Other related parties	131	74	195	167	56	17	-
	<u>\$ 1,289</u>	<u>874</u>	<u>3,350</u>	<u>3,285</u>	<u>864</u>	<u>515</u>	<u>797</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 September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>September 30,</u>	<u>December 31,</u>	<u>September</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>30, 2019</u>
Associates	\$ 11,175	18,884	38,118	64,737	21,368	29,434	28,869
Joint ventures	(3)	-	17	-	-	-	-
Other related parties	409	1	3,383	1	1,024	2,823	-
	<u>\$ 11,581</u>	<u>18,885</u>	<u>41,518</u>	<u>64,738</u>	<u>22,392</u>	<u>32,257</u>	<u>28,869</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 on office leased by the Group is as follows:

	Rental Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Joint ventures	\$ -	-	-	12
Other related parties:				
Mr. Ming Shiann, Ho	598	578	1,754	1,734
Others	15	15	45	45
	<u>\$ 613</u>	<u>593</u>	<u>1,799</u>	<u>1,791</u>
	Guarantee Deposit Paid (Recognized under other current and non-current financial assets)			
	September 30, 2020	December 31, 2019	September 30, 2019	
Other related parties	<u>\$ 443</u>	<u>443</u>	<u>452</u>	

2) Rental revenues

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

	Rental Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Associates:				
Advancision	\$ 57	142	192	427
Beyond Fitness	-	481	-	1,344
Acore Material Technology	-	(30)	-	353
Others	9	9	26	26
Other related parties:				
Foundation	305	306	917	1,036
Others	15	15	45	45
	<u>\$ 386</u>	<u>923</u>	<u>1,180</u>	<u>3,231</u>

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	Guarantee Deposit Received		
	(Recognized under other non-current liabilities)		
	September 30, 2020	December 31, 2019	September 30, 2019
Associates	<u>\$ 300</u>	<u>300</u>	<u>300</u>

(iv) Providing services to related party

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

	Service Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Associates	\$ 79	-	230	-
Joint ventures	1,607	1,482	5,432	4,402
	<u>\$ 1,686</u>	<u>1,482</u>	<u>5,662</u>	<u>4,402</u>

(v) Non-performing receivables

	Total Claims		
	September 30, 2020	December 31, 2019	September 30, 2019
	Joint ventures:		
The Splendor Hospitality	<u>\$ 796,845</u>	<u>796,845</u>	<u>796,845</u>

	Costs of Claims		
	September 30, 2020	December 31, 2019	September 30, 2019
	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(1).

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(vi) Guarantees and endorsements

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

	Borrowing Limits		
	September 30, 2020	December 31, 2019	September 30, 2019
Joint ventures:			
The Splendor Hospitality	\$ 1,900,000	1,900,000	1,900,000
Others	45,680	45,680	45,680
	\$ 1,945,680	1,945,680	1,945,680
	Actual Usage Amount		
	September 30, 2020	December 31, 2019	September 30, 2019
Joint ventures:			
The Splendor Hospitality	\$ 1,645,000	1,640,000	1,625,000
Others	45,680	45,680	45,680
	\$ 1,690,680	1,685,680	1,670,680

(vii) Guarantee for bank borrowings

The Group did not pay any guarantee fee to related parties as a guarantor.

(viii) Property transaction

The information on acquisitions of assets (including capitalized costs from development projects, which was recognized under other non-current assets) is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Other related parties	\$ 226	-	1,714	-

The information on construction in retention for development projects to be paid by the Group is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Other related parties	\$ 230	138	-

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(ix) Other transactions

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

	Donation			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Other related parties:				
Foundation	\$ 3,720	1,000	3,735	1,185

- 2) The information on management services provided by related parties is as follows:

	Management Service Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Other related parties:				
Foundation	\$ -	-	3,500	600

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

	Other Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Associates	\$ -	-	-	5
Joint ventures	33	-	33	37
Other related parties	24	16	89	60
	\$ 57	16	122	102

- 4) The amounts on revenues from providing guarantees and endorsements to related parties are as follows:

	Interest Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Joint ventures:				
The Splendor Hospitality	\$ 3,323	3,252	9,736	9,795
Others	82	80	243	266
	\$ 3,405	3,332	9,979	10,061

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5) Other receivables and advance payments from related parties

	Other Receivables (including advance payments)		
	September 30, 2020	December 31, 2019	September 30, 2019
Associates:			
Keng-Hsin Urban Renewal	\$ 39,052	27,773	20,948
Others	100	53	153
Joint ventures	84	96	71
Other related parties	177	238	8
	<u>\$ 39,413</u>	<u>28,160</u>	<u>21,180</u>

6) Other payables and advance receipts from related parties

	Other Payables (including advance receipts)		
	September 30, 2020	December 31, 2019	September 30, 2019
Associates	\$ 18,565	12,062	7,740
Joint ventures	40	97	3
Other related parties	260	1,307	1,060
Key management	-	25	148
	<u>\$ 18,865</u>	<u>13,491</u>	<u>8,951</u>

(d) Key management transactions

The compensation of key management is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 29,904	34,998	65,506	102,016
Post-employment benefits	2,223	503	2,624	1,543
	<u>\$ 32,127</u>	<u>35,501</u>	<u>68,130</u>	<u>103,559</u>

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(8) Pledged assets

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

<u>Pledged Assets</u>	<u>Object</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Land (including other non-current assets)	The credit limits of long-term and short-term bank borrowings	\$ 1,424,638	1,250,335	1,250,335
Buildings	"	323,424	330,012	469,287
Investment properties	"	637,722	598,843	819,778
Inventories—Land held for development	"	5,852,644	5,865,338	3,591,718
Inventories—Construction in progress	"	5,568,460	2,850,050	3,492,028
Inventories—Buildings and land held for sale	The credit limits of short-term borrowings	3,512,033	3,776,433	3,919,449
Other current financial assets	Bank acceptance bills	42,961	27,636	28,355
"	Trusts	607,639	606,649	501,694
		<u>\$ 17,969,521</u>	<u>15,305,296</u>	<u>14,072,644</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:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Unused standby letters of credit	\$ -	-	86

(ii) The unrecognized contractual commitments from contracts of buildings for future operational use, selling and purchasing of equipment, decorating constructions, and engineering constructions entered into by the Group are as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Total contract price	\$ 9,368,670	5,153,812	6,202,139
Total amounts paid under contracts (Note)	\$ 2,453,520	1,331,255	2,096,652

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

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(iii) The Group's total selling prices for presale construction projects are as follows:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Total contract price	\$ <u>12,622,094</u>	<u>10,032,583</u>	<u>8,605,033</u>
Total amounts received under contracts (recognized under current contract liabilities)	\$ <u>2,082,955</u>	<u>1,340,994</u>	<u>1,101,797</u>

(iv) The Group's purchase contracts of building capacity are as follows:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Total contract price	\$ <u>200,944</u>	<u>200,944</u>	<u>200,944</u>
Total amounts paid under contracts (recognized under prepayments)	\$ <u>116,570</u>	<u>116,570</u>	<u>116,570</u>

(v) The Group's security deposits paid to landlords for joint construction projects are as follows:

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	\$ <u>335,327</u>	<u>283,614</u>	<u>253,963</u>

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Security deposits (recognized under other current and non-current financial assets)	\$ <u>97,289</u>	<u>97,311</u>	<u>97,321</u>

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

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>September 30,</u> <u>2019</u>
Total contract price	\$ <u>373,842</u>	<u>279,342</u>	<u>2,540,962</u>
Total amounts paid under contracts (recognized under inventories—prepayments for land)	\$ <u>131,099</u>	<u>121,229</u>	<u>249,250</u>

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

(viii) The Group and The Presbyterian Church in Taiwan entered into an real estate leasing contract, with the contract term of 40 years, commencing the day after the signing date, September 30, 2016. For the development of the leasing real estates, the Group agreed to pay development royalty amounting to \$126,000 thousand. As of September 30, 2020 and 2019, the accumulated royalty payments 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 September 30, 2020 and 2019.
- (ii) Contingencies for the Company and its subsidiary, Sunflower Investment, regarding the stages of Daguangsan tax petition for real estate transaction and non-performing receivables are 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 amounting 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.
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(p).

(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. The appeal was handed back over to the High Court for reconsideration on August 22, 2019, which is in trial in the Tainan Branch of Taiwan High Court.
- (b) The SFIPC filed a lawsuit against the Company, its directors and supervisors, and certain employees of the Group. On March 27, 2019, the Supreme Court vacated the original adjudication and remanded it to the Taiwan High Court. On January 2, 2020, Taiwan High Court dismissed the appeal filed by the SFIPC for the second time. On February 5, 2020, the SFIPC filed an appeal to the Supreme Court against the aforementioned conviction, which is now in trial in the Supreme court.
- (c) Employee benefits, depreciation, and amortization are summarized as follows:

By item	By function	For the Three Months Ended September 30					
		2020			2019		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		158,729	150,006	308,735	170,795	141,477	312,272
Labor and health insurance		15,460	12,978	28,438	8,970	3,104	12,074
Pension		969	4,233	5,202	14,755	12,738	27,493
Others		18,528	10,796	29,324	23,843	8,263	32,106
Depreciation		172,029	65,635	237,664	193,515	66,167	259,682
Amortization		464	836	1,300	459	6,650	7,109

By item	By function	For the Nine Months Ended September 30					
		2020			2019		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		458,066	421,543	879,609	530,517	461,419	991,936
Labor and health insurance		34,818	30,890	65,708	45,985	32,911	78,896
Pension		15,537	17,547	33,084	40,458	26,664	67,122
Others		48,343	30,098	78,441	53,623	37,003	90,626
Depreciation		503,337	209,507	712,844	536,511	222,856	759,367
Amortization		1,389	10,244	11,633	1,112	20,206	21,318

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(13) Other disclosures:**(a) Information on significant transactions:**

The following is the information on significant transactions for the nine months ended September 30, 2020, 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		
0	The Company	The Hotel National	Accounts receivable due from related parties	Yes	53,615	53,615	53,615	1.15%	2	-	Operation requirements	-		-	3,408,170	4,544,226
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	216,000	213,500	213,500	0.75%	2	-	Operation requirements	-		-	324,826	433,102
1	Tianjin CMT	CMW (Tianjin)	Accounts receivable due from related parties	Yes	194,400	192,150	192,150	0.75%	2	-	Operation requirements	-		-	324,826	433,102
2	FAR HSING (SAMOA)	Atrans Precision	Accounts receivable due from related parties	Yes	30,250	29,100	29,100	1.00%	2	-	Operation requirements	-		-	47,523	63,364

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/Endorse	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 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	4,544,226	220,000	110,000	62,000	-	0.97 %	5,680,283	Y	N	N
0	The Company	The Hotel National	1	4,544,226	100,000	50,000	50,000	-	0.44 %	5,680,283	Y	N	N
0	The Company	Shangri-la Tourism	1	4,544,226	702,500	652,500	433,000	-	5.74 %	5,680,283	Y	N	N
0	The Company	The Splendor Hospitality	2	4,544,226	2,150,000	1,900,000	1,645,000	-	16.72 %	5,680,283	N	N	N
0	The Company	CMAAN Health	2	4,544,226	45,680	45,680	45,680	-	0.40 %	5,680,283	N	N	N
1	CMAI N.A.	Pilot	4	53,409	57,228	51,141	49,062	-	95.75 %	53,409	N	N	N
2	CMI	UEA	3	3,827,938	1,524,432	1,256,400	1,256,400	-	13.13 %	4,784,923	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 September 30, 2020 (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	73,173	435	1.25 %	435	
The Company	FUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	51,975	1,574	1.67 %	1,574	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	3,750,000	31,580	3.91 %	31,580	
The Company	DEVELOPMENT Venture Capital Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	4,400,000	25,935	4.00 %	25,935	
The Company	Pacific Electric Wire & Cable Co., Ltd.	-	Current financial assets at FVTPL	81,666	-	0.01 %	-	
Sunflower Investment	YungTay Engineering Co., Ltd.	-	Non-current financial assets at FVOCI	1,001,000	55,355	0.24 %	55,355	
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	-	2.34 %	-	

- (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	559,498	28.96 %	120-180 days	-	-	1,209,041	67.51%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	670,078	28.62 %	120-180 days	-	-	1,476,357	56.14%	

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 NTD100 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 162,574	-	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 2,218,756	-	-	-	-	-
CMP (H.K.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 351,428	-	-	-	-	-
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 1,476,357	0.60	-	-	-	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties, other 274,517	-	-	-	-	-
Tianjin CMT	CMW (Tianjin)	Affiliates	Accounts receivable due from related parties, other 192,150	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 213,500	-	-	-	-	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,209,041	0.59	-	-	-	-

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)			
				Account	Amount	Trading Terms	Percentage of the Total Consolidated Revenue or Total Assets (Note 4)
0	China Metal Products	Atrans Precision	1	Operating revenue	29,577	60~90 days	0.37%
0	China Metal Products	CMJ	1	Operating revenue	10,881	90 days	0.14%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	670,078	120~180 days	8.40%
3	Suzhou CMS	CMI	2	Operating revenue	559,498	120~180 days	7.02%
4	Suzhou CMB	CMB (H.K.)	2	Operating revenue	15,022	120~180 days	0.19%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	37,265	120~180 days	0.47%
4	Suzhou CMB	CMI	2	Operating revenue	49,748	120~180 days	0.62%
6	National Management	China Metal Products	2	Operating revenue	47,779	OA 25 days	0.60%
8	CMW(C.I.)	CMAI	3	Operating revenue	24,308	90~120 days	0.30%
12	CMAI N.A.	CMW(C.I.)	3	Operating revenue	18,223	90~120 days	0.23%
13	Pu Shen Construction	PUJEN Land Development	3	Operating revenue	32,379	At Sight	0.41%
1	CMW (Tianjin)	CMW (C.I.)	2	Accounts receivable due from related parties	1,476,357	120~180 days	3.35%
2	Tianjin CMT	CMI	2	Accounts receivable due from related parties	274,517	120~180 days	0.62%
2	Tianjin CMT	CMW (Tianjin)	3	Accounts receivable due from related parties	39,329	120~180 days	0.09%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,209,041	120~180 days	2.74%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related parties	16,719	120~180 days	0.04%
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related parties	49,376	120~180 days	0.11%
4	Suzhou CMB	CMI	2	Accounts receivable due from related parties	67,779	120~180 days	0.15%
8	CMW(C.I.)	CMAI	3	Accounts receivable due from related parties	13,207	90~120 days	0.03%
0	China Metal Products	The Hotel National	1	Other receivables due from related parties	53,762		0.12%
2	Tianjin CMT	CMW (Tianjin)	3	Other receivables due from related parties	192,150	-	0.44%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,125	-	0.03%

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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)
2	Tianjin CMT	Suzhou CMB	3	Other receivables due from related parties	213,500	-	0.48%
7	CMI	CMB (H.K.)	1	Other receivables due from related parties	162,574	-	0.37%
8	CMW (C.I.)	CMW (Tianjin)	1	Other receivables due from related parties	45,405	-	0.10%
8	CMW (C.I.)	CMI	2	Other receivables due from related parties	2,218,756	-	5.03%
10	CMP (H.K.)	CMI	2	Other receivables due from related parties	351,428	-	0.80%
14	CMAI	CMAI (N.A.)	1	Other receivables due from related parties	11,952	-	0.03%
11	CHINGENG Land Development	PUJEN Land Development	2	Other receivables due from related parties	26,993	-	0.06%
5	FAR HSING (SAMOA)	Atrans Precision	2	Other receivables due from related parties	29,100	-	0.07%
9	CMB (H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	25,299	-	0.06%

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 on 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 nine months ended September 30, 2020 (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 September 30, 2020			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
The Company	UEA	British Virgin Islands	Investing in CMI	865,286	865,286	667,820	100.00 %	6,835,307	358,504	358,504	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,000	99,000	67,006,291	99.00 %	845,783	(19,843)	(19,644)	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	246,270	236,780	25,724,657	72.08 %	394,974	(19,626)	(15,668)	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	71,892	16,668	13,890	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	15,466	71,644	940,000	94.00 %	128,832	(7,825)	(7,356)	Subsidiaries
The Company	Pu Sheng Construction	Taiwan	Residents, commercial buildings and factories leasing and developing	30	30	3,000	30.00 %	9,589	17,283	(392)	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 %	3,833,006	1,629	(31,260)	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)	(490)	-	Investees accounted for using equity method
The Company	The Hotel National	Taiwan	International tourist hotel services	1,305,233	1,304,549	31,200,000	100.00 %	747,664	(38,762)	(40,180)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	15,157	363	363	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	975,000	975,000	97,500,000	50.00 %	264,695	(112,638)	(66,055)	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 %	193,127	(13,044)	(9,543)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	36,266	(20,686)	(10,586)	Joint ventures accounted for using equity method

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Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of September 30, 2020			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
The Company	InterContinental Taichung	Taiwan	International tourist hotel services	300	-	30,000	100.00 %	252	(48)	(48) Subsidiaries	
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	280,768	280,768	42,269,213	15.07 %	984,428	1,629	Exempt from disclosure Subsidiaries of the Company	
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,836	77,836	4,737,380	13.27 %	72,393	(19,626)	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)	(490)	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 %	30,018	(29,484)	Exempt from disclosure Investee accounted for using equity method	
Sunflower investment	Fantasystory Inc.	Taiwan	Interior design, landscape design, and urban renewal	19,793	19,793	1,742,746	19.80 %	18,444	(5,803)	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 275,853,990	USD 15,800,565	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 1,176,547,710	CNY 57,978,456	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 1,731,617,317	CNY 43,809,330	Exempt from disclosure Subsidiaries of CMI	
CMI	CMB (H.K.)	Hong Kong	Investing in Suzhou CMB	USD 85,820,000	USD 85,820,000	82,000,000	100.00 %	CNY 572,627,143	CNY (13,092,193)	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 1,178,768,275	CNY 57,978,456	Exempt from disclosure Subsidiaries of CMI(BVI)	
CMAI	CMAI Holding	USA	Investing	USD 8,328,644	USD 8,328,644	10,000	100.00 %	USD 2,193,031	USD (394,540)	Exempt from disclosure Subsidiaries of CMAI	
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	-	100.00 %	USD 2,193,031	USD (394,540)	Exempt from disclosure Subsidiaries of CMAI Holding	
Pilot	CMAI (N.A.)	USA	Vehicle parts retailing	USD 7,792,972	USD 7,792,972	10,000	100.00 %	USD 1,356,345	USD (479,023)	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 %	150,006	(6,362)	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 %	-	(2,078)	Exempt from disclosure Associates of Atrans Precision	
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 4,026,734	USD (988,738)	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 %	6,393	17,283	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 %	311,162	(22,839)	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	72,500	7,250,000	50.00 %	69,409	(161)	Exempt from disclosure Subsidiaries of PUJEN Land Development	
PUJEN Land Development	PUJEN CHENGMEI Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	94,500	59,500	9,450,000	70.00 %	69,096	(9,714)	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 %	27,984	164	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 %	48,282	(13,044)	Exempt from disclosure Subsidiaries of the Company	
PUJEN Land Development	Hua-Pu Development	Taiwan	Residents, commercial buildings and factories leasing and developing	5,000	5,000	500,000	50.00 %	5,151	141	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	4,050	4,050	405,000	36.82 %	4,858	3,895	Exempt from disclosure Investees of PUJEN Land Development accounted for using equity method	

(Continued)

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

(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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2020	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	873,000 (USD30,000)	2	388,238	-	-	388,238	(13,838) (CNY3,248)	82.55%	(11,424) (CNY2,682)	1,082,757 (CNY253,573)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	698,400 (USD24,000)	2	423,406	-	-	423,406	264,121 (CNY62,000)	82.55%	217,953 (CNY51,163)	3,596,974 (CNY842,383)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,386,200 (USD82,000)	2	-	-	-	-	(49,329) (CNY11,580)	82.55%	(40,721) (CNY9,559)	2,615,322 (CNY612,488)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	931,200 (USD32,000)	2	-	-	-	-	183,928 (CNY43,175)	82.55%	171,976 (CNY40,370)	4,392,965 (CNY1,028,798)	-
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	931,200 (USD32,000)	2	-	-	-	-	(5,579) (CNY1,310)	82.55%	(4,605) (CNY1,081)	943,735 (CNY221,015)	-
Qinxin Trade	Vehicle parts retailing	-	2 (Note 6)	-	-	-	-	(3,895) (USD131)	-%	(3,661) (USD123)	-	-
Qingdao Sourcing Specialists	Cast iron product retailing	2,910 (USD100)	2	-	-	-	-	10,094 (JPY36,386)	83.33%	8,411 (JPY30,321)	41,350 (JPY150,035)	-

(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of September 30, 2020	Investment Amount Authorized by the Investment Commission, MOEA(Note 8)	Upper Limit on Investment (Note 4)
811,644	6,070,871 (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 obtained the certified documents of the operational scope of the headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, with the valid period from March 3, 2020 to March 2, 2023. The restriction on the cumulative investment amount or proportion in China is not applicable.

Note 5: As of September 30, 2020, the company had obtained a surplus of \$2,459,512 thousand (USD80,255 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 cancellation of business registration of Qinxin Trade has been completed on June 22, 2020. However, the proceeds from the cancellation of shares have yet to be remitted.

Note 7: The aforementioned investments have been eliminated in the consolidated financial statements.

Note 8: The amount in the table is translated by the spot rate on the financial reporting date.

(iii) Significant transactions: None.

(Continued)

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chain-Yuan Investment Co., Ltd.		48,994,965	13.02 %
Fubon Life Assurance Co., Ltd.		27,944,000	7.42 %
Mr. Ming Shiann, Ho		26,312,540	6.99 %

(14) Segment information:

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

	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Reconciliation and Elimination	Total
For the Three Months Ended September 30, 2020					
Revenue from external customers	\$ 2,639,431	564,564	162,401	-	3,366,396
Intersegment revenues	598,829	33,518	20,891	(653,238)	-
Total revenue	<u>\$ 3,238,260</u>	<u>598,082</u>	<u>183,292</u>	<u>(653,238)</u>	<u>3,366,396</u>
Reportable segment profit or loss	<u>\$ 248,355</u>	<u>120,330</u>	<u>8,294</u>	<u>(151,568)</u>	<u>225,411</u>
For the Three Months Ended September 30, 2019					
Revenue from external customers	\$ 2,892,582	886	174,101	-	3,067,569
Intersegment revenues	798,260	3,819	19,793	(821,872)	-
Total revenue	<u>\$ 3,690,842</u>	<u>4,705</u>	<u>193,894</u>	<u>(821,872)</u>	<u>3,067,569</u>
Reportable segment profit or loss	<u>\$ 289,372</u>	<u>(138,920)</u>	<u>(46,804)</u>	<u>12,005</u>	<u>115,653</u>
For the Nine Months Ended September 30, 2020					
Revenue from external customers	\$ 6,941,398	586,974	446,152	-	7,974,524
Intersegment revenues	1,474,109	36,051	58,168	(1,568,328)	-
Total revenue	<u>\$ 8,415,507</u>	<u>623,025</u>	<u>504,320</u>	<u>(1,568,328)</u>	<u>7,974,524</u>
Reportable segment profit or loss	<u>\$ 569,642</u>	<u>10,969</u>	<u>(17,536)</u>	<u>(298,433)</u>	<u>264,642</u>
For the Nine Months Ended September 30, 2019					
Revenue from external customers	\$ 8,932,782	1,039,213	540,355	-	10,512,350
Intersegment revenues	2,303,193	3,877	57,824	(2,364,894)	-
Total revenue	<u>\$ 11,235,975</u>	<u>1,043,090</u>	<u>598,179</u>	<u>(2,364,894)</u>	<u>10,512,350</u>
Reportable segment profit or loss	<u>\$ 762,932</u>	<u>36,677</u>	<u>(100,898)</u>	<u>36,168</u>	<u>734,879</u>

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