

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

CONSOLIDATED FINANCIAL STATEMENTS

**with Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of China Metal Products Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, and the changes in equity and cash flows for the three months ended March 31, 2021 and 2020, 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 \$4,357,397 thousand and \$5,300,300 thousand, constituting 9.59% and 12.50% of the consolidated total assets; and the total liabilities amounting to \$3,595,855 thousand and \$3,433,177 thousand, constituting 12.27% and 12.79% of the consolidated total liabilities as of March 31, 2021 and 2020, respectively, as well as the total comprehensive income (loss) amounting to \$(8,996) thousand and \$(60,424) thousand, constituting (7.34)% and 30.77% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$729,750 thousand and \$815,300 thousand as of March 31, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$(22,455) thousand and \$(30,894) thousand for the three months ended March 31, 2021 and 2020, 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 March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 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)
May 13, 2021

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 March 31, 2021 and 2020

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31, 2020, and March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

| | March 31, 2021 | | December 31, 2020 | | March 31, 2020 | | | March 31, 2021 | | December 31, 2020 | | March 31, 2020 | |
|---|-----------------------|------------|--------------------------|------------|-----------------------|------------|---|-----------------------|------------|--------------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % | Amount | % | | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | | Liabilities and equity | | | | | | |
| Current assets: | | | | | | | Current liabilities: | | | | | | |
| 1100 Cash and cash equivalents (Notes 6(a) and (z)) | \$ 3,696,663 | 8 | 4,213,805 | 9 | 3,895,906 | 9 | 2100 Short-term borrowings (Notes 6(m) and (z)) | \$ 9,294,469 | 21 | 7,990,614 | 18 | 9,744,038 | 23 |
| 1110 Current financial assets at fair value through profit or loss (Notes 6(b) and (z)) | - | - | - | - | 47,200 | - | 2130 Current contract liabilities (Notes 6(v) and 9(a)) | 2,918,398 | 7 | 2,492,984 | 6 | 1,662,666 | 4 |
| 1170 Notes and accounts receivable, net (Notes 6(d), (v) and (z)) | 3,875,511 | 8 | 3,818,110 | 9 | 3,249,330 | 8 | 2170 Notes and accounts payable (Notes 6(z) and 7) | 2,803,880 | 6 | 2,636,629 | 6 | 1,920,574 | 5 |
| 1180 Accounts receivable due from related parties, net (Notes 6(z) and 7) | 3,673 | - | 979 | - | 1,047 | - | 2180 Accounts payable due to related parties (Notes 6(z) and 7) | 29,883 | - | 26,663 | - | 28,349 | - |
| 1200 Other receivables (Note 6(z)) | 72,665 | - | 58,957 | - | 51,390 | - | 2200 Other payables (Note 6(z)) | 1,585,605 | 3 | 1,441,633 | 4 | 688,596 | 2 |
| 1210 Other receivables due from related parties (Notes 6(z) and 7) | 49,831 | - | 35,408 | - | 34,549 | - | 2220 Other payables due to related parties (Notes 6(z) and 7) | 198 | - | 11,008 | - | 9,922 | - |
| 130X Inventories (Notes 6(e), 8 and 9(a)) | 18,876,337 | 42 | 18,216,289 | 41 | 17,768,676 | 42 | 2230 Current income tax liabilities | 89,849 | - | 81,350 | - | 100,882 | - |
| 1410 Prepayments (Note 9(a)) | 275,144 | 1 | 245,146 | - | 299,787 | 1 | 2280 Current lease liabilities (Notes 6(o) and (z)) | 182,350 | 1 | 184,634 | - | 189,867 | - |
| 1470 Other current assets | 326,366 | 1 | 284,867 | 1 | 264,415 | 1 | 2322 Long-term borrowings, current portion (Notes 6(n) and (z)) | 642,098 | 1 | 100,240 | - | 2,634,655 | 6 |
| 1476 Other current financial assets (Notes 6(z), 8 and 9(a)) | 1,479,111 | 3 | 1,562,746 | 4 | 1,014,031 | 2 | 2399 Other current liabilities (Notes 6(p) and (r)) | 114,050 | - | 89,023 | - | 156,615 | - |
| 1480 Incremental costs of obtaining contracts | 298,625 | 1 | 223,041 | - | 180,354 | - | Total current liabilities | 17,660,780 | 39 | 15,054,778 | 34 | 17,136,164 | 40 |
| Total current assets | 28,953,926 | 64 | 28,659,348 | 64 | 26,806,685 | 63 | Non-current liabilities: | | | | | | |
| Non-current assets: | | | | | | | 2540 Long-term borrowings (Notes 6(n) and (z)) | 8,921,111 | 20 | 10,939,362 | 24 | 6,774,732 | 16 |
| 1517 Non-current financial assets at fair value through other comprehensive income (Notes 6(c) and (z)) | 255,364 | 1 | 257,587 | 1 | 208,065 | - | 2570 Deferred tax liabilities | 600,300 | 1 | 602,386 | 1 | 621,766 | 1 |
| 1550 Investments accounted for using equity method (Note 6(f)) | 729,750 | 2 | 748,266 | 2 | 815,300 | 2 | 2580 Non-current lease liabilities (Notes 6(o) and (z)) | 1,768,969 | 4 | 1,812,222 | 4 | 1,944,534 | 5 |
| 1600 Property, plant and equipment (Notes 6(h), 8 and 9(a)) | 10,326,609 | 23 | 10,164,563 | 23 | 9,541,452 | 22 | 2600 Other non-current liabilities (Notes 6(p), (z) and 7) | 329,387 | 1 | 336,708 | 1 | 332,253 | 1 |
| 1755 Right-of-use assets (Note 6(i)) | 2,172,054 | 5 | 2,222,519 | 5 | 2,365,640 | 6 | 2640 Non-current net defined benefit liabilities | 28,555 | - | 39,792 | - | 39,259 | - |
| 1760 Investment property, net (Notes 6(j) and 8) | 708,979 | 1 | 691,156 | 1 | 638,081 | 2 | Total non-current liabilities | 11,648,322 | 26 | 13,730,470 | 30 | 9,712,544 | 23 |
| 1780 Intangible assets (Note 6(k)) | 398,785 | 1 | 400,762 | 1 | 409,056 | 1 | Total liabilities | 29,309,102 | 65 | 28,785,248 | 64 | 26,848,708 | 63 |
| 1840 Deferred tax assets | 36,984 | - | 38,213 | - | 33,996 | - | Equity attributable to owners of parent (Note 6(t)): | | | | | | |
| 1900 Other non-current assets (Notes 6(h), 7, 8 and 9(a)) | 1,163,349 | 2 | 907,794 | 2 | 886,287 | 2 | 3100 Ordinary share | 3,761,221 | 8 | 3,761,221 | 8 | 3,852,521 | 9 |
| 1975 Non-current net defined benefit assets | 13,479 | - | 13,053 | - | 8,026 | - | 3200 Capital surplus | 1,487,802 | 3 | 1,487,802 | 4 | 1,523,104 | 4 |
| 1980 Other non-current financial assets (Notes 6(l), (z), 7 and 9(a)) | 683,022 | 1 | 684,059 | 1 | 680,671 | 2 | 3300 Retained earnings | 6,824,849 | 15 | 6,651,340 | 15 | 6,512,175 | 15 |
| Total non-current assets | 16,488,375 | 36 | 16,127,972 | 36 | 15,586,574 | 37 | 3400 Other equity | 44,445 | - | 126,031 | - | (165,899) | - |
| Total assets | \$ 45,442,301 | 100 | 44,787,320 | 100 | 42,393,259 | 100 | Total equity attributable to owners of parent: | 12,118,317 | 26 | 12,026,394 | 27 | 11,721,901 | 28 |
| | | | | | | | 36XX Non-controlling interests | 4,014,882 | 9 | 3,975,678 | 9 | 3,822,650 | 9 |
| | | | | | | | Total equity | 16,133,199 | 35 | 16,002,072 | 36 | 15,544,551 | 37 |
| | | | | | | | Total liabilities and equity | \$ 45,442,301 | 100 | 44,787,320 | 100 | 42,393,259 | 100 |

(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 Ended March 31, 2021 and 2020

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

| | | For the Three Months Ended March 31 | | | |
|------|--|--|-------------|--------------------|-------------|
| | | 2021 | | 2020 | |
| | | Amount | % | Amount | % |
| 4000 | Operating revenues (Notes 6(v) and 7) | \$ 3,609,713 | 100 | 2,266,183 | 100 |
| 5000 | Operating costs (Notes 6(e) and 7) | <u>(2,757,188)</u> | <u>(76)</u> | <u>(1,833,058)</u> | <u>(81)</u> |
| | Gross profit from operations | <u>852,525</u> | <u>24</u> | <u>433,125</u> | <u>19</u> |
| | Operating expenses (Note 7): | | | | |
| 6100 | Selling expenses | (156,786) | (5) | (108,707) | (4) |
| 6200 | Administrative expenses | (367,545) | (10) | (318,133) | (14) |
| 6300 | Research and development expenses | (3,625) | - | (2,472) | - |
| 6450 | Expected credit gains (Note 6(d)) | <u>312</u> | <u>-</u> | <u>7,031</u> | <u>-</u> |
| | Total operating expenses | <u>(527,644)</u> | <u>(15)</u> | <u>(422,281)</u> | <u>(18)</u> |
| 6500 | Net other income and expenses (Notes 6(x) and 7) | <u>-</u> | <u>-</u> | <u>1,976</u> | <u>-</u> |
| | Net operating income | <u>324,881</u> | <u>9</u> | <u>12,820</u> | <u>1</u> |
| | Non-operating income and expenses: | | | | |
| 7100 | Interest income (Notes 6(y) and 7) | 17,464 | 1 | 11,174 | 1 |
| 7010 | Other income (Notes 6(y) and 7) | 22,161 | 1 | 4,668 | - |
| 7020 | Other gains and losses (Notes 6(g) and (y)) | (10,779) | - | 26,349 | 1 |
| 7050 | Finance costs (Note 6(y)) | (55,494) | (2) | (78,231) | (4) |
| 7375 | Share of losses of associates and joint ventures accounted for using equity method (Note 6(f)) | <u>(22,455)</u> | <u>(1)</u> | <u>(30,894)</u> | <u>(1)</u> |
| | Total non-operating income and expenses | <u>(49,103)</u> | <u>(1)</u> | <u>(66,934)</u> | <u>(3)</u> |
| | Profit (loss) from continuing operations before tax | <u>275,778</u> | <u>8</u> | <u>(54,114)</u> | <u>(2)</u> |
| 7950 | Less: Tax expense (Note 6(s)) | <u>(55,162)</u> | <u>(2)</u> | <u>(11,438)</u> | <u>(1)</u> |
| 8200 | Net profit (loss) | <u>220,616</u> | <u>6</u> | <u>(65,552)</u> | <u>(3)</u> |
| 8300 | Other comprehensive income: | | | | |
| 8310 | Items that may not be reclassified subsequently to profit or loss: | | | | |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(t) and (z)) | (2,683) | - | - | - |
| 8349 | Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Total items that may not be reclassified subsequently to profit or loss | <u>(2,683)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 8360 | Items that may be reclassified subsequently to profit or loss: | | | | |
| 8361 | Exchange differences on translation of foreign financial statements (Note 6(t)) | (95,293) | (3) | (130,824) | (6) |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Total items that may be reclassified subsequently to profit or loss | <u>(95,293)</u> | <u>(3)</u> | <u>(130,824)</u> | <u>(6)</u> |
| 8300 | Other comprehensive income (after tax) | <u>(97,976)</u> | <u>(3)</u> | <u>(130,824)</u> | <u>(6)</u> |
| 8500 | Comprehensive income | <u>\$ 122,640</u> | <u>3</u> | <u>(196,376)</u> | <u>(9)</u> |
| | Net profit (loss), attributable to: | | | | |
| 8610 | Owners of parent | 173,509 | 5 | (57,506) | (3) |
| 8620 | Non-controlling interests | <u>47,107</u> | <u>1</u> | <u>(8,046)</u> | <u>-</u> |
| | | <u>220,616</u> | <u>6</u> | <u>(65,552)</u> | <u>(3)</u> |
| | Comprehensive income attributable to: | | | | |
| 8710 | Owners of parent | \$ 91,923 | 2 | (167,296) | (8) |
| 8720 | Non-controlling interests | <u>30,717</u> | <u>1</u> | <u>(29,080)</u> | <u>(1)</u> |
| | | <u>\$ 122,640</u> | <u>3</u> | <u>(196,376)</u> | <u>(9)</u> |
| | Earnings/(deficit) per share (expressed in dollars) (Note 6(u)) | | | | |
| 9750 | Basic earnings/(deficit) per share | <u>\$ 0.46</u> | | <u>(0.15)</u> | |
| 9850 | Diluted earnings/(deficit) per share | <u>\$ 0.46</u> | | <u>(0.15)</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 Changes in Equity

For the Three Months Ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | Equity Attributable to Owners of Parent | | | | | | | | | |
|--|---|--------------------|-------------------|--------------------|--|---|--|--|----------------------------------|-------------------|
| | Share Capital | | Retained Earnings | | | 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 | | | |
| Balance on January 1, 2020 | \$ 3,852,521 | 1,523,104 | 1,756,147 | 49,081 | 4,764,453 | (143,749) | 87,640 | | | |
| Loss for the three months ended March 31, 2020 | - | - | - | - | (57,506) | - | - | (57,506) | (8,046) | (65,552) |
| Other comprehensive income for the three months ended March 31, 2020 | - | - | - | - | - | (109,790) | - | (109,790) | (21,034) | (130,824) |
| Total comprehensive income for the three months ended March 31, 2020 | - | - | - | - | (57,506) | (109,790) | - | (167,296) | (29,080) | (196,376) |
| Cash dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | (1,164) | (1,164) |
| Balance on March 31, 2020 | \$ 3,852,521 | 1,523,104 | 1,756,147 | 49,081 | 4,706,947 | (253,539) | 87,640 | 11,721,901 | 3,822,650 | 15,544,551 |
| Balance on January 1, 2021 | \$ 3,761,221 | 1,487,802 | 1,801,169 | 56,109 | 4,794,062 | 32,198 | 93,833 | 12,026,394 | 3,975,678 | 16,002,072 |
| Profit for the three months ended March 31, 2021 | - | - | - | - | 173,509 | - | - | 173,509 | 47,107 | 220,616 |
| Other comprehensive income for the three months ended March 31, 2021 | - | - | - | - | - | (78,930) | (2,656) | (81,586) | (16,390) | (97,976) |
| Total comprehensive income for the three months ended March 31, 2021 | - | - | - | - | 173,509 | (78,930) | (2,656) | 91,923 | 30,717 | 122,640 |
| Changes in non-controlling interests | - | - | - | - | - | - | - | - | 9,290 | 9,290 |
| Cash dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | (803) | (803) |
| Balance on March 31, 2021 | \$ 3,761,221 | 1,487,802 | 1,801,169 | 56,109 | 4,967,571 | (46,732) | 91,177 | 12,118,317 | 4,014,882 | 16,133,199 |

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 Three Months Ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

| | For the Three Months Ended March 31 | |
|--|--|------------------|
| | 2021 | 2020 |
| Cash flows from operating activities: | | |
| Profit (loss) before tax | \$ 275,778 | (54,114) |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 254,695 | 241,862 |
| Amortization expense | 1,228 | 5,209 |
| Expected credit gains | (312) | (7,031) |
| Net losses on financial assets or liabilities at fair value through profit or loss | - | 4,240 |
| Interest expense | 55,494 | 78,231 |
| Interest income | (17,464) | (11,174) |
| Share of losses of associates and joint ventures accounted for using equity method | 22,455 | 30,894 |
| Losses (gains) on disposal of property, plant and equipment | 223 | (6,189) |
| Property, plant and equipment transferred to expenses | 50 | - |
| Losses on disposal of investment | 5,013 | - |
| Lease modification gains | (8) | (21) |
| Effect of exchange rate changes on short-term and long-term borrowings | 5,386 | - |
| Total adjustments to reconcile profit | 326,760 | 336,021 |
| Changes in operating assets and liabilities: | | |
| Changes in operating assets: | | |
| Notes and accounts receivable, net | (94,007) | 631,148 |
| Accounts receivable due from related parties, net | (3,285) | (8,063) |
| Other receivables | 199,021 | 5,586 |
| Inventories | (566,589) | (72,253) |
| Prepayments | (30,094) | (33,478) |
| Other current assets | (58,440) | (23,691) |
| Other financial assets | 83,547 | 65,701 |
| Incremental costs of obtaining contracts | (75,583) | (24,250) |
| Total changes in operating assets | (545,430) | 540,700 |
| Changes in operating liabilities: | | |
| Notes and accounts payable (including related parties), net | 181,968 | (637,926) |
| Other payables | (76,888) | (199,610) |
| Current contract liabilities | 426,035 | 274,130 |
| Other current liabilities | 14,193 | 1,265 |
| Other non-current liabilities | (7,004) | - |
| Total changes in operating liabilities | 538,304 | (562,141) |
| Total changes in operating assets and liabilities | (7,126) | (21,441) |
| Total adjustments | 319,634 | 314,580 |
| Cash inflow generated from operations | 595,412 | 260,466 |
| Interest received | 14,017 | 7,833 |
| Dividends received | 324 | - |
| Interest paid | (68,848) | (89,133) |
| Income taxes paid | (46,000) | (32,467) |
| Net cash flows generated from operating activities | 494,905 | 146,699 |
| Cash flows from investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (460) | - |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | - | 8,000 |
| Proceeds from disposal of the subsidiary (net effect of cash) | 3,632 | - |
| Acquisition of property, plant and equipment | (390,772) | (180,258) |
| Proceeds from disposal of property, plant and equipment | 187 | 4,433 |
| Acquisition of intangible assets | (737) | - |
| Decrease (increase) in other financial assets | 882 | (35) |
| Increase in other non-current assets | (385,135) | (3,266) |
| Net cash flows used in investing activities | (772,403) | (171,126) |
| Cash flows from financing activities: | | |
| Increase in short-term borrowings | 2,977,722 | 3,404,251 |
| Decrease in short-term borrowings | (1,761,898) | (1,959,982) |
| Increase in short-term notes and bills payable | 90,056 | 339,754 |
| Proceeds from long-term borrowings | 1,045,920 | 633,000 |
| Repayments of long-term borrowings | (2,516,991) | (2,144,118) |
| Payment of lease liabilities | (49,601) | (47,463) |
| Increase in other non-current liabilities | 2,923 | 2,810 |
| Net cash flows (used in) generated from financing activities | (211,869) | 228,252 |
| Effect of exchange rate changes on cash and cash equivalents | (27,775) | (8,466) |
| Net (decrease) increase in cash and cash equivalents | (517,142) | 195,359 |
| Cash and cash equivalents at the beginning of the period | 4,213,805 | 3,700,547 |
| Cash and cash equivalents at the end of the period | \$ 3,696,663 | 3,895,906 |

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 Three Months Ended March 31, 2021 and 2020

(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 May 13, 2021 .

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on April 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(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, 2020. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2020.

(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, 2020. For the related information, please refer to Note 4(c) of the consolidated financial statements for the year ended December 31, 2020.

(i) List of subsidiaries in the consolidated financial statements

| Investor | Name of Subsidiary | Principal Activity | Percentage Ownership | | | Note |
|--------------------------------------|--|---|----------------------|-------------------|----------------|--------|
| | | | March 31, 2021 | December 31, 2020 | March 31, 2020 | |
| 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 | 85.51 % | 85.51 % | 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 |

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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 |
|--|---|--|----------------------|-------------------|----------------|---------------|
| | | | March 31, 2021 | December 31, 2020 | March 31, 2020 | |
| 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 % | Note 1 and 7 |
| 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 % | 100.00 % | 100.00 % | Notes 1 and 4 |
| The Company | Calligraphy Greenway Plaza Co., Ltd. (Calligraphy Greenway Plaza) | Management and consulting services | 100.00 % | 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 |
| 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 |

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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 |
|------------------------|---|--|----------------------|-------------------|----------------|---------|
| | | | March 31, 2021 | December 31, 2020 | March 31, 2020 | |
| 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 % | Notes 6 |
| CMAI | CMAI Holding, Inc. (CMAI Holding) | Investing | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| CMAI Holding | Pilot Drive LLC (Pilot) | Assets leasing | 100.00 % | 100.00 % | 100.00 % | Note 1 |
| Pilot | CMAI INDUSTRIES INC (CMAI N.A.) | Vehicle parts retailing | 100.00 % | 100.00 % | 100.00 % | Note 1 |

Note 1: A non-significant subsidiary, its financial statements has 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 1th quarter of 2020.

Note 5: Set up in the 4st quarter of 2020.

Note 6: The cancellation of business registration of Qinxin Trade have been completed on June 22, 2020. The proceeds from the cancellation of shares have remitted on December 31, 2020.

Note 7: The Group has completed the share transaction on March 31, 2021. Please refer to Note 6(g) for more information.

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

(c) 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

(d) Employee benefits

The pension cost for the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, and be adjusted by the significant market flotation, significant curtailment, settlement or other significant single 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, 2020. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2020.

(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, 2020. Please refer to Note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|---------------------------|---------------------------|------------------------------|---------------------------|
| Cash on hand | \$ 6,936 | 6,673 | 7,969 |
| Cash in banks | 2,260,755 | 2,680,248 | 2,021,930 |
| Time deposits | 1,428,972 | 1,526,884 | 1,866,007 |
| Cash and cash equivalents | \$ 3,696,663 | 4,213,805 | 3,895,906 |

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

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

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|---|---------------------------|------------------------------|---------------------------|
| Financial assets at fair value through profit or loss | | | |
| Stocks listed on domestic markets | \$ - | - | 47,200 |

(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 March 31, 2021, December 31 and March 31, 2020, the financial assets were not pledged as collateral.

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

| | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|--|---------------------------|------------------------------|---------------------------|
| Equity investments at fair value through other comprehensive income | | | |
| Stocks listed on domestic markets— Yung Tay Engineering Co., Ltd. | \$ 60,540 | 62,763 | - |
| 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 | 435 | 830 |
| Stocks unlisted on domestic markets— FUHUA Venture Capital Co., Ltd. | 1,574 | 1,574 | 1,920 |
| Stocks unlisted on domestic markets— GUANGYUAN Investment Co., Ltd. | 31,580 | 31,580 | 44,080 |
| Stocks unlisted on domestic markets— DEVELOPMENT Venture Capital Co., Ltd. | 25,935 | 25,935 | 25,935 |
| Total | <u>\$ 255,364</u> | <u>257,587</u> | <u>208,065</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) The Group did not dispose the strategic investments during the first quarter of 2021 and 2020. Therefore, the accumulated income and loss was not transferred in equity.

(iii) Please refer to Note 6(z) for the information on credit risk (including the impairment of debt instrument investments) and market risk.

(iv) As of March 31, 2021, December 31 and March 31, 2020, 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

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|--|----------------------------|------------------------------|---------------------------|
| Notes receivable from operating activities | \$ 434,563 | 455,795 | 419,036 |
| Accounts receivable measured as amortized cost | <u>3,443,754</u> | <u>3,365,435</u> | <u>2,849,095</u> |
| Subtotal | 3,878,317 | 3,821,230 | 3,268,131 |
| Less: Loss allowance | <u>2,806</u> | <u>3,120</u> | <u>18,801</u> |
| Total | <u><u>\$ 3,875,511</u></u> | <u><u>3,818,110</u></u> | <u><u>3,249,330</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:

| | March 31, 2021 | | |
|-----------------------------|----------------------------------|---|-------------------------------------|
| | Gross Carrying Amount | Weighted Average Loss Rate | Loss Allowance Provision |
| Current | \$ 3,713,687 | 0% | - |
| 1 to 30 days past due | 136,931 | 0% | - |
| 31 to 90 days past due | 20,647 | 0%~6% | 1,204 |
| 91 to 120 days past due | 5,611 | 0%~10.54% | 561 |
| 121 days to a year past due | 588 | 25.08%~32.97% | 188 |
| Over a year past due | <u>853</u> | 100% | <u>853</u> |
| | <u><u>\$ 3,878,317</u></u> | | <u><u>2,806</u></u> |
| | December 31, 2020 | | |
| | Gross Carrying Amount | Weighted Average Loss Rate | Loss Allowance Provision |
| Current | \$ 3,675,883 | 0% | - |
| 1 to 30 days past due | 87,468 | 0% | - |
| 31 to 90 days past due | 55,840 | 0%~3.3% | 1,824 |
| 91 to 120 days past due | 490 | 0%~10.54% | 49 |
| 121 days to a year past due | 431 | 25.08%~32.97% | 129 |
| Over a year past due | <u>1,118</u> | 100% | <u>1,118</u> |
| | <u><u>\$ 3,821,230</u></u> | | <u><u>3,120</u></u> |

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

| | March 31, 2020 | | |
|-----------------------------|----------------------------------|---|-------------------------------------|
| | Gross Carrying Amount | Weighted Average Loss Rate | Loss Allowance Provision |
| Current | \$ 3,030,139 | 0% | - |
| 1 to 30 days past due | 152,095 | 0% | - |
| 31 to 90 days past due | 40,182 | 0% | - |
| 91 to 120 days past due | 7,604 | 0%~8.87% | 597 |
| 121 days to a year past due | 31,111 | 17.13%~52.79% | 11,204 |
| Over a year past due | 7,000 | 100% | 7,000 |
| | \$ 3,268,131 | | 18,801 |

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

| | For the Three Months Ended March 31 | |
|--------------------------------|--|---------------|
| | 2021 | 2020 |
| Balance on January 1 | \$ 3,120 | 26,005 |
| Impairment recovery recognized | (312) | (7,031) |
| Foreign exchange losses | (2) | (173) |
| Balance on March 31 | \$ 2,806 | 18,801 |

The financial assets mentioned above were not pledged as collateral.

(e) Inventories

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|-----------------------------------|---------------------------|------------------------------|---------------------------|
| Raw materials | \$ 141,602 | 122,981 | 133,141 |
| Work in process | 270,006 | 211,745 | 250,443 |
| Semi-finished goods | 125,725 | 103,020 | 156,524 |
| Finished goods | 938,906 | 884,993 | 656,077 |
| Merchandise | 56,681 | 59,948 | 66,672 |
| Land held for development | 6,082,711 | 5,998,833 | 6,062,494 |
| Properties and land held for sale | 2,035,000 | 2,234,588 | 3,798,608 |
| Construction-in-progress | 8,738,443 | 8,116,786 | 6,172,280 |
| Prepayments for land | 166,995 | 166,995 | 123,269 |
| Other inventories | 320,268 | 316,400 | 349,168 |
| | \$ 18,876,337 | 18,216,289 | 17,768,676 |

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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For the three months ended March 31, 2021 and 2020, the cost of goods sold amounted to \$2,757,188 thousand and \$1,833,058 thousand, respectively. For the three months ended March 31, 2021 and 2020, the reversal gain (loss for inventory obsolescence) from the increase (decrease) in inventories' net realizable value amounted to \$1,865 thousand and \$(15,953) thousand, respectively.

For the information on inventories pledged as collateral, as of March 31, 2021, December 31 and March 31, 2020, 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 is as follows:

| | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|----------------|---------------------------|------------------------------|---------------------------|
| Associates | \$ 451,958 | 452,283 | 460,738 |
| Joint ventures | <u>277,792</u> | <u>295,983</u> | <u>354,562</u> |
| | <u>\$ 729,750</u> | <u>748,266</u> | <u>815,300</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 ended March 31, 2021 and 2020, the unrealized investment losses amounted to \$71 thousand and \$67 thousand; the accumulated unrealized investment losses, as of March 31, 2021 and 2020, amounted to \$57,479 thousand and \$57,114 thousand, respectively.

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

| | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|--|--|------------------------------|---------------------------|
| Carrying amount of individually insignificant associates' equity | <u>\$ 451,958</u> | <u>452,283</u> | <u>460,738</u> |
| | For the Three Months Ended March 31 | | |
| | <u>2021</u> | <u>2020</u> | |
| Attributable to the Group: | | | |
| Net loss | \$ (4,265) | (4,643) | |
| Other comprehensive income | - | - | |
| Comprehensive income | <u>\$ (4,265)</u> | <u>(4,643)</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:

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|--|--|------------------------------|---------------------------|
| Carrying amount of individually insignificant joint ventures' equity | \$ 277,792 | 295,983 | 354,562 |
| | For the Three Months Ended March 31 | | |
| | 2021 | 2020 | |
| Attributable to the Group: | | | |
| Net loss | \$ (18,190) | (26,251) | |
| Other comprehensive income | - | - | |
| Comprehensive income | \$ (18,190) | (26,251) | |

(iii) Pledge to secure

As of March 31, 2021, December 31 and March 31, 2020, 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) Loss of control over a subsidiary

The Group had sold 50% of its shares in Pu Sheng Construction Co., Ltd., wherein the proceeds of \$4,614 thousand on March 31, 2021, resulted in a loss of control over the Pu Sheng Construction and a loss on disposal of investment amounting to \$5,013 thousand.

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

(h) Property, plant and equipment

The cost and accumulated depreciation of the property, plant equipment of the Group for the three months ended March 31, 2021 and 2020 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, 2021 | \$ 3,118,236 | 3,445,580 | 9,433,335 | 110,764 | 53,189 | 168,203 | 700,247 | 1,202,077 | 18,231,631 |
| Additions | - | - | 23,975 | 2,077 | 1,780 | 25,989 | 2,471 | 334,480 | 390,772 |
| Disposals | - | (1,756) | (12,799) | (1,214) | (924) | (28,328) | (30,277) | - | (75,298) |
| Reclassification | - | 676 | 5,826 | (4,833) | 2,816 | 8,978 | 3,345 | 11,496 | 28,304 |
| Influence from exchange rates | 16 | (21,082) | (76,302) | (472) | (479) | (1,501) | (3,163) | (13,473) | (116,456) |
| Balance on March 31, 2021 | <u>\$ 3,118,252</u> | <u>3,423,418</u> | <u>9,374,035</u> | <u>106,322</u> | <u>56,382</u> | <u>173,341</u> | <u>672,623</u> | <u>1,534,580</u> | <u>18,458,953</u> |
| 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 | - | 676 | 7,398 | 1,745 | 333 | 2,336 | 2,878 | 164,892 | 180,258 |
| Disposals | - | - | (73,811) | - | - | (24,253) | (194) | - | (98,258) |
| Reclassification | - | - | 26,714 | 1,356 | - | - | 2,813 | (14,985) | 15,898 |
| Influence from exchange rates | 68 | (25,293) | (91,219) | (544) | (357) | (1,874) | (4,490) | (7,014) | (130,723) |
| Balance on March 31, 2020 | <u>\$ 3,106,724</u> | <u>3,336,934</u> | <u>9,045,174</u> | <u>125,316</u> | <u>56,921</u> | <u>175,977</u> | <u>850,888</u> | <u>686,410</u> | <u>17,384,344</u> |
| Accumulated depreciation and impairment loss: | | | | | | | | | |
| Balance on January 1, 2021 | \$ - | 1,448,672 | 5,881,466 | 83,577 | 43,317 | 91,996 | 518,040 | - | 8,067,068 |
| Depreciation | - | 25,484 | 140,849 | 3,033 | 1,037 | 16,275 | 15,245 | - | 201,923 |
| Disposals | - | (1,756) | (12,405) | (1,214) | (910) | (28,328) | (30,275) | - | (74,888) |
| Reclassification | - | - | - | (3,057) | - | 3,057 | - | - | - |
| Influence from exchange rates | - | (8,186) | (49,515) | (395) | (424) | (721) | (2,518) | - | (61,759) |
| Balance on March 31, 2021 | <u>\$ -</u> | <u>1,464,214</u> | <u>5,960,395</u> | <u>81,944</u> | <u>43,020</u> | <u>82,279</u> | <u>500,492</u> | <u>-</u> | <u>8,132,344</u> |
| Balance on January 1, 2020 | \$ - | 1,327,569 | 5,674,431 | 96,102 | 45,102 | 108,067 | 575,939 | - | 7,827,210 |
| Depreciation | - | 25,937 | 129,862 | 2,762 | 843 | 10,799 | 17,154 | - | 187,357 |
| Disposals | - | - | (75,600) | - | - | (24,252) | (162) | - | (100,014) |
| Influence from exchange rates | - | (9,242) | (57,630) | (443) | (284) | (1,015) | (3,047) | - | (71,661) |
| Balance on March 31, 2020 | <u>\$ -</u> | <u>1,344,264</u> | <u>5,671,063</u> | <u>98,421</u> | <u>45,661</u> | <u>93,599</u> | <u>589,884</u> | <u>-</u> | <u>7,842,892</u> |
| Carrying value: | | | | | | | | | |
| Balance on January 1, 2021 | <u>\$ 3,118,236</u> | <u>1,996,908</u> | <u>3,551,869</u> | <u>27,187</u> | <u>9,872</u> | <u>76,207</u> | <u>182,207</u> | <u>1,202,077</u> | <u>10,164,563</u> |
| Balance on March 31, 2021 | <u>\$ 3,118,252</u> | <u>1,959,204</u> | <u>3,413,640</u> | <u>24,378</u> | <u>13,362</u> | <u>91,062</u> | <u>172,131</u> | <u>1,534,580</u> | <u>10,326,609</u> |
| 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 March 31, 2020 | <u>\$ 3,106,724</u> | <u>1,992,670</u> | <u>3,374,111</u> | <u>26,895</u> | <u>11,260</u> | <u>82,378</u> | <u>261,004</u> | <u>686,410</u> | <u>9,541,452</u> |

- (i) As of March 31, 2021, December 31 and March 31, 2020, 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
Notes to the Consolidated Financial Statements

- (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:

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|------|---------------------------|------------------------------|---------------------------|
| 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, buildings, machinery and transportation equipment rented by the Group, for the three months ended March 31, 2021 and 2020 are as follows:

| | Land | Buildings | Machinery | Transportation Equipment | Office Equipment | Other Equipment | Total |
|---|---------------------|------------------|------------------|-------------------------------------|-----------------------------|----------------------------|------------------|
| Cost: | | | | | | | |
| Balance on January 1, 2021 | \$ 1,007,888 | 2,394,673 | 48,195 | 17,318 | 2,228 | 122,262 | 3,592,564 |
| Additions | - | 1,092 | - | 2,645 | 723 | - | 4,460 |
| Reduction for expiration | - | (1,091) | - | (1,863) | (866) | - | (3,820) |
| Influence from exchange rates | (3,116) | - | (359) | 1 | 1 | - | (3,473) |
| Balance on March 31, 2021 | \$ 1,004,772 | 2,394,674 | 47,836 | 18,101 | 2,086 | 122,262 | 3,589,731 |
| Balance on January 1, 2020 | \$ 1,002,435 | 2,397,748 | 54,032 | 25,475 | 2,240 | 122,607 | 3,604,537 |
| Additions | - | 237 | - | - | - | 196 | 433 |
| Reduction for expiration | - | (1,696) | - | (1,784) | - | (604) | (4,084) |
| Influence from exchange rates | (3,895) | - | (546) | 6 | 5 | - | (4,430) |
| Balance on March 31, 2020 | \$ 998,540 | 2,396,289 | 53,486 | 23,697 | 2,245 | 122,199 | 3,596,456 |
| Accumulated depreciation and impairment loss: | | | | | | | |
| Balance at January 1, 2021 | \$ 155,174 | 1,158,342 | 29,119 | 12,171 | 1,122 | 14,117 | 1,370,045 |
| Depreciation | 5,885 | 40,196 | 3,531 | 1,396 | 109 | 887 | 52,004 |
| Transferred to construction cost | - | 183 | - | - | - | - | 183 |
| Reduction for expiration | - | (1,091) | - | (1,863) | (562) | - | (3,516) |
| Influence from exchange rates | (786) | - | (255) | 1 | 1 | - | (1,039) |
| Balance on March 31, 2021 | \$ 160,273 | 1,197,630 | 32,395 | 11,705 | 670 | 15,004 | 1,417,677 |
| Balance on January 1, 2020 | \$ 130,437 | 999,972 | 24,730 | 15,221 | 1,022 | 10,997 | 1,182,379 |
| Depreciation | 5,857 | 40,392 | 3,805 | 1,945 | 133 | 881 | 53,013 |
| Transferred to construction cost | - | 217 | - | - | - | - | 217 |
| Reduction for expiration | - | (1,402) | - | (1,785) | - | (412) | (3,599) |
| Influence from exchange rates | (904) | - | (296) | 4 | 2 | - | (1,194) |
| Balance on March 31, 2020 | \$ 135,390 | 1,039,179 | 28,239 | 15,385 | 1,157 | 11,466 | 1,230,816 |

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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, 2021 | \$ <u>852,714</u> | <u>1,236,331</u> | <u>19,076</u> | <u>5,147</u> | <u>1,106</u> | <u>108,145</u> | <u>2,222,519</u> |
| Balance on March 31, 2021 | \$ <u>844,499</u> | <u>1,197,044</u> | <u>15,441</u> | <u>6,396</u> | <u>1,416</u> | <u>107,258</u> | <u>2,172,054</u> |
| Balance on January 1, 2020 | \$ <u>871,998</u> | <u>1,397,776</u> | <u>29,302</u> | <u>10,254</u> | <u>1,218</u> | <u>111,610</u> | <u>2,422,158</u> |
| Balance on March 31, 2020 | \$ <u>863,150</u> | <u>1,357,110</u> | <u>25,247</u> | <u>8,312</u> | <u>1,088</u> | <u>110,733</u> | <u>2,365,640</u> |

(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 is as follows:

| | <u>Owned Property</u> | | <u>Total</u> |
|----------------------------|-----------------------|------------------|----------------|
| | <u>Land</u> | <u>Buildings</u> | |
| Carrying value: | | | |
| Balance on January 1, 2021 | \$ <u>593,697</u> | <u>97,459</u> | <u>691,156</u> |
| Balance on March 31, 2021 | \$ <u>609,567</u> | <u>99,412</u> | <u>708,979</u> |
| Balance on January 1, 2020 | \$ <u>545,783</u> | <u>93,790</u> | <u>639,573</u> |
| Balance on March 31, 2020 | \$ <u>545,783</u> | <u>92,298</u> | <u>638,081</u> |

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 three months ended March 31, 2021 and 2020. 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(j) of the annual consolidated financial statements for the year ended December 31, 2020.

As of March 31, 2021, December 31 and March 31, 2020, 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, 2021 | \$ 390,862 | 63,669 | 229,850 | 32,878 | 717,259 |
| Acquisitions | - | - | - | 737 | 737 |
| Reclassification | - | - | - | 383 | 383 |
| Influence from exchange rates | (1,870) | (581) | (2,099) | 7 | (4,543) |
| Balance on March 31, 2021 | <u>\$ 388,992</u> | <u>63,088</u> | <u>227,751</u> | <u>34,005</u> | <u>713,836</u> |
| Balance on January 1, 2020 | \$ 393,630 | 62,652 | 226,177 | 32,427 | 714,886 |
| Influence from exchange rates | (1,580) | (727) | (2,624) | 27 | (4,904) |
| Balance on March 31, 2020 | <u>\$ 392,050</u> | <u>61,925</u> | <u>223,553</u> | <u>32,454</u> | <u>709,982</u> |
| Accumulated amortization and impairment loss: | | | | | |
| Balance on January 1, 2021 | \$ - | 63,669 | 229,850 | 22,978 | 316,497 |
| Amortization | - | - | - | 1,228 | 1,228 |
| Influence from exchange rates | - | (581) | (2,099) | 6 | (2,674) |
| Balance on March 31, 2021 | <u>\$ -</u> | <u>63,088</u> | <u>227,751</u> | <u>24,212</u> | <u>315,051</u> |
| Balance on January 1, 2020 | \$ - | 62,652 | 218,384 | 17,960 | 298,996 |
| Amortization | - | - | 3,896 | 1,313 | 5,209 |
| Influence from exchange rates | - | (727) | (2,578) | 26 | (3,279) |
| Balance on March 31, 2020 | <u>\$ -</u> | <u>61,925</u> | <u>219,702</u> | <u>19,299</u> | <u>300,926</u> |
| Carrying value: | | | | | |
| Balance on January 1, 2021 | <u>\$ 390,862</u> | <u>-</u> | <u>-</u> | <u>9,900</u> | <u>400,762</u> |
| Balance on March 31, 2021 | <u>\$ 388,992</u> | <u>-</u> | <u>-</u> | <u>9,793</u> | <u>398,785</u> |
| 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 March 31, 2020 | <u>\$ 392,050</u> | <u>-</u> | <u>3,851</u> | <u>13,155</u> | <u>409,056</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>March 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> | <u>March 31,</u> <u>2020</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>108,022</u> | <u>109,059</u> | <u>105,671</u> |
| | <u>\$ 683,022</u> | <u>684,059</u> | <u>680,671</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 is as follows:

| <u>March 31, 2021</u> | | | | |
|--|------------------------|-----------------------------|---|---|
| <u>Underlying</u> | <u>Obligation Cost</u> | <u>Obligation Principal</u> | <u>Valuation Assessment</u> | <u>Collateral</u> |
| The Splendor Hospitality International | \$ <u>575,000</u> | <u>796,845</u> | According to the assessment of Jones Lang Lasalle Real Estate Appraiser, 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. | The building of The Splendor Hospitality International (the 2 nd security) |

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

| December 31, 2020 | | | | |
|--|----------------------------|---------------------------------|---|---|
| Underlying | Obligation Cost | Obligation Principal | Valuation Assessment | Collateral |
| The Splendor Hospitality International | \$ 575,000 | 796,845 | According to the assessment of Jones Lang Lasalle Real Estate Appraiser, 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. | The building of The Splendor Hospitality International (the 2 nd security) |
| March 31, 2020 | | | | |
| Underlying | Obligation Cost | Obligation Principal | Valuation Assessment | Collateral |
| The Splendor Hospitality International | \$ 575,000 | 796,845 | According to the assessment of Zhonglian Real Estate Appraiser Joint Office, the valuation of mortgage is \$7,579,711 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,809,856 thousand. | The building of The Splendor Hospitality International (the 2 nd security) |

(ii) As of March 31, 2021, December 31 and March 31, 2020, the cost and principal of debt obligation from Chin Ling Steel were \$23,250 thousand and \$118,561 thousand, respectively.

(m) Short-term borrowings

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|---------------------------|---------------------------|------------------------------|---------------------------|
| Unsecured bank borrowings | \$ 2,577,472 | 1,820,974 | 2,887,940 |
| Secured bank borrowings | 6,177,375 | 5,720,074 | 6,286,625 |
| Notes and bills payable | 539,622 | 449,566 | 569,473 |
| Total | \$ 9,294,469 | 7,990,614 | 9,744,038 |
| Unused credit limit | \$ 4,391,224 | 6,543,281 | 5,641,523 |
| Range of interest rates | 0.72%~2.25% | 0.52%~2.25% | 0.71%~2.83% |

(i) Borrowing and repayment

For the three months ended March 31, 2021 and 2020, the Group obtained from short-term borrowings amounting to \$2,977,722 thousand and \$3,404,251 thousand with an interest rate of 0.72%~2.17% and 0.71%~2.25%; the repayment amounting to \$1,761,898 thousand and \$1,959,982 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

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|--|---------------------------|------------------------------|---------------------------|
| Unsecured bank borrowings | \$ 2,382,874 | 2,889,763 | 2,042,373 |
| Secured bank borrowings | 7,180,953 | 8,150,663 | 7,367,973 |
| Less: Current portion | (642,098) | (100,240) | (2,634,655) |
| Unamortized long-term borrowings costs | (618) | (824) | (959) |
| Total | <u>\$ 8,921,111</u> | <u>10,939,362</u> | <u>6,774,732</u> |
| Unused credit limit | <u>\$ 789,963</u> | <u>341,821</u> | <u>1,297,038</u> |
| Interest rate range | <u>0.40%~3.70%</u> | <u>0.63%~3.70%</u> | <u>1.00%~4.21%</u> |

(i) Borrowing and repayment

For the three months ended March 31, 2021 and 2020, the Group obtained from long-term borrowings amounting to \$1,045,920 thousand and \$633,000 thousand with an interest rate of 0.40%~1.90% and 1.00%~2.00%; the repayment amounting to \$2,516,991 thousand and \$2,144,118 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 December 31, 2020, the Group was in compliance with the above borrowing covenants.

The Group entered into a borrowing contract in a total credit of USD43,230 thousand with one financial institution on November 10, 2020. 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 2020 and 2019 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, 2020, the Group was in compliance with the above borrowing covenants.

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

(o) Lease liabilities

The details of the lease liabilities is as follows:

| | <u>March 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> | <u>March 31,</u> <u>2020</u> |
|-------------|---------------------------------|------------------------------------|---------------------------------|
| Current | \$ <u>182,350</u> | <u>184,634</u> | <u>189,867</u> |
| Non-current | \$ <u>1,768,969</u> | <u>1,812,222</u> | <u>1,944,534</u> |

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

The amounts recognized in profit or loss are as follows:

| | For the Three Months Ended March 31 | |
|--|--|--------------|
| | <u>2021</u> | <u>2020</u> |
| Interest on lease liabilities | \$ <u>4,905</u> | <u>7,049</u> |
| Expenses relating to leases short-term assets | \$ <u>4,118</u> | <u>4,423</u> |
| Covid-19-related rent concessions (recognized as deduction of rent expenses) | \$ <u>5</u> | <u>-</u> |

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

| | For the Three Months Ended March 31 | |
|-------------------------------|--|---------------|
| | <u>2021</u> | <u>2020</u> |
| Total cash outflow for leases | \$ <u>58,624</u> | <u>58,935</u> |

(i) Real estate leases

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 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 lessee 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
Notes to the Consolidated Financial Statements

(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>March 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> | <u>March 31,</u> <u>2020</u> |
|-------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Current: | | | |
| Warranties | \$ - | 186 | 242 |
| Legal | - | - | 42,600 |
| Subtotal | <u>-</u> | <u>186</u> | <u>42,842</u> |
| Non-current: | | | |
| Financial guarantee contracts | 29,822 | 33,269 | 41,415 |
| Legal | <u>236,052</u> | <u>236,052</u> | <u>236,052</u> |
| Subtotal | <u>265,874</u> | <u>269,321</u> | <u>277,467</u> |
| Total | <u>\$ 265,874</u> | <u>269,507</u> | <u>320,309</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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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|-----------------------------------|---------------------------|------------------------------|---------------------------|
| Less than one year | \$ 16,558 | 17,020 | 7,086 |
| One to two years | 9,861 | 12,355 | - |
| Two to three years | 4,051 | 5,265 | - |
| Three to four years | - | 355 | - |
| Total undiscounted lease payments | <u>\$ 30,470</u> | <u>34,995</u> | <u>7,086</u> |

For the three months ended March 31, 2021 and 2020, rental revenues from investment properties amounted to \$3,372 thousand and \$2,982 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "operating costs") are as follows:

| | For the Three Months Ended March 31 | |
|--------------------|--|-------------|
| | 2021 | 2020 |
| Lease-out property | \$ - | <u>2</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, 2020 and 2019.

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

| | For the Three Months Ended March 31 | |
|-----------------------------------|--|--------------|
| | 2021 | 2020 |
| Operating cost | \$ 536 | 593 |
| Selling expenses | 101 | 100 |
| Administration expenses | 238 | 277 |
| Research and development expenses | 98 | 87 |
| Total | <u>\$ 973</u> | <u>1,057</u> |

(Continued)

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 March 31 | |
|-----------------------------------|--|---------------|
| | 2021 | 2020 |
| Operating cost | \$ 10,687 | 8,055 |
| Selling expenses | 645 | 512 |
| Administration expenses | 7,495 | 5,258 |
| Research and development expenses | 87 | 83 |
| Total | \$ 18,914 | 13,908 |

(iii) Short-term employee benefits

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|----------------------------------|---------------------------|------------------------------|---------------------------|
| Paid leave and other liabilities | \$ 13,431 | 17,034 | 15,673 |

(s) Income tax

(i) Applicated legal tax rates of foreign subsidiaries: China: 15%~25%; Japan: 29.05%~33.58%; the USA: 21%.

(ii) The income tax expense are as follows:

| | For the Three Months Ended March 31 | |
|------------------------------|--|---------------|
| | 2021 | 2020 |
| Current income tax expense | | |
| Current period incurred | \$ 46,355 | 11,438 |
| Land value increment taxes | 8,842 | - |
| Adjustment for prior periods | (35) | - |
| Income tax expense | \$ 55,162 | 11,438 |

(iii) Under income tax return filing of the Group, the income tax returns of the Company had been assessed and approved by the Tax Authority through 2017, other domestic consolidated subsidiaries had been assessed and approved through 2019. 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 three months ended March 31, 2021 and 2020. For the related information, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2020.

(i) Capital stock

As of March 31, 2021, December 31 and March 31, 2020, the Company's authorized share capital are 5,000,000 thousands, with par value of \$10 per share and the issued capital are \$3,761,221 thousand, \$3,761,221 thousand and \$3,852,521 thousands, respectively. All the proceeds from the issued capital have been remitted.

(ii) Capital surplus

The components of the capital surplus are as follows:

| | <u>March 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> | <u>March 31,</u> <u>2020</u> |
|--|---------------------------------|------------------------------------|---------------------------------|
| From issuance of share capital | \$ 611,272 | 611,272 | 626,110 |
| Employee stock option of subsidiaries | 33,352 | 33,352 | 33,352 |
| From conversion of convertible bonds | 843,035 | 843,035 | 863,499 |
| Changes in equity of associates and joint ventures accounted for using equity method | 143 | 143 | 143 |
| | <u>\$ 1,487,802</u> | <u>1,487,802</u> | <u>1,523,104</u> |

(iii) Retained earnings

In accordance with the Company's Articles of Incorporation, after-tax earnings and other items in undistributed earnings except from 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.

(Continued)

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

1) Earnings distribution

The appropriations of the Company's 2020 and 2019 earnings were based on the resolutions decided during the meetings of the Board of Directors held on March 30, 2021 and May 12, 2020, respectively.

These earnings are appropriated as follows:

| | <u>2020</u> | | <u>2019</u> | |
|----------------------------------|----------------------------|----------------|----------------------------|----------------|
| | <u>Allotment (NTD)</u> | <u>Amount</u> | <u>Allotment (NTD)</u> | <u>Amount</u> |
| Common stock dividends per share | | | | |
| Cash | \$ 1.03 | <u>387,406</u> | 0.92 | <u>346,727</u> |

(iv) 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, 2021 | \$ 32,198 | 93,833 | 3,975,678 | 4,101,709 |
| Profit attributable to non-controlling interests | - | - | 47,107 | 47,107 |
| Exchange differences on foreign operations | (78,930) | - | (16,363) | (95,293) |
| Unrealized loss on financial assets | - | (2,656) | (27) | (2,683) |
| Changes in non-controlling interest | - | - | 9,290 | 9,290 |
| Cash dividends paid to non-controlling interests | - | - | (803) | (803) |
| Balance on March 31, 2021 | <u>\$ (46,732)</u> | <u>91,177</u> | <u>4,014,882</u> | <u>4,059,327</u> |
| Balance on January 1, 2020 | \$ (143,749) | 87,640 | 3,852,894 | 3,796,785 |
| Loss attributable to non-controlling interests | - | - | (8,046) | (8,046) |
| Exchange differences on foreign operations | (109,790) | - | (21,034) | (130,824) |
| Cash dividends paid to non-controlling interests | - | - | (1,164) | (1,164) |
| Balance on March 31, 2020 | <u>\$ (253,539)</u> | <u>87,640</u> | <u>3,822,650</u> | <u>3,656,751</u> |

(u) Earnings/(deficits) per share

The Group's earnings/(deficits) per share are calculated as follows:

| | <u>For the Three Months Ended March 31</u> | |
|--|--|-----------------|
| | <u>2021</u> | <u>2020</u> |
| Basic earnings/ (deficits) per share | | |
| Profit (loss) attributable to owners of the parent | <u>\$ 173,509</u> | <u>(57,506)</u> |
| Weighted average number of ordinary shares | <u>\$ 376,122</u> | <u>385,252</u> |
| Basic earnings/ (deficits) per share | <u>\$ 0.46</u> | <u>(0.15)</u> |
| Diluted earnings/ (deficits) per share | | |
| Profit (loss) attributable to owners of the parent (after the adjustment of diluted ordinary shares) | <u>\$ 173,509</u> | <u>(57,506)</u> |

(Continued)

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

| | For the Three Months Ended March 31 | |
|--|--|---------------|
| | 2021 | 2020 |
| Weighted average number of ordinary shares | 376,122 | 385,252 |
| Effect of potential diluted ordinary shares | | |
| Employee stock option | 679 | - |
| Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares) | 376,801 | 385,252 |
| Diluted earnings/ (deficits) per share | \$ 0.46 | (0.15) |

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

| | For the Three Months Ended March 31, 2021 | | | |
|------------------------------|--|--|--|------------------|
| | Metal Manufacturing Segment | Real Estate Development Segment | Lifestyle Hospitality Segment | Total |
| Major geographic markets: | | | | |
| Taiwan | \$ 393,140 | 381,110 | 167,809 | 942,059 |
| United States | 214,789 | - | - | 214,789 |
| Japan | 405,526 | - | - | 405,526 |
| China | 1,661,153 | - | - | 1,661,153 |
| Europe | 93,868 | - | - | 93,868 |
| South America | 190,057 | - | - | 190,057 |
| Others | 102,261 | - | - | 102,261 |
| | \$ 3,060,794 | 381,110 | 167,809 | 3,609,713 |
| Major product/service lines: | | | | |
| Iron casting hardware | \$ 3,045,188 | - | - | 3,045,188 |
| Construction | - | 381,110 | - | 381,110 |
| Counter commissions | - | - | 93,051 | 93,051 |
| Others | 15,606 | - | 74,758 | 90,364 |
| | \$ 3,060,794 | 381,110 | 167,809 | 3,609,713 |

(Continued)

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

| | For the Three Months Ended March 31, 2020 | | | |
|------------------------------|--|--|--|------------------|
| | Metal Manufacturing Segment | Real Estate Development Segment | Lifestyle Hospitality Segment | Total |
| Major geographic markets: | | | | |
| Taiwan | \$ 107,408 | 3,463 | 147,894 | 258,765 |
| United States | 506,698 | - | - | 506,698 |
| Japan | 349,317 | - | - | 349,317 |
| China | 986,053 | - | - | 986,053 |
| Europe | 63,468 | - | - | 63,468 |
| South America | 6,871 | - | - | 6,871 |
| Others | 95,011 | - | - | 95,011 |
| | \$ 2,114,826 | 3,463 | 147,894 | 2,266,183 |
| Major product/service lines: | | | | |
| Iron casting hardware | \$ 2,105,161 | - | - | 2,105,161 |
| Construction | - | - | - | - |
| Counter commissions | - | - | 83,580 | 83,580 |
| Others | 9,665 | 3,463 | 64,314 | 77,442 |
| | \$ 2,114,826 | 3,463 | 147,894 | 2,266,183 |

(ii) Contract balances

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|---|---------------------------|------------------------------|---------------------------|
| Notes and accounts receivable | \$ 3,878,317 | 3,821,230 | 3,268,131 |
| Less: Loss allowance | (2,806) | (3,120) | (18,801) |
| Total | \$ 3,875,511 | 3,818,110 | 3,249,330 |
| Contract assets | \$ - | - | - |
| Contract liabilities—Advance real estate receipts | \$ 2,863,776 | 2,443,869 | 1,608,723 |
| Contract liabilities—Advance receipts | \$ 54,622 | 49,115 | 53,943 |

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

The amount of revenue recognized for the three months ended March 31, 2021 and 2020, that were included in the contract liabilities balance at the beginning of the period were \$61,734 and \$0 thousand, respectively.

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

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

(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 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 ended March 31, 2021, appropriated employees' compensation and remuneration of directors by \$5,384 thousand and \$4,807 thousand, respectively. There were no appropriation for remuneration to employees and directors for the three months ended March 31, 2020 due to the operation losses incurred by the Company during the period. Employees' compensation and the remuneration of directors 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 2020 and 2019.

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 March 31 | |
|----------------|--|-------------|
| | 2021 | 2020 |
| Rental revenue | \$ - | 1,976 |

(Continued)

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

(y) Non-operating income and expenses

(i) Interest income

The information on interest income is listed as follows:

| | For the Three Months Ended March 31 | |
|--|--|---------------|
| | 2021 | 2020 |
| Interest income from bank deposits | \$ 14,017 | 7,833 |
| Interest income from financial guarantee contracts | 3,447 | 3,341 |
| Total Interest income | <u>\$ 17,464</u> | <u>11,174</u> |

(ii) Other income

The information on other income is listed as follows:

| | For the Three Months Ended March 31 | |
|--------------------|--|--------------|
| | 2021 | 2020 |
| Rental revenue | \$ 5,287 | 3,765 |
| Others | 16,874 | 903 |
| Total other income | <u>\$ 22,161</u> | <u>4,668</u> |

(iii) Other gains and losses

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

| | For the Three Months Ended March 31 | |
|---|--|---------------|
| | 2021 | 2020 |
| (Losses) gains on disposal of property, plant and equipment | \$ (223) | 6,189 |
| Foreign exchange (losses) gains | (5,096) | 24,814 |
| Losses on financial assets at FVTPL | - | (4,240) |
| Losses on disposal of investment | (5,013) | - |
| Other losses | (447) | (414) |
| Net amount of other gains and losses | <u>\$ (10,779)</u> | <u>26,349</u> |

(iv) Finance costs

The information on interest costs is listed as follows:

| | For the Three Months Ended March 31 | |
|----------------------------------|--|---------------|
| | 2021 | 2020 |
| Bank borrowing interest expense | \$ 50,164 | 70,740 |
| Lease liability interest expense | 4,905 | 7,049 |
| Other finance costs | 425 | 442 |
| Net amount of finance costs | <u>\$ 55,494</u> | <u>78,231</u> |

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

For the three months ended March 31, 2021 and 2020, the capitalized interest costs amounted to \$14,252 thousand and \$10,024 thousand, respectively.

(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(z) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial 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 three months ended March 31, 2021 and 2020, 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> |
|--|----------------------------------|----------------------------|------------------------|------------------|------------------|-------------------------|
| March 31, 2021 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Bank borrowings | \$ 18,953,088 | 3,967,571 | 2,405,928 | 7,949,056 | 4,601,131 | 29,402 |
| Lease liabilities | 2,195,491 | 105,927 | 100,096 | 195,249 | 596,555 | 1,197,664 |
| Notes and accounts payables (including related parties) | 2,833,763 | 2,833,763 | - | - | - | - |
| Other payables (including related parties) | <u>1,585,803</u> | <u>1,585,803</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 25,568,145</u> | <u>8,493,064</u> | <u>2,506,024</u> | <u>8,144,305</u> | <u>5,197,686</u> | <u>1,227,066</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, 2020 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Bank borrowings | \$ 19,559,149 | 2,626,081 | 1,895,083 | 8,906,212 | 6,101,100 | 30,673 |
| Lease liabilities | 2,247,285 | 107,124 | 101,805 | 195,978 | 594,921 | 1,247,457 |
| Notes and accounts payables (including related parties) | 2,663,292 | 2,663,292 | - | - | - | - |
| Other payables (including related parties) | <u>1,452,641</u> | <u>1,452,641</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 25,922,367</u> | <u>6,849,138</u> | <u>1,996,888</u> | <u>9,102,190</u> | <u>6,696,021</u> | <u>1,278,130</u> |
| March 31, 2020 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Bank borrowings | \$ 19,602,134 | 5,593,839 | 3,396,872 | 5,404,077 | 5,159,385 | 47,961 |
| Lease liabilities | 2,404,574 | 109,002 | 107,214 | 204,514 | 587,009 | 1,396,835 |
| Notes and accounts payables (including related parties) | 1,948,923 | 1,948,923 | - | - | - | - |
| Other payables (including related parties) | <u>698,518</u> | <u>698,518</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 24,654,149</u> | <u>8,350,282</u> | <u>3,504,086</u> | <u>5,608,591</u> | <u>5,746,394</u> | <u>1,444,796</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>March 31, 2021</u> | | | <u>December 31, 2020</u> | | | <u>March 31, 2020</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 | \$ 16,726 | 28.54 | 477,369 | 21,890 | 28.48 | 623,430 | 19,748 | 30.23 | 596,994 |
| USD:CNY | 121,419 | 6.58 | 3,465,291 | 116,751 | 6.50 | 3,325,082 | 114,352 | 7.10 | 3,456,857 |
| USD:JPY | 1,158 | 110.75 | 33,041 | 1,063 | 103.08 | 30,277 | 708 | 108.43 | 21,403 |
| EUR:NTD | 1,160 | 33.48 | 38,837 | 408 | 35.02 | 14,287 | 874 | 33.24 | 29,041 |
| EUR:CNY | 1,057 | 7.71 | 35,378 | 845 | 8.00 | 29,602 | 1,068 | 7.80 | 35,512 |
| JPY:NTD | 83,793 | 0.26 | 21,594 | 54,520 | 0.28 | 15,064 | 62,848 | 0.28 | 17,522 |
| JPY:CNY | 123,838 | 0.06 | 31,913 | 50,832 | 0.06 | 14,045 | 62,329 | 0.07 | 17,377 |
| HKD:USD | 4,994 | 0.13 | 18,328 | 6,370 | 0.13 | 23,376 | 6,196 | 0.13 | 24,166 |
| <u>Financial liabilities</u> | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | |
| USD:NTD | 29 | 28.54 | 826 | 63 | 28.48 | 1,781 | 1,023 | 30.23 | 30,940 |
| USD:CNY | 127,768 | 6.58 | 3,646,485 | 138,325 | 6.50 | 3,939,509 | 104,705 | 7.10 | 3,165,233 |
| EUR:CNY | 13,770 | 7.71 | 461,004 | 1,655 | 8.00 | 57,947 | 15,859 | 7.80 | 527,154 |
| HKD:USD | 335,040 | 0.13 | 1,229,597 | 335,088 | 0.13 | 1,229,771 | 390,880 | 0.13 | 1,524,432 |

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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 March 31, 2021 and 2020 would have increased (decreased) the after-tax net income for the three months ended March 31, 2021 and 2020 by \$2,432 thousand and \$2,098 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 ended March 31, 2021 and 2020, the foreign exchange (losses) gains, including both realized and unrealized, amounted to \$(5,096) thousand and \$24,814 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 \$21,758 thousand and \$30,091 thousand for the three months ended March 31, 2021 and 2020, 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 Three Months Ended March 31 | | | |
|--------------|--|---|--|---|
| | 2021 | | 2020 | |
| | 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% | \$ 25,536 | - | 20,807 | 4,720 |
| Decrease 10% | \$ (25,536) | - | (20,807) | (4,720) |

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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:

| | March 31, 2021 | | | | |
|--|--------------------------|-------------------|----------------|----------------|----------------|
| | Book Value | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Non-current financial assets at FVOCI | <u>\$ 255,364</u> | <u>60,540</u> | <u>-</u> | <u>194,824</u> | <u>255,364</u> |
| Financial assets measured at amortized cost | <u>\$ 9,859,168</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities measured at amortized cost | <u>\$ 25,248,440</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | December 31, 2020 | | | | |
| | Book Value | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Non-current financial assets at FVOCI | <u>\$ 257,587</u> | <u>62,763</u> | <u>-</u> | <u>194,824</u> | <u>257,587</u> |
| Financial assets measured at amortized cost | <u>\$ 10,372,793</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities measured at amortized cost | <u>\$ 25,159,952</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | March 31, 2020 | | | | |
| | Book Value | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at FVTPL | <u>\$ 47,200</u> | <u>47,200</u> | <u>-</u> | <u>-</u> | <u>47,200</u> |
| Non-current financial assets at FVOCI | <u>\$ 208,065</u> | <u>-</u> | <u>-</u> | <u>208,065</u> | <u>208,065</u> |
| Financial assets measured at amortized cost | <u>\$ 8,924,175</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities measured at amortized cost | <u>\$ 23,952,010</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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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 three months ended March 31, 2021 and 2020.

4) Reconciliation of Level 3 instruments

| | Non-current Financial Assets at FVOCI |
|--|---|
| | Equity Instrument without Quoted Price |
| Balance on January 1, 2021 | \$ 257,587 |
| Purchase | 460 |
| Total gains or losses | |
| Recognized as other comprehensive income | (2,683) |
| Balance on March 31, 2021 | \$ 255,364 |

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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| | Non-current Financial Assets at FVOCI |
|----------------------------|---|
| | Equity Instrument without Quoted Price |
| Balance on January 1, 2020 | \$ 216,065 |
| Capital reduction | (8,000) |
| Balance on March 31, 2020 | \$ 208,065 |

The total gains or losses is listed under “unrealized gain (loss) on financial assets at FVOCI”. The information regarding assets held as of March 31, 2021 and 2020 is as follows:

| | For the Three Months Ended March 31 | |
|---|--|-------------|
| | 2021 | 2020 |
| Total gains or losses | | |
| Recognized as other comprehensive income (which is listed under "unrealized loss on financial assets of FVOCI") | \$ (2,683) | - |

- 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.

Quantified information regarding significant unobservable inputs are as follows:

| Item | Valuation Technique | Significant Unobservable Inputs | Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement |
|--|--------------------------------|---|---|
| Financial assets at FVOCI equity investments without active market | Dividend discount model | Average expected future dividend income of 5 years (As of March 31, 2021, December 31 and March 31, 2020 were \$18~29,388 thousand, \$18~29,388 thousand, and \$0~30,176 thousand, respectively.) | The estimated fair value would increase, if the 5- year average expected future dividend income is increased. |

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

| <u>Item</u> | <u>Valuation Technique</u> | <u>Significant Unobservable Inputs</u> | <u>Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement</u> |
|-------------|----------------------------|---|--|
| | | ·Weighted average capital cost (As of March 31, 2021, December 31 and March 31, 2020, were 4.61%, 4.70% and 4.95%, respectively.) | ·The estimated fair value would decrease, if the weighted average capital cost is increased. |
| | | ·Discounting rate without market liquidity (As of March 31, 2021, December 31 and March 31, 2020, 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> |
| March 31, 2021 | | | | |
| Financial assets at FVOCI | | | | |
| Equity investments without an active market | 4.61 % | 1% | 6,931 | (6,586) |
| December 31, 2020 | | | | |
| Financial assets at FVOCI | | | | |
| Equity investments without an active market | 4.70 % | 1% | 6,755 | (6,421) |
| March 31, 2020 | | | | |
| Financial assets at FVOCI | | | | |
| Equity investments without an active market | 4.95 % | 1% | 7,043 | (6,695) |

(Continued)

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(aa) of the consolidated financial statements for the year ended December 31, 2020.

(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, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to Note 6 (ab) of the consolidated financial statements for the year ended December 31, 2020 for further details.

(ac) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2021 and 2020, were as follows:

Reconciliation of liabilities arising from financing activities were as follows:

| | <u>January 1, 2021</u> | <u>Cash flows</u> | <u>Non-cash changes</u> <u>Reclassification</u> | <u>March 31, 2021</u> |
|--------------------------|------------------------|-------------------|--|-----------------------|
| Other non-current assets | \$ <u>907,794</u> | <u>385,135</u> | <u>(129,580)</u> | <u>1,163,349</u> |
| | <u>January 1, 2020</u> | <u>Cash flows</u> | <u>Non-cash changes</u> <u>Reclassification</u> | <u>March 31, 2020</u> |
| Other non-current assets | \$ <u>905,188</u> | <u>3,266</u> | <u>(22,167)</u> | <u>886,287</u> |

(7) Related-party transactions:

(a) The ultimate parent company

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

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

(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 |
| Hua-Pu Development Co., Ltd. (Hua-Pu Development) | 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 |
| Fuzhou Aprec Mechanical and Electrical Co., Ltd. (Fuzhou Aprec) | Subsidiaries of subsidiaries' associates |
| Advancision Corporation (Advancision) | Subsidiaries of subsidiaries' associates |
| Chain-Yuan Investment Co., Ltd. (Chain-Yuan Investment) | Other related parties |
| San Lien Technology Corp. (San Lien Technology) | Other related parties |
| Kemitek Industrial Corp. (Kemitek Industrial) | Other related parties |
| CMP PUJEN Foundation for Arts and Culture (Foundation) | Other related parties |
| Pu Yuan Construction Co., Ltd. (Pu Yuan Construction) | Other related parties |
| LEESCO Development Co., Ltd. (LEESCO Development) | 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 |
| Gee Lien Resource Development Corp. (Gee Lien Resource) | Other related parties |
| Yi-Shi Investment Corporation (Yi-Shi) | Other related parties |
| Mr. Ming Shiann, Ho | Other related parties |
| Mr. Ting Fung, Lin | Key Management |

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

(c) Significant transactions with related parties

(i) Sales to related parties

- 1) 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 March 31</u> | | <u>March 31,</u> | <u>December</u> | <u>March 31,</u> |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>31, 2020</u> | <u>2020</u> |
| Associates | \$ 3,713 | 1,147 | 3,434 | 797 | 1,036 |
| Joint ventures | 342 | - | 227 | - | - |
| Other related parties | 86 | 35 | 12 | 182 | 11 |
| | <u>\$ 4,141</u> | <u>1,182</u> | <u>3,673</u> | <u>979</u> | <u>1,047</u> |

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

- 2) The amounts of significant real estate sales transactions and outstanding balance between the Group and related parties are as follows:

| | <u>Revenue recognized</u> | | <u>Advance real estate receipts</u> | | |
|-----------------------|--|-------------|-------------------------------------|-----------------|------------------|
| | <u>For the Three Months Ended March 31</u> | | <u>March 31,</u> | <u>December</u> | <u>March 31,</u> |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>31, 2020</u> | <u>2020</u> |
| Other related parties | \$ - | - | <u>30,070</u> | <u>9,300</u> | <u>-</u> |

The total contract price of real estate in contract with related parties mentioned above is \$196,870 thousand (tax included). Besides, the total contract price of \$56,320 thousand (tax included), which the Board of Directors has already passed the resolution but has not yet sign up, the Group has received \$150 thousand and has recognized it under other current liabilities. The terms and pricing of sales transactions with related parties were not significantly different from those with the third parties.

(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 March 31</u> | | <u>March 31,</u> | <u>December</u> | <u>March 31,</u> |
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>31, 2020</u> | <u>2020</u> |
| Associates | \$ 32,381 | 14,682 | 29,246 | 26,026 | 27,892 |
| Other related parties | - | 1,663 | 661 | 641 | 704 |
| | <u>\$ 32,381</u> | <u>16,345</u> | <u>29,907</u> | <u>26,667</u> | <u>28,596</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 March 31 | |
| | 2021 | 2020 |
| Joint ventures | \$ 30 | - |
| Other related parties: | | |
| Mr. Ming Shiann, Ho | 608 | 578 |
| Others | 127 | 15 |
| | <u>\$ 765</u> | <u>593</u> |

Guarantee Deposit Paid (Recognized under other non-current financial assets)

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|-----------------------|---------------------------|------------------------------|---------------------------|
| Other related parties | <u>\$ 443</u> | <u>443</u> | <u>443</u> |

2) Rental revenues

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

| | Rental Revenues | |
|-----------------------|--|-------------|
| | For the Three Months Ended March 31 | |
| | 2021 | 2020 |
| Associates | \$ 65 | 76 |
| Other related parties | 321 | 321 |
| | <u>\$ 386</u> | <u>397</u> |

**Guarantee Deposit Received
(Recognized under other non-current liabilities)**

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|------------|---------------------------|------------------------------|---------------------------|
| Associates | <u>\$ 300</u> | <u>300</u> | <u>300</u> |

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

(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 March 31 | |
| | 2021 | 2020 |
| Associates | \$ 75 | 75 |
| Joint ventures | 1,451 | 1,840 |
| | \$ 1,526 | 1,915 |

(v) Non-performing receivables

| | Total Claims | | |
|--------------------------|---------------------------|------------------------------|---------------------------|
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Joint ventures: | | | |
| The Splendor Hospitality | \$ 796,845 | 796,845 | 796,845 |
| | Costs of Claims | | |
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Joint ventures: | | | |
| The Splendor Hospitality | \$ 575,000 | 575,000 | 575,000 |

The claims mentioned above was recognized in other non-current financial assets, please refer to Note 6(1).

(vi) Guarantees and endorsements

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

| | Borrowing Limits | | |
|--------------------------|---------------------------|------------------------------|---------------------------|
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Joint ventures: | | | |
| The Splendor Hospitality | \$ 2,150,000 | 1,900,000 | 2,150,000 |
| Others | 45,680 | 45,680 | 45,680 |
| | \$ 2,195,680 | 1,945,680 | 2,195,680 |

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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| | Actual Usage Amount | | |
|--------------------------|----------------------------|------------------------------|---------------------------|
| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
| Joint ventures: | | | |
| The Splendor Hospitality | \$ 1,610,000 | 1,620,000 | 1,620,000 |
| Others | <u>45,680</u> | <u>45,680</u> | <u>45,680</u> |
| | <u>\$ 1,655,680</u> | <u>1,665,680</u> | <u>1,665,680</u> |

(vii) Guarantee for bank borrowings

The Group didn't 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 March 31 | |
|-----------------------|--|-------------|
| | 2021 | 2020 |
| Other related parties | <u>\$ -</u> | <u>834</u> |

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

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|-----------------------|---------------------------|------------------------------|---------------------------|
| Other related parties | <u>\$ 318</u> | <u>318</u> | <u>138</u> |

(ix) Other transactions

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

| | Donation | |
|-----------------------------------|--|-------------|
| | For the Three Months Ended March 31 | |
| | 2021 | 2020 |
| Other related parties: Foundation | <u>\$ -</u> | <u>15</u> |

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

| | Management Service Expenses | |
|-----------------------------------|--|--------------|
| | For the Three Months Ended March 31 | |
| | 2021 | 2020 |
| Other related parties: Foundation | <u>\$ -</u> | <u>3,500</u> |

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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- 3) The information on other services or transactions provided by related parties is as follows:

| | Other Expenses | |
|-----------------------|--|-------------|
| | For the Three Months Ended March 31 | |
| | 2021 | 2020 |
| Other related parties | \$ - | 28 |

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

| | Interest Revenues | |
|--------------------------|--|-------------|
| | For the Three Months Ended March 31 | |
| | 2021 | 2020 |
| Joint ventures: | | |
| The Splendor Hospitality | \$ 3,365 | 3,260 |
| Others | 82 | 81 |
| | \$ 3,447 | 3,341 |

- 5) Other receivables and advance payments from related parties

| | Other Receivables | | |
|-------------------------|-------------------------------------|---------------------|------------------|
| | (including advance payments) | | |
| | March 31, | December 31, | March 31, |
| | 2021 | 2020 | 2020 |
| Associates: | | | |
| Keng-Hsin Urban Renewal | \$ 48,810 | 35,114 | 30,183 |
| Others | 420 | 95 | 100 |
| Joint ventures | 74 | 77 | 131 |
| Other related parties | 527 | 122 | 4,135 |
| | \$ 49,831 | 35,408 | 34,549 |

- 6) Other payables and advance receipts from related parties

| | Other Payables | | |
|-----------------------|-------------------------------------|---------------------|------------------|
| | (including advance receipts) | | |
| | March 31, | December 31, | March 31, |
| | 2021 | 2020 | 2020 |
| Associates | \$ 158 | 8,384 | 8,001 |
| Joint ventures | 40 | 2,514 | 2 |
| Other related parties | - | 25 | 1,919 |
| Key management | - | 85 | - |
| | \$ 198 | 11,008 | 9,922 |

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(d) Key management transactions

The compensation of key management is as follows:

| | For the Three Months Ended March 31 | |
|------------------------------|--|---------------|
| | 2021 | 2020 |
| Short-term employee benefits | \$ 46,532 | 22,697 |
| Post-employment benefits | 477 | 414 |
| | \$ 47,009 | 23,111 |

(8) Pledged assets

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

| Pledged Assets | Object | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|--|---|---------------------------|------------------------------|---------------------------|
| Land (including other non-current assets) | The credit limits of long-term and short-term bank borrowings | \$ 1,424,638 | 1,424,638 | 1,466,374 |
| Buildings | " | 315,619 | 319,590 | 332,600 |
| Investment properties | " | 636,586 | 637,021 | 597,490 |
| Inventories—Land held for development | " | 5,790,877 | 5,790,877 | 5,841,338 |
| Inventories—Construction in progress | " | 6,432,379 | 5,330,961 | 4,222,195 |
| Inventories—Buildings and land held for sale | The credit limits of short-term borrowings | 2,027,811 | 2,226,801 | 3,776,433 |
| Other current financial assets | Bank acceptance bills | 49,760 | 13,850 | 38,453 |
| " | Trusts | 893,401 | 967,447 | 665,164 |
| | | \$ 17,571,071 | 16,711,185 | 16,940,047 |

(9) Significant commitments and contingencies

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

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

| | March 31, 2021 | December 31, 2020 | March 31, 2020 |
|--|---------------------------|------------------------------|---------------------------|
| Total contract price | \$ 11,536,709 | 11,020,485 | 8,806,969 |
| Total amounts paid under contracts (Note) | \$ 4,763,604 | 3,787,659 | 1,667,738 |

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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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(ii) The Group's total selling price for presale construction projects is as follows:

| | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|--|---------------------------|------------------------------|---------------------------|
| Total contract price | \$ <u>16,908,978</u> | <u>15,265,856</u> | <u>10,808,262</u> |
| Total amounts received under contracts (recognized under current contract liabilities) | \$ <u>2,854,405</u> | <u>2,434,499</u> | <u>1,603,135</u> |

(iii) The Group's purchase contracts of building capacity is as follows:

| | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</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> |

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

| | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|--|---------------------------|------------------------------|---------------------------|
| Security deposits of joint construction projects (recognized under other current and non-current financial assets) | \$ <u>390,992</u> | <u>352,223</u> | <u>304,334</u> |

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

| | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|---|---------------------------|------------------------------|---------------------------|
| Security deposits (recognized under other current and non-current financial assets) | \$ <u>99,289</u> | <u>99,289</u> | <u>97,412</u> |

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

| | <u>March 31, 2021</u> | <u>December 31, 2020</u> | <u>March 31, 2020</u> |
|--|---------------------------|------------------------------|---------------------------|
| Total contract price | \$ <u>283,842</u> | <u>283,842</u> | <u>289,542</u> |
| Total amounts paid under contracts (recognized under inventories—prepayments for land) | \$ <u>166,995</u> | <u>166,995</u> | <u>123,269</u> |

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(vii) 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 March 31, 2021 and 2020, 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 March 31, 2021 and 2020.
- (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 is as follows:

| <u>Litigant</u> | <u>Issue</u> | <u>Current Status</u> |
|----------------------|---|--|
| The Company | Filing a petition for the administrative penalty of the value-added tax in the Daguangsan real estate transaction which was approved by National Taxation Bureau of Taipei | National Taxation Bureau of Taipei has approved the additional value-added tax and the regarding penalty 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. Sunflower Investment 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. Sunflower Investment 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, Sunflower Investment 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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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 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 March 31 | | | | | |
|----------------------------|-------------|-------------------------------------|--------------------|---------|-----------------|--------------------|---------|
| | | 2021 | | | 2020 | | |
| | | Operating Costs | Operating Expenses | Total | Operating Costs | Operating Expenses | Total |
| Employee benefits | | | | | | | |
| Salary | | 176,037 | 156,214 | 332,251 | 144,049 | 135,141 | 279,190 |
| Labor and health insurance | | 14,670 | 12,023 | 26,693 | 11,362 | 10,034 | 21,396 |
| Pension | | 11,223 | 8,664 | 19,887 | 8,648 | 6,317 | 14,965 |
| Others | | 16,775 | 11,981 | 28,756 | 13,716 | 9,568 | 23,284 |
| Depreciation | | 181,276 | 73,419 | 254,695 | 170,557 | 71,305 | 241,862 |
| Amortization | | 439 | 789 | 1,228 | 459 | 4,750 | 5,209 |

(Continued)

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 three months ended March 31, 2021, 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 | 106,615 | 106,615 | 53,615 | 1.15% | 2 | - | Operation requirements | - | | - | 3,635,495 | 4,847,326 |
| 1 | Tianjin CMT | Suzhou CMB | Accounts receivable due from related parties | Yes | 219,000 | 217,000 | 217,000 | 0.75% | 2 | - | Operation requirements | - | | - | 325,437 | 433,916 |
| 1 | Tianjin CMT | CMW (Tianjin) | Accounts receivable due from related parties | Yes | 197,100 | 195,300 | 195,300 | 0.75% | 2 | - | Operation requirements | - | | - | 325,437 | 433,916 |
| 2 | Suzhou CMS | CMH | Accounts receivable due from related parties | Yes | 437,000 | 434,000 | 434,000 | 0.75% | 2 | - | Operation requirements | - | | - | 1,162,193 | 1,549,590 |

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 Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary (Note 3) | Subsidiary Endorsements/ Guarantees to Third Parties on Behalf of Parent Company (Note 3) | Endorsements/ Guarantees to Third Parties on Behalf of Companies in Mainland China (Note 3) |
|-----|---------------------------|--|--|--|---|-------------------------|-------------------------|--|---|---|---|---|---|
| | | Name | Relationship with the Company (Note 1) | | | | | | | | | | |
| 0 | The Company | Sunflower Investment | 1 | 4,847,326 | 110,000 | 110,000 | 64,000 | - | 0.91 % | 6,059,158 | Y | N | N |
| 0 | The Company | The Hotel National | 1 | 4,847,326 | 100,000 | 100,000 | 40,000 | - | 0.83 % | 6,059,158 | Y | N | N |
| 0 | The Company | Shangri-la Tourism | 1 | 4,847,326 | 902,500 | 902,500 | 430,000 | - | 7.45 % | 6,059,158 | Y | N | N |
| 0 | The Company | The Splendor Hospitality | 2 | 4,847,326 | 2,150,000 | 2,150,000 | 1,610,000 | - | 17.74 % | 6,059,158 | N | N | N |
| 0 | The Company | CMAAN Health | 2 | 4,847,326 | 45,680 | 45,680 | 45,680 | - | 0.38 % | 6,059,158 | N | N | N |
| 1 | CMAI N.A. | Pilot | 4 | 51,862 | 47,228 | 47,228 | 46,326 | - | 91.06 % | 51,862 | N | N | N |
| 2 | CMI | UEA | 3 | 4,064,234 | 1,229,597 | 1,229,597 | 1,229,597 | - | 12.10 % | 5,080,293 | 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.

(Continued)

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 March 31, 2021 (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 | 1,009,000 | 60,540 | 0.25 % | 60,540 | |
| Sunflower Investment | iI. 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 % | - | |
| Far Hsing | Acore Material technology Co., Ltd. | - | Non-current financial assets at FVOCI | 42,466 | - | 2.12 % | - | |

- (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 (Pavable) | | Note |
|-----------------|---------------|------------------------|---------------------|---------|-------------------------------------|---------------|---|---------------|-------------------------------------|---|------|
| | | | Purchase/Sale | Amount | Percentage of Total Purchases/Sales | Payment Terms | Unit Price | Payment Terms | Ending Balance | Percentage of Total Notes/Accounts Receivable (Pavable) | |
| Suzhou CMS | CMI | Subsidiaries | Sale | 330,428 | 39.12 % | 120-180 days | - | - | 1,382,478 | 69.36% | |
| CMW (Tianjin) | CMW (C.I.) | Subsidiaries | Sale | 441,409 | 38.55 % | 120-180 days | - | - | 1,787,850 | 59.72% | |

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

(Continued)

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

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

(In Thousands of NTD/In CNY)

| Name of Company | Counter-party | Nature of Relationship | Ending Balance | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Bad Debts |
|-----------------|---------------|------------------------|---|---------------|---------|--------------|---------------------------------------|-------------------------|
| | | | | | Amount | Action Taken | | |
| CMI | CMB (H.K.) | Parent company | Accounts receivable due from related parties, other 189,825 | - | - | - | - | - |
| CMW (C.I.) | CMI | Subsidiaries | Accounts receivable due from related parties, other 2,298,161 | - | - | - | CNY 6,900,000 | - |
| CMP (H.K.) | CMI | Subsidiaries | Accounts receivable due from related parties, other 352,578 | - | - | - | - | - |
| CMW (Tianjin) | CMW (C.I.) | Subsidiaries | Accounts receivable due from related parties 1,787,850 | 1.00 | - | - | CNY 8,867,109 | - |
| Tianjin CMT | CMI | Subsidiaries | Accounts receivable due from related parties 269,209 | - | - | - | - | - |
| Tianjin CMT | CMW (Tianjin) | Affiliates | Accounts receivable due from related parties, other 195,300 | - | - | - | - | - |
| Tianjin CMT | Suzhou CMB | Affiliates | Accounts receivable due from related parties, other 217,000 | - | - | - | - | - |
| Suzhou CMS | CMI | Subsidiaries | Accounts receivable due from related parties 1,382,478 | 0.97 | - | - | CNY 8,391,203 | - |
| Suzhou CMS | CMH | Affiliates | Accounts receivable due from related parties, other 434,000 | - | - | - | - | - |
| Suzhou CMB | CMI | Subsidiaries | Accounts receivable due from related parties 106,957 | 1.18 | - | - | - | - |

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 | 11,702 | 60~90 days | 0.32% |
| 1 | CMW (Tianjin) | CMW (C.I.) | 2 | Operating revenue | 441,409 | 180 days | 12.23% |
| 3 | Suzhou CMS | CMI | 2 | Operating revenue | 330,428 | 180 days | 9.15% |
| 4 | Suzhou CMB | Suzhou CMS | 3 | Operating revenue | 19,458 | 90 days | 0.54% |
| 4 | Suzhou CMB | CMI | 2 | Operating revenue | 29,366 | 180 days | 0.81% |
| 5 | National Management | China Metal Products | 2 | Operating revenue | 18,850 | OA 25 days | 0.52% |
| 0 | China Metal Products | Atrans Precision | 1 | Accounts receivable due from related parties | 17,871 | 60~90 days | 0.04% |
| 1 | CMW (Tianjin) | CMW (C.I.) | 2 | Accounts receivable due from related parties | 1,787,850 | 180 days | 3.93% |
| 2 | Tianjin CMT | CMI | 2 | Accounts receivable due from related parties | 269,209 | 180 days | 0.59% |
| 2 | Tianjin CMT | CMW (Tianjin) | 3 | Accounts receivable due from related parties | 43,163 | 90 days | 0.09% |
| 3 | Suzhou CMS | CMI | 2 | Accounts receivable due from related parties | 1,382,478 | 180 days | 3.04% |
| 4 | Suzhou CMB | CMB (H.K.) | 2 | Accounts receivable due from related parties | 18,808 | 180 days | 0.04% |
| 4 | Suzhou CMB | CMI | 2 | Accounts receivable due from related parties | 106,957 | 180 days | 0.24% |
| 4 | Suzhou CMB | Suzhou CMS | 3 | Accounts receivable due from related parties | 30,040 | 90 days | 0.07% |
| 7 | CMW(C.I.) | CMAI | 3 | Accounts receivable due from related parties | 16,261 | 90~120 days | 0.04% |
| 0 | China Metal Products | The Hotel National | 1 | Other receivables due from related parties | 54,070 | - | 0.12% |
| 2 | Tianjin CMT | CMW (Tianjin) | 3 | Other receivables due from related parties | 195,300 | - | 0.43% |
| 2 | Tianjin CMT | Suzhou CMS | 3 | Other receivables due from related parties | 11,308 | - | 0.02% |

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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| 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 | 217,000 | - | 0.48% |
| 3 | Suzhou CMS | CMH | 3 | Other receivables due from related parties | 434,000 | - | 0.96% |
| 6 | CMI | CMB (H.K.) | 1 | Other receivables due from related parties | 189,825 | - | 0.42% |
| 7 | CMW (C.I.) | CMW (Tianjin) | 1 | Other receivables due from related parties | 46,149 | - | 0.10% |
| 7 | CMW (C.I.) | CMI | 2 | Other receivables due from related parties | 2,298,161 | - | 5.06% |
| 9 | CMP (H.K.) | CMI | 2 | Other receivables due from related parties | 352,578 | - | 0.78% |
| 11 | CMAI | CMAI (N.A.) | 1 | Other receivables due from related parties | 21,683 | - | 0.05% |
| 10 | CHINGENG Land Development | PUJEN Land Development | 2 | Other receivables due from related parties | 48,810 | - | 0.11% |
| 8 | CMB (H.K.) | Suzhou CMB | 1 | Other long-term receivables due from related parties | 24,812 | - | 0.05% |

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 three months ended March 31, 2021 (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 March 31, 2021 | | | Net Income (Losses) of Investee | Share of Profits/Losses of Investee | Note |
|------------------|---------------------------|------------------------|--|----------------------------|-------------------|------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|--|
| | | | | March 31, 2021 | December 31, 2020 | Shares | Percentage of Ownership | Carrying Value | | | |
| The Company | UEA | British Virgin Islands | Investing in CMI | 865,286 | 865,286 | 667,820 | 100.00 % | 7,325,454 | 156,976 | 156,976 | Subsidiaries |
| The Company | Sunflower Investment | Taiwan | Investing | 99,000 | 99,000 | 67,006,291 | 99.00 % | 927,011 | 8,766 | 8,679 | Subsidiaries |
| The Company | Atrans Precision | Taiwan | Vehicle parts processing | 247,218 | 247,218 | 25,782,134 | 72.24 % | 376,157 | 1,522 | 1,015 | Subsidiaries |
| The Company | CMJ | Japan | Cast iron product retailing | 4,887 | 4,887 | 500 | 83.33 % | 82,519 | 14,916 | 12,429 | Subsidiaries |
| The Company | CMAI | Hong Kong | Vehicle parts retailing | 15,466 | 15,466 | 940,000 | 94.00 % | 137,445 | 2,607 | 2,451 | Subsidiaries |
| The Company | Pu Sheng Construction | Taiwan | Residents, commercial buildings and factories leasing and developing | - | 30 | - | - % | - | (17) | 5,538 | 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 % | 4,149,093 | 76,838 | 37,860 | 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) | (148) | - | Investees accounted for using equity method |
| The Company | The Hotel National | Taiwan | International tourist hotel services | 1,305,952 | 1,305,233 | 31,200,000 | 100.00 % | 737,703 | (8,716) | (9,188) | Subsidiaries |
| The Company | National Management | Taiwan | Management and consulting services | 10,000 | 10,000 | 1,000,000 | 100.00 % | 16,665 | 1,975 | 1,667 | Subsidiaries |
| The Company | The Splendor Hospitality | Taiwan | International tourist hotel services | 975,000 | 975,000 | 97,500,000 | 50.00 % | 232,173 | (35,426) | (21,078) | 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 % | 193,512 | (130) | (887) | Subsidiaries |
| The Company | CMAAN Health | Taiwan | Management and consulting services | 50,000 | 50,000 | 5,000,000 | 50.00 % | 40,298 | 4,363 | 2,705 | Joint ventures accounted for using equity method |
| The Company | InterContinental Taichung | Taiwan | International tourist hotel services | 300 | 300 | 30,000 | 100.00 % | 245 | (3) | (3) | Subsidiaries |

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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| Name of Investor | Name of Investee | Location | Main Businesses | Original Investment Amount | | Balance as of March 31, 2021 | | | Net Income (Losses) of Investee | Share of Profits/Losses of Investee | Note | |
|------------------------|--------------------------------------|------------------------|--|----------------------------|-------------------|------------------------------|-------------------------|-------------------|---------------------------------|-------------------------------------|------------------------|--|
| | | | | March 31, 2021 | December 31, 2020 | Shares | Percentage of Ownership | Carrying Value | | | | |
| The Company | Calligraphy Greenway Plaza Co., Ltd. | Taiwan | Management and consulting services | 30,000 | 30,000 | 3,000,000 | 100.00 % | 30,570 | 322 | 630 | Subsidiaries | |
| Sunflower Investment | PUJEN Land Development | Taiwan | Residents, commercial buildings and factories leasing and developing | 280,768 | 280,768 | 42,269,213 | 15.07 % | 1,068,518 | 76,838 | | Exempt from disclosure | Subsidiaries of the Company |
| Sunflower Investment | Atrans Precision | Taiwan | Vehicle parts processing | 77,836 | 77,836 | 4,737,380 | 13.27 % | 68,783 | 1,522 | | 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 % | (7,727) | (148) | | Exempt from disclosure | Investee 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 % | 27,978 | (17,232) | | 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 % | 18,133 | - | | 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 298,266,307 | USD 6,910,737 | | 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 1,221,760,541 | CNY 25,497,125 | | 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 1,770,227,158 | CNY 28,679,890 | | 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 573,267,517 | CNY (2,485,705) | | 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 1,224,496,716 | CNY 25,497,125 | | Exempt from disclosure | CMI(BVI)'s subsidiary |
| CMAI | CMAI Holding | USA | Investing | USD 8,328,644 | USD 8,328,644 | 10,000 | 100.00 % | USD 2,571,657 | USD (95,052) | | Exempt from disclosure | Subsidiaries of CMAI |
| CMAI Holding | Pilot | USA | Assets leasing | USD 8,328,644 | USD 8,328,644 | - | 100.00 % | USD 2,571,657 | USD (95,052) | | 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 1,692,808 | USD (124,362) | | Exempt from disclosure | Subsidiaries of Pilot |
| Atrans Precision | FAR HSING (SAMOA) | SAMOA | Investing | USD 3,922,055 | USD 3,922,055 | 3,922,055 | 100.00 % | 123,185 | (3,729) | | Exempt from disclosure | Subsidiaries 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 4,175,529 | USD (607,391) | | 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 | - | - % | - | (17) | | 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 % | 311,213 | - | | 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 % | 69,351 | (8) | | 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 | 94,500 | 9,450,000 | 70.00 % | 69,039 | (38) | | 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 % | 27,584 | (470) | | 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 % | 48,648 | (130) | | 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 % | 5,322 | 365 | | 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 % | 4,951 | 631 | | Exempt from disclosure | Investees of PUJEN Land Development accounted for using equity method |

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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, 2021 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of March 31, 2021 | 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 | 856,200 (USD30,000) | 2 | 388,238 | - | - | 388,238 | (1,705) (CNY389) | 82.55% | (1,408) (CNY321) | 1,084,790 (CNY249,952) | 82,542 |
| Suzhou CMS | Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling | 684,960 (USD24,000) | 2 | 423,406 | - | - | 423,406 | 112,496 (CNY25,684) | 82.55% | 92,838 (CNY21,196) | 3,874,807 (CNY892,813) | 14,601 |
| Suzhou CMB | Cast iron product designing, manufacturing and retailing | 2,340,280 (USD82,000) | 2 | - | - | - | - | (5,369) (CNY1,226) | 82.55% | (4,432) (CNY1,012) | 2,664,565 (CNY613,955) | - |
| CMW (Tianjin) | Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling | 913,280 (USD32,000) | 2 | - | - | - | - | 125,294 (CNY28,606) | 82.55% | 104,324 (CNY23,818) | 4,748,269 (CNY1,094,071) | - |
| 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 | 913,280 (USD32,000) | 2 | - | - | - | - | (2,650) (CNY605) | 82.55% | (2,187) (CNY499) | 946,068 (CNY217,988) | - |
| Qingdao Sourcing Specialists | Cast iron product retailing | 2,854 (USD100) | 2 | - | - | - | - | 2,979 (JPY11,123) | 83.33% | 2,482 (JPY9,269) | 44,720 (JPY173,536) | - |

(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

| Accumulated Investment in Mainland China as of March 31, 2021 | Investment Amount Authorized by the Investment Commission, MOEA | Upper Limit on Investment (Note 4) |
|---|---|------------------------------------|
| 811,644 | 5,954,043 (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 March 31, 2021, 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 aforementioned investments have been eliminated in the consolidated financial statements.

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

(iii) Significant transactions: None.

(Continued)

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

(d) Major shareholders:

| Shareholder's Name | Shareholding | Shares | Percentage |
|---------------------------------|--------------|------------|------------|
| Chain-Yuan Investment Co., Ltd. | | 50,939,965 | 13.54 % |
| 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 March 31, 2021 | | | | | |
| Revenue from external customers | \$ 3,060,794 | 381,110 | 167,809 | - | 3,609,713 |
| Intersegment revenues | 876,377 | 850 | 23,611 | (900,838) | - |
| Total revenue | <u>\$ 3,937,171</u> | <u>381,960</u> | <u>191,420</u> | <u>(900,838)</u> | <u>3,609,713</u> |
| Reportable segment profit or loss | <u>\$ 264,125</u> | <u>93,930</u> | <u>9,875</u> | <u>(92,152)</u> | <u>275,778</u> |
| For the Three Months Ended March 31, 2020 | | | | | |
| Revenue from external customers | \$ 2,114,826 | 3,463 | 147,894 | - | 2,266,183 |
| Intersegment revenues | 481,497 | 1,292 | 19,340 | (502,129) | - |
| Total revenue | <u>\$ 2,596,323</u> | <u>4,755</u> | <u>167,234</u> | <u>(502,129)</u> | <u>2,266,183</u> |
| Reportable segment profit or loss | <u>\$ 169,713</u> | <u>(77,720)</u> | <u>(37,987)</u> | <u>(108,120)</u> | <u>(54,114)</u> |

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