

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

**CONSOLIDATED FINANCIAL STATEMENTS**

**with Independent Auditors' Review Report  
For the Six Months Ended June 30, 2021 and 2020**

Address: 4F, NO.85, SEC.4, REN' AI RD, TAIPEI, TAIWAN, R.O.C.  
Telephone: 886-2-2711-2831

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

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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## 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 June 30, 2021 and 2020, and the related consolidated statements of comprehensive income, for the three months and six months ended June 30, 2021 and 2020, and the changes in equity and cash flows for the six months ended June 30, 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 \$5,095,029 thousand and \$5,279,323 thousand, constituting 10.45% and 12.30% of the consolidated total assets; and the total liabilities amounting to \$4,199,026 thousand and \$3,469,451 thousand, constituting 12.65% and 12.33% of the consolidated total liabilities as of June 30, 2021 and 2020, respectively, as well as the total comprehensive income (loss) amounting to \$(13,550) thousand, \$(50,239) thousand, \$(22,546) thousand and \$(110,663) thousand, constituting (49.33)%, 88.72%, (15.02)% and 43.74% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2021 and 2020, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of the Group in its investee companies of \$696,554 thousand and \$777,708 thousand as of June 30, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$(38,964) thousand, \$(37,420) thousand, \$(61,419) thousand and \$(68,314) thousand for the three months and six months ended June 30, 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 June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, and its consolidated cash flows for the six months ended June 30, 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 Shih-Chin Chih and Kuo-Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)  
August 12, 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 June 30, 2021 and 2020**

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

**Consolidated Balance Sheets**

**June 30, 2021, December 31, 2020, and June 30, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2021		December 31, 2020		June 30, 2020				June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (Notes 6(a) and (z))	\$ 4,186,529	9	4,213,805	9	3,728,199	9	2100	Short-term borrowings (Notes 6(m) and (z))	\$ 10,624,062	22	7,990,614	18	10,142,156	24
1110	Current financial assets at fair value through profit or loss (Notes 6(b) and (z))	-	-	-	-	45,440	-	2130	Current contract liabilities (Notes 6(v), 7 and 9(a))	3,933,184	8	2,492,984	6	1,894,100	4
1170	Notes and accounts receivable, net (Notes 6(d), (v) and (z))	3,887,874	8	3,818,110	9	3,247,212	7	2170	Notes and accounts payable (Notes 6(z) and 7)	2,725,266	6	2,636,629	6	1,996,624	5
1180	Accounts receivable due from related parties, net (Notes 6(z) and 7)	3,094	-	979	-	370	-	2180	Accounts payable due to related parties (Notes 6(z) and 7)	29,341	-	26,663	-	22,838	-
1200	Other receivables (Note 6(z))	73,653	-	58,957	-	60,519	-	2200	Other payables (Note 6(z))	2,176,141	5	1,441,633	4	1,213,645	3
1210	Other receivables due from related parties (Notes 6(z) and 7)	46,455	-	35,408	-	41,911	-	2220	Other payables due to related parties (Notes 6(z) and 7)	197,382	-	11,008	-	8,205	-
130X	Inventories (Notes 6(e), 8 and 9(a))	21,131,088	43	18,216,289	41	18,397,727	43	2230	Current income tax liabilities	63,086	-	81,350	-	56,298	-
1410	Prepayments (Note 9(a))	300,459	1	245,146	-	285,789	1	2280	Current lease liabilities (Notes 6(o) and (z))	180,389	-	184,634	-	185,769	-
1470	Other current assets	448,526	1	284,867	1	294,932	1	2322	Long-term borrowings, current portion (Notes 6(n) and (z))	1,007,366	2	100,240	-	1,169,705	3
1476	Other current financial assets (Notes 6(z), 8 and 9(a))	1,525,948	3	1,562,746	4	1,241,626	3	2399	Other current liabilities (Notes 6(p) and (r))	150,135	-	89,023	-	89,933	-
1480	Incremental costs of obtaining contracts	360,182	1	223,041	-	192,482	-		<b>Total current liabilities</b>	<u>21,086,352</u>	<u>43</u>	<u>15,054,778</u>	<u>34</u>	<u>16,779,273</u>	<u>39</u>
	<b>Total current assets</b>	<u>31,963,808</u>	<u>66</u>	<u>28,659,348</u>	<u>64</u>	<u>27,536,207</u>	<u>64</u>		<b>Non-current liabilities:</b>						
<b>Non-current assets:</b>															
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(c) and (z))	216,561	1	257,587	1	208,065	-	2540	Long-term borrowings (Notes 6(n) and (z))	9,428,600	19	10,939,362	24	8,420,602	20
1550	Investments accounted for using equity method (Note 6(f))	696,554	1	748,266	2	777,708	2	2570	Deferred tax liabilities	585,258	1	602,386	1	621,429	1
1600	Property, plant and equipment (Notes 6(h), 8 and 9(a))	10,254,114	21	10,164,563	23	9,438,819	22	2580	Non-current lease liabilities (Notes 6(o) and (z))	1,732,016	4	1,812,222	4	1,896,870	4
1755	Right-of-use assets (Note 6(i))	2,125,231	4	2,222,519	5	2,305,525	5	2600	Other non-current liabilities (Notes 6(p), (z) and 7)	321,458	1	336,708	1	370,033	1
1760	Investment property, net (Notes 6(j) and 8)	708,211	2	691,156	1	636,589	2	2640	Non-current net defined benefit liabilities	27,468	-	39,792	-	40,226	-
1780	Intangible assets (Note 6(k))	393,294	1	400,762	1	398,061	1		<b>Total non-current liabilities</b>	<u>12,094,800</u>	<u>25</u>	<u>13,730,470</u>	<u>30</u>	<u>11,349,160</u>	<u>26</u>
1840	Deferred tax assets	31,451	-	38,213	-	36,463	-		<b>Total liabilities</b>	<u>33,181,152</u>	<u>68</u>	<u>28,785,248</u>	<u>64</u>	<u>28,128,433</u>	<u>65</u>
1900	Other non-current assets (Notes 6(h), 7, 8 and 9(a))	1,648,775	3	907,794	2	903,750	2		<b>Equity attributable to owners of parent (Note 6(t)):</b>						
1975	Non-current net defined benefit assets	13,931	-	13,053	-	8,443	-	3100	Ordinary share	3,761,221	8	3,761,221	8	3,852,521	9
1980	Other non-current financial assets (Notes 6(l), (z), 7 and 9(a))	683,655	1	684,059	1	679,748	2	3200	Capital surplus	1,487,802	3	1,487,802	4	1,523,104	4
	<b>Total non-current assets</b>	<u>16,771,777</u>	<u>34</u>	<u>16,127,972</u>	<u>36</u>	<u>15,393,171</u>	<u>36</u>	3300	Retained earnings	6,494,665	13	6,651,340	15	6,235,756	15
	<b>Total assets</b>	<u>\$ 48,735,585</u>	<u>100</u>	<u>44,787,320</u>	<u>100</u>	<u>42,929,378</u>	<u>100</u>	3400	Other equity	(2,803)	-	126,031	-	(283,467)	(1)
								3500	Treasury share	-	-	-	-	(224,905)	(1)
									<b>Total equity attributable to owners of parent:</b>	<u>11,740,885</u>	<u>24</u>	<u>12,026,394</u>	<u>27</u>	<u>11,103,009</u>	<u>26</u>
								36XX	Non-controlling interests	3,813,548	8	3,975,678	9	3,697,936	9
									<b>Total equity</b>	<u>15,554,433</u>	<u>32</u>	<u>16,002,072</u>	<u>36</u>	<u>14,800,945</u>	<u>35</u>
									<b>Total liabilities and equity</b>	<u>\$ 48,735,585</u>	<u>100</u>	<u>44,787,320</u>	<u>100</u>	<u>42,929,378</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Comprehensive Income**

**For the Three Months and Six Months Ended June 30, 2021 and 2020**

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

	For the Three Months Ended				For the Six Months Ended				
	June 30				June 30				
	2021		2020		2021		2020		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (Notes 6(v) and 7)	\$ 3,308,803	100	2,341,945	100	6,918,516	100	4,608,128	100
5000	Operating costs (Notes 6(e) and 7)	(2,626,182)	(79)	(1,752,371)	(75)	(5,383,370)	(78)	(3,585,429)	(78)
	<b>Gross profit from operations</b>	<u>682,621</u>	<u>21</u>	<u>589,574</u>	<u>25</u>	<u>1,535,146</u>	<u>22</u>	<u>1,022,699</u>	<u>22</u>
	<b>Operating expenses (Note 7):</b>								
6100	Selling expenses	(150,687)	(5)	(98,360)	(4)	(307,473)	(4)	(207,067)	(4)
6200	Administrative expenses	(361,531)	(11)	(331,859)	(14)	(729,076)	(11)	(649,992)	(14)
6300	Research and development expenses	(2,681)	-	(2,512)	-	(6,306)	-	(4,984)	-
6450	Expected credit (losses) gains (Note 6(d))	(185)	-	1,026	-	127	-	8,057	-
	<b>Total operating expenses</b>	<u>(515,084)</u>	<u>(16)</u>	<u>(431,705)</u>	<u>(18)</u>	<u>(1,042,728)</u>	<u>(15)</u>	<u>(853,986)</u>	<u>(18)</u>
6500	<b>Net other income and expenses (Note 6(x) and 7)</b>	<u>-</u>	<u>-</u>	<u>1,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,861</u>	<u>-</u>
	<b>Net operating income</b>	<u>167,537</u>	<u>5</u>	<u>159,754</u>	<u>7</u>	<u>492,418</u>	<u>7</u>	<u>172,574</u>	<u>4</u>
	<b>Non-operating income and expenses:</b>								
7100	Interest income (Notes 6(y) and 7)	11,568	-	16,171	1	29,032	-	27,345	1
7010	Other income (Notes 6(y) and 7)	42,611	1	55,460	2	64,772	1	60,128	1
7020	Other gains and losses (Note 6(g) and (y))	(14,123)	(1)	(33,366)	(1)	(24,902)	-	(7,017)	-
7050	Finance costs (Note 6(y) and 7)	(63,663)	(1)	(67,254)	(3)	(119,157)	(2)	(145,485)	(3)
7375	Share of losses of associates and joint ventures accounted for using equity method (Note 6(f))	(38,964)	(1)	(37,420)	(2)	(61,419)	(1)	(68,314)	(1)
	<b>Total non-operating income and expenses</b>	<u>(62,571)</u>	<u>(2)</u>	<u>(66,409)</u>	<u>(3)</u>	<u>(111,674)</u>	<u>(2)</u>	<u>(133,343)</u>	<u>(2)</u>
	<b>Profit from continuing operations before tax</b>	<u>104,966</u>	<u>3</u>	<u>93,345</u>	<u>4</u>	<u>380,744</u>	<u>5</u>	<u>39,231</u>	<u>2</u>
7950	Less: Tax expense (Note 6(s))	(19,456)	(1)	(3,804)	-	(74,618)	(1)	(15,242)	(1)
8200	<b>Net profit</b>	<u>85,510</u>	<u>2</u>	<u>89,541</u>	<u>4</u>	<u>306,126</u>	<u>4</u>	<u>23,989</u>	<u>1</u>
8300	<b>Other comprehensive income:</b>								
8310	<b>Items that may not be reclassified subsequently to profit or loss:</b>								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(t) and (z))	(9,506)	-	-	-	(12,189)	-	-	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Total items that may not be reclassified subsequently to profit or loss</b>	<u>(9,506)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,189)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss:</b>								
8361	Exchange differences on translation of foreign financial statements (Note 6(t))	(48,535)	(1)	(146,168)	(6)	(143,828)	(2)	(276,992)	(6)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>(48,535)</u>	<u>(1)</u>	<u>(146,168)</u>	<u>(6)</u>	<u>(143,828)</u>	<u>(2)</u>	<u>(276,992)</u>	<u>(6)</u>
8300	<b>Other comprehensive income (after tax)</b>	<u>(58,041)</u>	<u>(1)</u>	<u>(146,168)</u>	<u>(6)</u>	<u>(156,017)</u>	<u>(2)</u>	<u>(276,992)</u>	<u>(6)</u>
8500	<b>Comprehensive income</b>	<u>\$ 27,469</u>	<u>1</u>	<u>(56,627)</u>	<u>(2)</u>	<u>150,109</u>	<u>2</u>	<u>(253,003)</u>	<u>(5)</u>
	<b>Net profit, attributable to:</b>								
8610	Owners of parent	\$ 57,806	1	70,308	3	231,315	3	12,802	1
8620	Non-controlling interests	27,704	1	19,233	1	74,811	1	11,187	-
		<u>\$ 85,510</u>	<u>2</u>	<u>89,541</u>	<u>4</u>	<u>306,126</u>	<u>4</u>	<u>23,989</u>	<u>1</u>
	<b>Comprehensive income attributable to:</b>								
8710	Owners of parent	\$ 13,664	-	(47,260)	(2)	105,587	1	(214,556)	(4)
8720	Non-controlling interests	13,805	1	(9,367)	-	44,522	1	(38,447)	(1)
		<u>\$ 27,469</u>	<u>1</u>	<u>(56,627)</u>	<u>(2)</u>	<u>150,109</u>	<u>2</u>	<u>(253,003)</u>	<u>(5)</u>
	<b>Earnings per share (expressed in dollars) (Note 6(u))</b>								
9750	<b>Basic earnings per share</b>	<u>\$ 0.15</u>		<u>0.18</u>		<u>0.62</u>		<u>0.03</u>	
9850	<b>Diluted earnings per share</b>	<u>\$ 0.15</u>		<u>0.18</u>		<u>0.61</u>		<u>0.03</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the Six Months Ended June 30, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of Parent										
	Share Capital		Retained Earnings			Other Equity					
						Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury share	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings							
<b>Balance on January 1, 2020</b>	\$ 3,852,521	1,523,104	1,756,147	49,081	4,764,453	(143,749)	87,640	-	11,889,197	3,852,894	15,742,091
Profit for the six months ended June 30, 2020	-	-	-	-	12,802	-	-	-	12,802	11,187	23,989
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	(227,358)	-	-	(227,358)	(49,634)	(276,992)
Total comprehensive income for the six months ended June 30, 2020	-	-	-	-	12,802	(227,358)	-	-	(214,556)	(38,447)	(253,003)
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	45,022	-	(45,022)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	7,028	(7,028)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(346,727)	-	-	-	(346,727)	-	(346,727)
Purchase of treasury share	-	-	-	-	-	-	-	(224,905)	(224,905)	-	(224,905)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	11,414	11,414
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(127,925)	(127,925)
<b>Balance on June 30, 2020</b>	\$ 3,852,521	1,523,104	1,801,169	56,109	4,378,478	(371,107)	87,640	(224,905)	11,103,009	3,697,936	14,800,945
<b>Balance on January 1, 2021</b>	\$ 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 six months ended June 30, 2021	-	-	-	-	231,315	-	-	-	231,315	74,811	306,126
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	(113,526)	(12,202)	-	(125,728)	(30,289)	(156,017)
Total comprehensive income for the six months ended June 30, 2021	-	-	-	-	231,315	(113,526)	(12,202)	-	105,587	44,522	150,109
Appropriation and distribution of retained earnings:											
Cash dividends	-	-	-	-	(387,406)	-	-	-	(387,406)	-	(387,406)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(3,690)	-	-	-	(3,690)	-	(3,690)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(12,927)	(12,927)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(193,725)	(193,725)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	3,106	-	(3,106)	-	-	-	-
<b>Balance on June 30, 2021</b>	\$ 3,761,221	1,487,802	1,801,169	56,109	4,637,387	(81,328)	78,525	-	11,740,885	3,813,548	15,554,433

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Cash Flows**

**For the Six Months Ended June 30, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 380,744	39,231
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	479,134	475,180
Amortization expense	2,366	10,333
Expected credit gains	(127)	(8,057)
Net losses on financial assets or liabilities at fair value through profit or loss	-	6,000
Interest expense	119,157	145,485
Interest income	(29,032)	(27,345)
Dividend income	(13,512)	(27,590)
Share of losses of associates and joint ventures accounted for using equity method	61,419	68,314
Losses (gains) on disposal of property, plant and equipment	3,532	(5,496)
Property, plant and equipment transferred to expenses	160	171
Loss on disposal of investment	5,013	-
Lease modification gains	(8)	(1,185)
Other losses	-	25,564
Effect of exchange rate changes on short-term and long-term borrowings	(17,802)	-
<b>Total adjustments to reconcile profit</b>	<b>610,300</b>	<b>661,374</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes and accounts receivable, net	(130,283)	575,863
Accounts receivable due from related parties, net	(3,055)	(2,414)
Other receivables	288,184	(13,031)
Inventories	(2,915,666)	(698,012)
Prepayments	(55,848)	(61,815)
Other current assets	(184,993)	(52,611)
Other financial assets	36,836	(162,090)
Incremental costs of obtaining contracts	(137,141)	(36,379)
<b>Total changes in operating assets</b>	<b>(3,101,966)</b>	<b>(450,489)</b>
<b>Changes in operating liabilities:</b>		
Notes and accounts payable (including related parties), net	317,931	(538,002)
Other payables	37,792	(60,601)
Current contract liabilities	1,441,164	506,109
Other current liabilities	50,231	(16,150)
Other non-current liabilities	(13,537)	(1,140)
<b>Total changes in operating liabilities</b>	<b>1,833,581</b>	<b>(109,784)</b>
<b>Total changes in operating assets and liabilities</b>	<b>(1,268,385)</b>	<b>(560,273)</b>
<b>Total adjustments</b>	<b>(658,085)</b>	<b>101,101</b>
Cash flows (used in) generated from operations	(277,341)	140,332
Interest received	22,118	20,770
Dividends received	13,888	28,614
Interest paid	(143,785)	(172,016)
Income taxes paid	(103,354)	(49,418)
<b>Net cash flows used in operating activities</b>	<b>(488,474)</b>	<b>(31,718)</b>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(460)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	29,297	-
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	(539,174)	(351,858)
Proceeds from disposal of property, plant and equipment	2,726	10,390
Acquisition of intangible assets	(928)	(499)
Decrease in other financial assets	232	629
Increase in other non-current assets	(771,717)	(23,888)
<b>Net cash flows used in investing activities</b>	<b>(1,276,392)</b>	<b>(357,226)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	5,565,901	4,916,152
Decrease in short-term borrowings	(3,012,230)	(3,029,240)
Increase in short-term notes and bills payable	105,074	314,780
Proceeds from long-term borrowings	2,696,202	2,503,907
Repayments of long-term borrowings	(3,251,392)	(3,791,288)
Payment of lease liabilities	(95,299)	(94,113)
Increase in other non-current liabilities	3,718	2,927
Payment of treasury share	-	(224,905)
Cash dividends paid to non-controlling interests	(192,744)	(126,761)
Change in non-controlling interests	(25,121)	11,414
<b>Net cash flows generated from financing activities</b>	<b>1,794,109</b>	<b>482,873</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(56,519)</b>	<b>(66,277)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(27,276)</b>	<b>27,652</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4,213,805</b>	<b>3,700,547</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 4,186,529</b>	<b>3,728,199</b>

See accompanying notes to consolidated financial statements.



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

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

**Notes to the Consolidated Financial Statements**

**For the Six Months Ended June 30, 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 August 12, 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”

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

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

- (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 January 1, 2022, would not have a significant impact on its consolidated financial statements:

- 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”

(Continued)

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

- (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”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

**(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
			June 30, 2021	December 31, 2020	June 30, 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

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
The Company	The Hotel National Co., Ltd. (The Hotel National)	International tourist hotel services and other hotel business approved by the Ministry of Transportation and Communications	100.00 %	100.00 %	100.00 %	Note 1
The Company	CHINA METAL AUTOMOTIVE INTERNATIONAL CO., LTD. (CMAI)	Vehicle parts retailing	94.00 %	94.00 %	94.00 %	Note 1
The Company	CMJ CO., LTD. (CMJ) (Note 3)	Cast iron product retailing	83.33 %	83.33 %	83.33 %	Note 1
The Company	National Management Co., Ltd. (National Management)	Management and consulting services	100.00 %	100.00 %	100.00 %	Note 1
The Company and Sunflower Investment	PUJEN Land Development Co., Ltd. (PUJEN Land Development)	Residents, commercial buildings and factories leasing and developing	71.72 %	71.72 %	71.72 %	Note 2
The Company and PUJEN Land Development	Pu Sheng Construction Co., Ltd. (Pu Sheng Construction)	Residents, commercial buildings and factories leasing and developing	- %	50.00 %	50.00 %	Note 1 and 5
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
The Company	Calligraphy Greenway Plaza Co., Ltd. (Calligraphy Greenway Plaza)	Management and consulting services	100.00 %	100.00 %	- %	Notes 1 and 4
UEA	China Metal International Holdings Inc. (CMI)	Investing and cast iron product retailing	82.74 %	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

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
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
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	CMAI Holding, Inc. (CMAI Holding)	Investing	100.00 %	100.00 %	100.00 %	Note 1
CMAI Holding	Pilot Drive LLC (Pilot)	Assets leasing	100.00 %	100.00 %	100.00 %	Note 1
Pilot	CMAI INDUSTRIES INC (CMAI N.A.)	Vehicle parts retailing	100.00 %	100.00 %	100.00 %	Note 1

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

Note 2: The financial statements have been reviewed.

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

Note 4: Set up in the 4<sup>th</sup> quarter of 2020.

Note 5: 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.

(Continued)

**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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash on hand	\$ 6,345	6,673	6,794
Cash in banks	3,093,545	2,680,248	2,337,212
Time deposits	1,086,639	1,526,884	1,384,193
Cash and cash equivalents	<u>\$ 4,186,529</u>	<u>4,213,805</u>	<u>3,728,199</u>

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

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Financial assets at fair value through profit or loss			
Stocks listed on domestic markets	<u>\$ -</u>	<u>-</u>	<u>45,440</u>

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

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

(iii) As of June 30, 2021, December 31 and June 30, 2020, the financial assets were not pledged as collateral.

(Continued)

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

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets— Yung Tay Engineering Co., Ltd.	\$ 35,297	62,763	-
Stocks unlisted on domestic markets— MEITA Industrial Co., Ltd.	118,425	135,300	135,300
Stocks unlisted on domestic markets— YUHUA Venture Capital Co., Ltd.	485	435	830
Stocks unlisted on domestic markets— FUHUA Venture Capital Co., Ltd.	1,107	1,574	1,920
Stocks unlisted on domestic markets— GUANGYUAN Investment Co., Ltd.	32,923	31,580	44,080
Stocks unlisted on domestic markets— DEVELOPMENT Venture Capital Co., Ltd.	28,324	25,935	25,935
<b>Total</b>	<b>\$ <u>216,561</u></b>	<b><u>257,587</u></b>	<b><u>208,065</u></b>

- (i) The Group holds the equity investments for long-term strategic purposes, rather than transaction purposes. Therefore, the investments are measured at FVOCI.
- (ii) For the three months and six months ended June 30, 2021 and 2020, the Group received dividend income amounting to \$13,512 thousand, \$27,590 thousand, \$13,512 thousand and \$27,590 thousand, respectively, from the above investments measured at FVOCI.
- (iii) In the second quarter of 2021, the Group has sold its shares of Yung Tay Engineering Co., Ltd., as a result of a takeover offer for cash. The shares sold had a fair value of \$29,297 thousand, and wherein the Group realized a gain of \$3,137 thousand, which was reclassified from other comprehensive income to retained earnings. The Group did not dispose the strategic investments during the first two quarters of 2020. Therefore, the accumulated income and loss was not transferred in equity.
- (iv) Please refer to Note 6(z) for the information on credit risk (including the impairment of debt instrument investments) and market risk.
- (v) As of June 30, 2021, December 31 and June 30, 2020, the financial assets were not pledged as collateral.

(Continued)

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

(d) Notes and accounts receivable

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Notes receivable from operating activities	\$ 489,390	455,795	494,221
Accounts receivable measured as amortized cost	<u>3,401,456</u>	<u>3,365,435</u>	<u>2,770,508</u>
Subtotal	3,890,846	3,821,230	3,264,729
Less: Loss allowance	<u>(2,972)</u>	<u>(3,120)</u>	<u>(17,517)</u>
Total	<u><u>\$ 3,887,874</u></u>	<u><u>3,818,110</u></u>	<u><u>3,247,212</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:

	<b>June 30, 2021</b>		
	<b>Gross Carrying Amount</b>	<b>Weighted Average Loss Rate</b>	<b>Loss Allowance Provision</b>
Current	\$ 3,738,295	0%	-
1 to 30 days past due	108,403	0%	-
31 to 90 days past due	33,098	0%~6%	1,050
91 to 120 days past due	9,667	0%~10.54%	967
121 days to a year past due	611	25.08%~32.97%	183
Over a year past due	<u>772</u>	100%	<u>772</u>
	<u><u>\$ 3,890,846</u></u>		<u><u>2,972</u></u>
	<b>December 31, 2020</b>		
	<b>Gross Carrying Amount</b>	<b>Weighted Average Loss Rate</b>	<b>Loss Allowance Provision</b>
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>

(Continued)

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

	<b>June 30, 2020</b>		
	<b>Gross Carrying Amount</b>	<b>Weighted Average Loss Rate</b>	<b>Loss Allowance Provision</b>
Current	\$ 2,970,414	0%	-
1 to 30 days past due	191,939	0%	-
31 to 90 days past due	45,615	0%	-
91 to 120 days past due	8,239	0%~9%	729
121 days to a year past due	41,865	20%~57.38%	10,131
Over a year past due	6,657	100%	6,657
	<b>\$ 3,264,729</b>		<b>17,517</b>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 3,120	26,005
Impairment recovery recognized	(127)	(8,057)
Foreign exchange losses	(21)	(431)
Balance on June 30	<b>\$ 2,972</b>	<b>17,517</b>

The financial assets mentioned above were not pledged as collateral.

(e) Inventories

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Raw materials	\$ 155,735	122,981	114,000
Work in process	297,145	211,745	223,955
Semi-finished goods	133,190	103,020	133,127
Finished goods	1,098,158	884,993	816,676
Merchandise	71,308	59,948	73,920
Land held for development	7,346,655	5,998,833	6,061,064
Properties and land held for sale	3,594,038	2,234,588	3,858,817
Construction-in-progress	7,969,841	8,116,786	6,681,366
Prepayments for land	166,995	166,995	121,229
Other inventories	298,023	316,400	313,573
	<b>\$ 21,131,088</b>	<b>18,216,289</b>	<b>18,397,727</b>

(Continued)



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

For the three months and six months ended June 30, 2021 and 2020, the cost of goods sold amounted to \$2,626,182 thousand, \$1,752,371 thousand, \$5,383,370 thousand and \$3,585,429 thousand, respectively. For the three months and six months ended June 30, 2021 and 2020, the (loss for inventory obsolescence) reversal gain from the (decrease) increase in inventories' net realizable value amounted to \$(2,285) thousand, \$51,523 thousand, \$(420) thousand and \$35,570 thousand, respectively.

For the information on inventories pledged as collateral, as of June 30, 2021, December 31 and June 30, 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>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Associates	\$ 451,901	452,283	453,909
Joint ventures	244,653	295,983	323,799
	<u>\$ 696,554</u>	<u>748,266</u>	<u>777,708</u>

(i) Associates

Due to the fact that the Group does not have the obligation of assuming the excess losses, it ceased the recognition of the losses from the investment of Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets). For the three months and six months ended June 30, 2021 and 2020, the unrealized investment losses amounted to \$73 thousand, \$97 thousand, \$144 thousand and \$164 thousand, respectively; the accumulated unrealized investment losses, as of June 30, 2021 and 2020, amounted to \$57,553 thousand and \$57,211 thousand, respectively.

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Carrying amount of individually insignificant associates' equity	<u>\$ 451,901</u>	<u>452,283</u>	<u>453,909</u>

  

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Attributable to the Group:				
Net loss	\$ (4,300)	(4,788)	(8,565)	(9,431)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (4,300)</u>	<u>(4,788)</u>	<u>(8,565)</u>	<u>(9,431)</u>

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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(ii) Joint ventures

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	
Carrying amount of individually insignificant joint ventures' equity	<u>\$ 244,653</u>	<u>295,983</u>	<u>323,799</u>	
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Attributable to the Group:				
Net loss	\$ (34,664)	(32,632)	(52,854)	(58,883)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (34,664)</u>	<u>(32,632)</u>	<u>(52,854)</u>	<u>(58,883)</u>

(iii) Pledge to secure

As of June 30, 2021, December 31 and June 30, 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.

(h) Property, plant and equipment

The cost and accumulated depreciation of the property, plant equipment of the Group for the six months ended June 30, 2021 and 2020 are as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Machinery</b>	<b>Office Equipment</b>	<b>Transportation Equipment</b>	<b>Leasehold Improvement</b>	<b>Other Equipment</b>	<b>Prepayments for Equipment and Construction in Progress</b>	<b>Total</b>
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	-	-	39,485	4,290	1,781	28,390	5,255	459,973	539,174
Disposals	-	(1,756)	(42,027)	(1,582)	(1,630)	(48,261)	(35,484)	-	(130,740)
Reclassification	-	677	157,378	(4,471)	2,937	-	6,594	(136,781)	26,334
Influence from exchange rates	(169)	(38,645)	(134,748)	(1,003)	(767)	(2,552)	(5,534)	(20,861)	(204,279)
Balance on June 30, 2021	<u>\$ 3,118,067</u>	<u>3,405,856</u>	<u>9,453,423</u>	<u>107,998</u>	<u>55,510</u>	<u>145,780</u>	<u>671,078</u>	<u>1,504,408</u>	<u>18,462,120</u>

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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	<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>
Balance on January 1, 2020	\$ 3,106,656	3,361,551	9,176,092	122,759	56,945	199,768	849,881	543,517	17,417,169
Additions	53,615	771	79,487	7,213	1,574	8,210	10,048	190,940	351,858
Disposals	-	-	(95,892)	(1,294)	(403)	(32,142)	(754)	-	(130,485)
Reclassification	-	4,588	126,755	4,972	-	377	1,247	(126,574)	11,365
Influence from exchange rates	(96)	(62,997)	(220,824)	(1,536)	(958)	(5,026)	(10,749)	(13,870)	(316,056)
Balance on June 30, 2020	<u>\$ 3,160,175</u>	<u>3,303,913</u>	<u>9,065,618</u>	<u>132,114</u>	<u>57,158</u>	<u>171,187</u>	<u>849,673</u>	<u>594,013</u>	<u>17,333,851</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	-	50,744	264,880	5,296	2,081	20,548	30,405	-	373,954
Disposals	-	(1,757)	(38,069)	(1,510)	(1,612)	(48,261)	(33,273)	-	(124,482)
Reclassification	-	-	3,036	(3,036)	-	-	-	-	-
Influence from exchange rates	-	(14,569)	(86,804)	(847)	(673)	(1,234)	(4,407)	-	(108,534)
Balance on June 30, 2021	<u>\$ -</u>	<u>1,483,090</u>	<u>6,024,509</u>	<u>83,480</u>	<u>43,113</u>	<u>63,049</u>	<u>510,765</u>	<u>-</u>	<u>8,208,006</u>
Balance on January 1, 2020	\$ -	1,327,569	5,674,431	96,102	45,102	108,067	575,939	-	7,827,210
Depreciation	-	51,578	255,455	5,869	1,729	18,318	34,368	-	367,317
Disposals	-	-	(93,905)	(1,187)	(363)	(29,451)	(685)	-	(125,591)
Reclassification	-	-	-	40	-	-	(40)	-	-
Influence from exchange rates	-	(22,465)	(139,314)	(1,254)	(767)	(2,763)	(7,341)	-	(173,904)
Balance on June 30, 2020	<u>\$ -</u>	<u>1,356,682</u>	<u>5,696,667</u>	<u>99,570</u>	<u>45,701</u>	<u>94,171</u>	<u>602,241</u>	<u>-</u>	<u>7,895,032</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 June 30, 2021	<u>\$ 3,118,067</u>	<u>1,922,766</u>	<u>3,428,914</u>	<u>24,518</u>	<u>12,397</u>	<u>82,731</u>	<u>160,313</u>	<u>1,504,408</u>	<u>10,254,114</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 June 30, 2020	<u>\$ 3,160,175</u>	<u>1,947,231</u>	<u>3,368,951</u>	<u>32,544</u>	<u>11,457</u>	<u>77,016</u>	<u>247,432</u>	<u>594,013</u>	<u>9,438,819</u>

- (i) As of June 30, 2021, December 31 and June 30, 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.
- (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:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Land	<u>\$ 44,299</u>	<u>44,299</u>	<u>44,299</u>

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(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 six months ended June 30, 2021 and 2020 are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Cost:							
Balance on January 1, 2021	\$ 1,007,888	2,394,673	48,195	17,318	2,228	122,262	3,592,564
Additions	-	1,316	-	9,276	723	-	11,315
Reduction for expiration	-	(1,090)	-	(1,864)	(889)	-	(3,843)
Influence from exchange rates	(5,452)	-	(629)	(16)	(13)	-	(6,110)
Balance on June 30, 2021	<u>\$ 1,002,436</u>	<u>2,394,899</u>	<u>47,566</u>	<u>24,714</u>	<u>2,049</u>	<u>122,262</u>	<u>3,593,926</u>
Balance on January 1, 2020	\$ 1,002,435	2,397,748	54,032	25,475	2,240	122,607	3,604,537
Additions	-	237	-	728	430	196	1,591
Reduction for expiration	-	(2,075)	(13,755)	(3,764)	(343)	(604)	(20,541)
Influence from exchange rates	(9,348)	(12)	(1,083)	(9)	(7)	-	(10,459)
Balance on June 30, 2020	<u>\$ 993,087</u>	<u>2,395,898</u>	<u>39,194</u>	<u>22,430</u>	<u>2,320</u>	<u>122,199</u>	<u>3,575,128</u>
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	11,747	80,390	6,721	2,792	220	1,773	103,643
Transferred to construction cost	-	400	-	-	-	-	400
Reduction for expiration	-	(1,090)	-	(1,864)	(586)	-	(3,540)
Influence from exchange rates	(1,379)	-	(452)	(15)	(7)	-	(1,853)
Balance on June 30, 2021	<u>\$ 165,542</u>	<u>1,238,042</u>	<u>35,388</u>	<u>13,084</u>	<u>749</u>	<u>15,890</u>	<u>1,468,695</u>
Balance on January 1, 2020	\$ 130,437	999,972	24,730	15,221	1,022	10,997	1,182,379
Depreciation	11,635	80,682	6,842	3,694	264	1,762	104,879
Transferred to construction cost	-	433	-	-	-	-	433
Reduction for expiration	-	(1,701)	(9,124)	(3,764)	(329)	(412)	(15,330)
Influence from exchange rates	(2,178)	(7)	(563)	(7)	(3)	-	(2,758)
Balance on June 30, 2020	<u>\$ 139,894</u>	<u>1,079,379</u>	<u>21,885</u>	<u>15,144</u>	<u>954</u>	<u>12,347</u>	<u>1,269,603</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 June 30, 2021	<u>\$ 836,894</u>	<u>1,156,857</u>	<u>12,178</u>	<u>11,630</u>	<u>1,300</u>	<u>106,372</u>	<u>2,125,231</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 June 30, 2020	<u>\$ 853,193</u>	<u>1,316,519</u>	<u>17,309</u>	<u>7,286</u>	<u>1,366</u>	<u>109,852</u>	<u>2,305,525</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.

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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 June 30, 2021	\$ <u>609,567</u>	<u>98,644</u>	<u>708,211</u>
Balance on January 1, 2020	\$ <u>545,783</u>	<u>93,790</u>	<u>639,573</u>
Balance on June 30, 2020	\$ <u>545,783</u>	<u>90,806</u>	<u>636,589</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 six months ended June 30, 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 June 30, 2021, December 31 and June 30, 2020, the details of investment properties pledged as collateral, please refer to Note 8.

(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	-	-	-	928	928
Reclassification	-	-	-	383	383
Influence from exchange rates	<u>(6,412)</u>	<u>(1,017)</u>	<u>(3,673)</u>	<u>(68)</u>	<u>(11,170)</u>
Balance on June 30, 2021	\$ <u>384,450</u>	<u>62,652</u>	<u>226,177</u>	<u>34,121</u>	<u>707,400</u>
Balance on January 1, 2020	\$ 393,630	62,652	226,177	32,427	714,886
Acquisitions	-	-	-	499	499
Influence from exchange rates	<u>(7,905)</u>	<u>(1,745)</u>	<u>(6,297)</u>	<u>(37)</u>	<u>(15,984)</u>
Balance on June 30, 2020	\$ <u>385,725</u>	<u>60,907</u>	<u>219,880</u>	<u>32,889</u>	<u>699,401</u>

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	<u>Goodwill</u>	<u>Patent</u>	<u>Client Relationship</u>	<u>Computer Software</u>	<u>Total</u>
Accumulated amortization and impairment loss:					
Balance on January 1, 2021	\$ -	63,669	229,850	22,978	316,497
Amortization	-	-	-	2,366	2,366
Influence from exchange rates	-	(1,017)	(3,673)	(67)	(4,757)
Balance on June 30, 2021	<u>\$ -</u>	<u>62,652</u>	<u>226,177</u>	<u>25,277</u>	<u>314,106</u>
Balance on January 1, 2020	\$ -	62,652	218,384	17,960	298,996
Amortization	-	-	7,702	2,631	10,333
Influence from exchange rates	-	(1,745)	(6,206)	(38)	(7,989)
Balance on June 30, 2020	<u>\$ -</u>	<u>60,907</u>	<u>219,880</u>	<u>20,553</u>	<u>301,340</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 June 30, 2021	<u>\$ 384,450</u>	<u>-</u>	<u>-</u>	<u>8,844</u>	<u>393,294</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 June 30, 2020	<u>\$ 385,725</u>	<u>-</u>	<u>-</u>	<u>12,336</u>	<u>398,061</u>

(l) Other non-current financial assets

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 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	108,655	109,059	104,748
	<u>\$ 683,655</u>	<u>684,059</u>	<u>679,748</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

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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:

<b>June 30, 2021</b>				
<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 Zhonglian Real Estate Appraiser Joint Office, the valuation of mortgage is \$7,674,024 thousand. After deducting the 1 <sup>st</sup> security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,857,012 thousand.	The building of The Splendor Hospitality International (the 2 <sup>nd</sup> security)
<b>December 31, 2020</b>				
<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 <sup>st</sup> 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 <sup>nd</sup> security)
<b>June 30, 2020</b>				
<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 <sup>st</sup> 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 <sup>nd</sup> security)

- (ii) As of June 30, 2021, December 31 and June 30, 2020, the cost and principal of debt obligation from Chin Ling Steel were \$23,250 thousand and \$118,561 thousand, respectively.

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(m) Short-term borrowings

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Unsecured bank borrowings	\$ 2,757,511	1,820,974	2,440,417
Secured bank borrowings	7,311,911	5,720,074	7,157,241
Notes and bills payable	554,640	449,566	544,498
Total	<u>\$ 10,624,062</u>	<u>7,990,614</u>	<u>10,142,156</u>
Unused credit limit	<u>\$ 4,993,516</u>	<u>6,543,281</u>	<u>5,163,880</u>
Range of interest rates	<u>0.52%~3.72%</u>	<u>0.52%~2.25%</u>	<u>0.51%~2.25%</u>

(i) Borrowing and repayment

For the six months ended June 30, 2021 and 2020, the Group obtained from short-term borrowings amounting to \$5,565,901 thousand and \$4,916,152 thousand with an interest rate of 0.52%~3.72% and 0.51%~2.25%; the repayment amounting to \$3,012,230 thousand and \$3,029,240 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.

(n) Long-term borrowings

	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Unsecured bank borrowings	\$ 2,887,543	2,889,763	2,234,937
Secured bank borrowings	7,549,080	8,150,663	7,356,344
Less: Current portion	(1,007,366)	(100,240)	(1,169,705)
Unamortized long-term borrowings costs	(657)	(824)	(974)
Total	<u>\$ 9,428,600</u>	<u>10,939,362</u>	<u>8,420,602</u>
Unused credit limit	<u>\$ 914,243</u>	<u>341,821</u>	<u>1,125,623</u>
Interest rate range	<u>0.63%~3.70%</u>	<u>0.63%~3.70%</u>	<u>0.63%~4.21%</u>

(i) Borrowing and repayment

For the six months ended June 30, 2021 and 2020, the Group obtained from long-term borrowings amounting to \$2,696,202 thousand and \$2,503,907 thousand with an interest rate of 0.90%~1.90% and 0.63%~2.00%; the repayment amounting to \$3,251,392 thousand and \$3,791,288 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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**Notes to the Consolidated Financial Statements**

(iii) Borrowing covenants

The Group entered into a syndicated loan contract in a total credit of \$3,150,000 thousand with multiple financial institutions on April 23, 2019. According to the contract, during the borrowing repayment periods the Company should file annual and semi-annual consolidated financial statements which were audited and reviewed by CPA and must comply with certain financial covenants, such as the current ratio shall be greater than or equal to 100%, the debt ratio shall be less than or equal to 200%, the interest coverage ratio shall be greater than or equal to 5 times, and the tangible net value shall be greater than or equal to \$14,000,000 thousand. The compliance with the aforementioned covenants will be examined semi-annually. As of June 30, 2021, due to the pre-sale method for real estate sales and multiple construction projects were carried out at the same time, and the payment was received one after another according to the construction progress, a contract liability of \$3,884,387 thousand was incurred, which caused the Group to violate the borrowing contract conditions due to a debt ratio greater than 200%, but did not immediately constitute a default. However, specific improvement measures should be proposed to the management bank. If the above financial ratios and standards are met during the next review, then there will be no default.

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.

(o) Lease liabilities

The details of the lease liabilities are as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Current	<u>\$ 180,389</u>	<u>184,634</u>	<u>185,769</u>
Non-current	<u>\$ 1,732,016</u>	<u>1,812,222</u>	<u>1,896,870</u>

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

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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The amounts recognized in profit or loss are as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	\$ <u>7,611</u>	<u>6,802</u>	<u>12,516</u>	<u>13,851</u>
Expenses relating to leases short-term assets	\$ <u>3,040</u>	<u>2,864</u>	<u>7,158</u>	<u>7,287</u>
Covid-19-related rent concessions (recognized as deduction of rent expenses)	\$ <u>-</u>	<u>10</u>	<u>5</u>	<u>10</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	\$ <u>114,973</u>	<u>115,251</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.

(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.

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

## (p) Provisions

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Current:			
Warranties	\$ -	186	204
Subtotal	<u>-</u>	<u>186</u>	<u>204</u>
Non-current:			
Financial guarantee contracts	27,933	33,269	40,099
Legal	<u>236,052</u>	<u>236,052</u>	<u>236,052</u>
Subtotal	<u>263,985</u>	<u>269,321</u>	<u>276,151</u>
Total	<u>\$ 263,985</u>	<u>269,507</u>	<u>276,355</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.

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Less than one year	\$ 16,644	17,020	7,583
One to two years	8,049	12,355	2,730
Two to three years	2,483	5,265	-
Three to four years	<u>-</u>	<u>355</u>	<u>-</u>
Total undiscounted lease payments	<u>\$ 27,176</u>	<u>34,995</u>	<u>10,313</u>

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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For the three months and six months ended June 30, 2021 and 2020, rental revenues from investment properties amounted to \$3,460 thousand, \$2,979 thousand, \$6,832 thousand and \$5,961 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "operating costs") are as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Lease-out property	\$ -	2	-	4

(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:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating cost	\$ 543	576	1,079	1,169
Selling expenses	98	106	199	206
Administration expenses	237	283	475	560
Research and development expenses	95	92	193	179
Total	\$ 973	1,057	1,946	2,114

(ii) Defined contribution plans

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating cost	\$ 10,711	5,344	21,398	13,399
Selling expenses	608	418	1,253	930
Administration expenses	7,108	6,016	14,603	11,274
Research and development expenses	86	83	173	166
Total	\$ 18,513	11,861	37,427	25,769

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

## (iii) Short-term employee benefits

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Paid leave and other liabilities	<b>\$ 13,366</b>	<b>17,034</b>	<b>16,703</b>

## (s) Income tax

(i) Applied legal tax rates of foreign subsidiaries: China: 15%~25%; Japan: 29.05%~33.79%; the USA: 21%.

(ii) The income tax expense are as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current income tax expense				
Current period incurred	\$ 29,512	26,911	76,877	45,936
Land value increment taxes	4,859	567	13,701	567
Undistributed profit tax	-	6,551	-	6,551
Adjustment for prior periods	(5,224)	(27,764)	(5,259)	(27,764)
	29,147	6,265	85,319	25,290
Deferred tax expense				
Origination and reversal of temporary differences	(9,691)	(2,461)	(10,701)	(10,048)
Income tax expense	<b>\$ 19,456</b>	<b>3,804</b>	<b>74,618</b>	<b>15,242</b>

(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.

## (t) Share capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 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 June 30, 2021, December 31 and June 30, 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.

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

(ii) Capital surplus

The components of the capital surplus are as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
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
	<b><u>\$ 1,487,802</u></b>	<b><u>1,487,802</u></b>	<b><u>1,523,104</u></b>

(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.

1) Earnings distribution

The amount of cash dividends of appropriations of the Company's 2020 and 2019 earnings was based on the resolutions decided during the meetings of the Board of Directors held on March 30, 2021 and May 12, 2020, respectively. The appropriations of other earnings for 2020 and 2019 had been approved in the shareholders' meeting on July 30, 2021 and June 22, 2020, respectively.

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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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	-	-	74,811	74,811
Exchange differences on foreign operations	(113,526)	-	(30,302)	(143,828)
Unrealized (loss) gain on financial assets	-	(12,202)	13	(12,189)
Changes in non-controlling interest	-	-	(12,927)	(12,927)
Cash dividends paid to non-controlling interests	-	-	(193,725)	(193,725)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(3,106)	-	(3,106)
Balance on June 30, 2021	<u>\$ (81,328)</u>	<u>78,525</u>	<u>3,813,548</u>	<u>3,810,745</u>
Balance on January 1, 2020	\$ (143,749)	87,640	3,852,894	3,796,785
Profit attributable to non-controlling interests	-	-	11,187	11,187
Exchange differences on foreign operations	(227,358)	-	(49,634)	(276,992)
Changes in non-controlling interest	-	-	11,414	11,414
Cash dividends paid to non-controlling interests	-	-	(127,925)	(127,925)
Balance on June 30, 2020	<u>\$ (371,107)</u>	<u>87,640</u>	<u>3,697,936</u>	<u>3,414,469</u>

(u) Earnings per share

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

	<u>For the Three Months Ended June 30</u>		<u>For the Six Months Ended June 30</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Basic earnings per share</b>				
Profit attributable to owners of the parent	<u>\$ 57,806</u>	<u>70,308</u>	<u>231,315</u>	<u>12,802</u>
Weighted average number of ordinary shares	<u>376,122</u>	<u>383,965</u>	<u>376,122</u>	<u>383,965</u>
<b>Basic earnings per share</b>	<u>\$ 0.15</u>	<u>0.18</u>	<u>0.62</u>	<u>0.03</u>

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Diluted earnings per share</b>				
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	\$ <u>57,806</u>	<u>70,308</u>	<u>231,315</u>	<u>12,802</u>
Weighted average number of ordinary shares	376,122	383,965	376,122	383,965
Effect of potential diluted ordinary shares				
Employee stock option	<u>44</u>	<u>7</u>	<u>457</u>	<u>339</u>
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	<u>376,166</u>	<u>383,972</u>	<u>376,579</u>	<u>384,304</u>
<b>Diluted earnings per share</b>	<b>\$ <u>0.15</u></b>	<b><u>0.18</u></b>	<b><u>0.61</u></b>	<b><u>0.03</u></b>

## (v) Revenue from contracts with customers

## (i) Disaggregation of revenue

	<b>For the Three Months Ended June 30, 2021</b>			
	<b>Metal Manufacturing Segment</b>	<b>Real Estate Development Segment</b>	<b>Lifestyle Hospitality Segment</b>	<b>Total</b>
Major geographic markets:				
Taiwan	\$ 211,494	195,571	96,203	503,268
United States	435,283	-	-	435,283
Japan	405,058	-	-	405,058
China	1,589,071	-	-	1,589,071
Europe	114,852	-	-	114,852
South America	164,941	-	-	164,941
Others	<u>96,330</u>	<u>-</u>	<u>-</u>	<u>96,330</u>
	<b>\$ <u>3,017,029</u></b>	<b><u>195,571</u></b>	<b><u>96,203</u></b>	<b><u>3,308,803</u></b>
Major product/service lines:				
Iron casting hardware	\$ 3,006,329	-	-	3,006,329
Construction	-	187,898	-	187,898
Counter commissions	-	-	57,554	57,554
Others	<u>10,700</u>	<u>7,673</u>	<u>38,649</u>	<u>57,022</u>
	<b>\$ <u>3,017,029</u></b>	<b><u>195,571</u></b>	<b><u>96,203</u></b>	<b><u>3,308,803</u></b>

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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<b>For the Three Months Ended June 30, 2020</b>				
	<b>Metal Manufacturing Segment</b>	<b>Real Estate Development Segment</b>	<b>Lifestyle Hospitality Segment</b>	<b>Total</b>
Major geographic markets:				
Taiwan	\$ 123,629	18,947	135,857	278,433
United States	250,594	-	-	250,594
Japan	230,668	-	-	230,668
China	1,428,564	-	-	1,428,564
Europe	54,126	-	-	54,126
South America	9,716	-	-	9,716
Others	89,844	-	-	89,844
	<b>\$ 2,187,141</b>	<b>18,947</b>	<b>135,857</b>	<b>2,341,945</b>
Major product/service lines:				
Iron casting hardware	\$ 2,175,856	-	-	2,175,856
Construction	-	15,488	-	15,488
Counter commissions	-	-	81,473	81,473
Others	11,285	3,459	54,384	69,128
	<b>\$ 2,187,141</b>	<b>18,947</b>	<b>135,857</b>	<b>2,341,945</b>
<b>For the Six Months Ended June 30, 2021</b>				
	<b>Metal Manufacturing Segment</b>	<b>Real Estate Development Segment</b>	<b>Lifestyle Hospitality Segment</b>	<b>Total</b>
Major geographic markets:				
Taiwan	\$ 376,595	576,681	264,012	1,217,288
United States	878,111	-	-	878,111
Japan	810,584	-	-	810,584
China	3,250,224	-	-	3,250,224
Europe	208,720	-	-	208,720
South America	354,998	-	-	354,998
Others	198,591	-	-	198,591
	<b>\$ 6,077,823</b>	<b>576,681</b>	<b>264,012</b>	<b>6,918,516</b>

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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<b>For the Six Months Ended June 30, 2021</b>				
	<b>Metal Manufacturing Segment</b>	<b>Real Estate Development Segment</b>	<b>Lifestyle Hospitality Segment</b>	<b>Total</b>
Major product/service lines:				
Iron casting hardware	\$ 6,051,517	-	-	6,051,517
Construction	-	569,008	-	569,008
Counter commissions	-	-	150,605	150,605
Others	26,306	7,673	113,407	147,386
	<u>\$ 6,077,823</u>	<u>576,681</u>	<u>264,012</u>	<u>6,918,516</u>
<b>For the Six Months Ended June 30, 2020</b>				
	<b>Metal Manufacturing Segment</b>	<b>Real Estate Development Segment</b>	<b>Lifestyle Hospitality Segment</b>	<b>Total</b>
Major geographic markets:				
Taiwan	\$ 231,037	22,410	283,751	537,198
United States	757,292	-	-	757,292
Japan	579,985	-	-	579,985
China	2,414,617	-	-	2,414,617
Europe	117,594	-	-	117,594
South America	16,587	-	-	16,587
Others	184,855	-	-	184,855
	<u>\$ 4,301,967</u>	<u>22,410</u>	<u>283,751</u>	<u>4,608,128</u>
Major product/service lines:				
Iron casting hardware	\$ 4,281,017	-	-	4,281,017
Construction	-	15,488	-	15,488
Counter commissions	-	-	165,053	165,053
Others	20,950	6,922	118,698	146,570
	<u>\$ 4,301,967</u>	<u>22,410</u>	<u>283,751</u>	<u>4,608,128</u>

## (ii) Contract balances

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Notes and accounts receivable	\$ 3,890,846	3,821,230	3,264,729
Less: Loss allowance	(2,972)	(3,120)	(17,517)
Total	<u>\$ 3,887,874</u>	<u>3,818,110</u>	<u>3,247,212</u>

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	<u>June 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>
Contract assets	\$ <u>-</u>	<u>-</u>	<u>-</u>
Contract liabilities—Advance real estate receipts	\$ <u>3,884,387</u>	<u>2,443,869</u>	<u>1,847,001</u>
Contract liabilities—Advance receipts	\$ <u>48,797</u>	<u>49,115</u>	<u>47,099</u>

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

The amount of revenue recognized for the six months ended June 30, 2021 and 2020, that were included in the contract liabilities balance at the beginning of the period were \$75,979 and \$0 thousand, respectively.

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

(w) Employees' compensation and remuneration of directors

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

For the three months and six months ended June 30, 2021 and 2020, appropriated employees' compensation by \$1,485 thousand, \$200 thousand, \$6,869 thousand and \$200 thousand, respectively, and appropriated remuneration of directors by \$1,326 thousand, \$193 thousand, \$6,133 thousand and \$193 thousand, respectively, which were estimated on the basis of the Company's net profit before tax, excluding employees' compensation and the remuneration of directors of each period, then multiplied by the percentage of remuneration of employees and directors as specified in the Company's Articles of Incorporation. Such amounts were recognized as operating cost or operating expense for the period. The number of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day prior to Board of Directors meeting. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss.

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

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

(x) Net other income and expenses

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Rental revenue	\$ -	1,885	-	3,861

(y) Non-operating income and expenses

(i) Interest income

The information on interest income is listed as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ 8,101	12,938	22,118	20,771
Interest income from financial guarantee contracts	3,467	3,233	6,914	6,574
Total Interest income	\$ <b>11,568</b>	<b>16,171</b>	<b>29,032</b>	<b>27,345</b>

(ii) Other income

The information on other income is listed as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Dividend income	\$ 13,512	27,590	13,512	27,590
Rental revenue	4,647	3,841	9,934	7,606
Others	24,452	24,029	41,326	24,932
Total other income	\$ <b>42,611</b>	<b>55,460</b>	<b>64,772</b>	<b>60,128</b>

(Continued)

**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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(iii) Other gains and losses

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
(Losses) gains on disposal of property, plant and equipment	\$ (3,309)	(693)	(3,532)	5,496
Foreign exchange (losses) gains	(8,634)	(6,247)	(13,730)	18,567
Losses on financial assets at FVTPL	-	(1,760)	-	(6,000)
Losses on disposal of investment	-	-	(5,013)	-
Other losses	(2,180)	(24,666)	(2,627)	(25,080)
Net amount of other gains and losses	<u>\$ (14,123)</u>	<u>(33,366)</u>	<u>(24,902)</u>	<u>(7,017)</u>

(iv) Finance costs

The information on interest costs is listed as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Bank borrowing interest expense	\$ 55,626	60,027	105,790	130,767
Lease liability interest expense	7,611	6,802	12,516	13,851
Other finance costs	426	425	851	867
Net amount of finance costs	<u>\$ 63,663</u>	<u>67,254</u>	<u>119,157</u>	<u>145,485</u>

For the three months and six months ended June 30, 2021 and 2020, the capitalized interest costs amounted to \$12,097 thousand, \$11,689 thousand, \$26,349 thousand and \$21,713 thousand, respectively.

(z) Financial instruments

Except for the content 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.

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

## (i) Credit risk

## 1) Credit risk exposure

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

## 2) Concentration of credit risk

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

## 3) Credit risks of receivables and debt securities

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

All of these financial assets mentioned above are considered to be low risk, therefore, the impairment provision recognized during the period was limited to 12 months expected losses. For the allowance of impairment on financial assets for the six months ended June 30, 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>
<b>June 30, 2021</b>						
Non-derivative financial liabilities						
Bank borrowings	\$ 21,452,493	4,772,997	2,712,075	9,343,814	4,596,211	27,396
Lease liabilities	2,150,583	103,251	100,246	197,176	602,039	1,147,871
Notes and accounts payables (including related parties)	2,754,607	2,754,607	-	-	-	-
Other payables (including related parties)	<u>2,373,523</u>	<u>2,373,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,731,206</u>	<u>10,004,378</u>	<u>2,812,321</u>	<u>9,540,990</u>	<u>5,198,250</u>	<u>1,175,267</u>
<b>December 31, 2020</b>						
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>

(Continued)

**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>
<b>June 30, 2020</b>						
Non-derivative financial liabilities						
Bank borrowings	\$ 20,174,586	7,794,367	1,525,967	5,912,622	4,895,814	45,816
Lease liabilities	2,345,813	106,086	105,170	198,588	588,927	1,347,042
Notes and accounts payables (including related parties)	20,149,462	20,149,462	-	-	-	-
Other payables (including related parties)	<u>1,221,850</u>	<u>1,221,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 43,891,711</u></b>	<b><u>29,271,765</u></b>	<b><u>1,631,137</u></b>	<b><u>6,111,210</u></b>	<b><u>5,484,741</u></b>	<b><u>1,392,858</u></b>

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>June 30, 2021</u>			<u>December 31, 2020</u>			<u>June 30, 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	\$ 21,356	27.86	594,973	21,890	28.48	623,430	30,979	29.63	917,912
USD:CNY	125,991	6.46	3,510,120	116,751	6.50	3,325,082	110,901	7.07	3,285,986
USD:JPY	1,379	110.51	38,432	1,063	103.08	30,277	925	107.71	27,394
EUR:NTD	1,671	33.15	55,394	408	35.02	14,287	742	33.27	24,677
EUR:CNY	1,793	7.69	59,439	845	8.00	29,602	913	7.94	30,370
JPY:NTD	71,386	0.25	17,996	54,520	0.28	15,064	101,717	0.2751	27,982
JPY:CNY	70,552	0.06	17,786	50,832	0.06	14,045	35,097	0.07	9,655
HKD:USD	3,642	0.13	13,076	6,370	0.13	23,376	9,461	0.13	36,140
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:NTD	74	27.86	2,062	63	28.48	1,781	1,029	29.63	30,482
USD:CNY	150,238	6.46	4,185,637	138,325	6.50	3,939,509	114,538	7.07	3,393,774
EUR:CNY	1,442	7.69	47,792	1,655	8.00	57,947	15,275	7.94	508,189
HKD:USD	335,040	0.13	1,202,794	335,088	0.13	1,229,771	335,040	0.13	1,279,853
JPY:CNY	61,442	0.058	15,490	17,626	0.063	4,870	9,731	0.066	2,677

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

1) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Group's functional currency as of June 30, 2021 and 2020 would have increased (decreased) the after-tax net income for the three months and six months ended June 30, 2021 and 2020 by \$(2,154) thousand, \$(1,321) thousand, \$(4,586) thousand and \$(3,419) thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and six months ended June 30, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$(8,634) thousand, \$(6,247) thousand, \$(13,730) thousand and \$18,567 thousand, respectively.

(iv) Interest rate risk

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 \$32,674 thousand, \$30,305 thousand, \$54,432 thousand and \$60,396 thousand for the three months and six months ended June 30, 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:

	<b>For the Six Months Ended June 30</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Other Comprehensive Income (net of tax)</b>	<b>Net Income (Loss) (net of tax)</b>	<b>Other Comprehensive Income (net of tax)</b>	<b>Net Income (Loss) (net of tax)</b>
Increase 10%	\$ <u>21,656</u>	<u>-</u>	<u>20,807</u>	<u>4,544</u>
Decrease 10%	\$ <u>(21,656)</u>	<u>-</u>	<u>(20,807)</u>	<u>(4,544)</u>

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

(vi) Fair value of financial instruments

1) Fair value hierarchy

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

		<b>June 30, 2021</b>					
		<b>Fair Value</b>					
	<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>		
Non-current financial assets at FVOCI	<b>\$ 216,561</b>	<b>35,297</b>	-	<b>181,264</b>	<b>216,561</b>		
Financial assets measured at amortized cost	<b>\$ 10,405,518</b>	-	-	-	-		
Financial liabilities measured at amortized cost	<b>\$ 28,121,053</b>	-	-	-	-		
		<b>December 31, 2020</b>					
		<b>Fair Value</b>					
	<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>		
Non-current financial assets at FVOCI	<b>\$ 257,587</b>	<b>62,763</b>	-	<b>194,824</b>	<b>257,587</b>		
Financial assets measured at amortized cost	<b>\$ 10,372,793</b>	-	-	-	-		
Financial liabilities measured at amortized cost	<b>\$ 25,159,952</b>	-	-	-	-		
		<b>June 30, 2020</b>					
		<b>Fair Value</b>					
	<b>Book Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>		
Financial assets at FVTPL	<b>\$ 45,440</b>	<b>45,440</b>	-	-	<b>45,440</b>		
Non-current financial assets at FVOCI	<b>\$ 208,065</b>	-	-	<b>208,065</b>	<b>208,065</b>		
Financial assets measured at amortized cost	<b>\$ 8,989,928</b>	-	-	-	-		
Financial liabilities measured at amortized cost	<b>\$ 25,073,036</b>	-	-	-	-		

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 six months ended June 30, 2021 and 2020.

4) Reconciliation of Level 3 instruments

	<b>Non-current Financial Assets at FVOCI</b>
	<b>Equity Instrument without Quoted Price</b>
Balance on January 1, 2021	\$ 194,824
Total gains or losses	
Recognized as other comprehensive income	(13,560)
Balance on June 30, 2021	<b>\$ 181,264</b>
Balance on January 1, 2020	\$ 216,065
Capital reduction	(8,000)
Balance on June 30, 2020	<b>\$ 208,065</b>

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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The total gains or losses is listed under “unrealized gain (loss) on financial assets at FVOCI”. The information regarding assets held as of June 30, 2021 and 2020 is as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	Total gains or losses			
Recognized as other comprehensive income (which is listed under "unrealized gain (loss) on financial assets of FVOCI")	\$ <b>(13,560)</b>	-	<b>(13,560)</b>	-

- 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:

<b>Item</b>	<b>Valuation Technique</b>	<b>Significant Unobservable Inputs</b>	<b>Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement</b>
Financial assets at FVOCI equity investments without active market	Dividend discount model	Average expected future dividend income of 5 years (As of June 30, 2021, December 31 and June 30, 2020 were \$18~26,213 thousand, \$18~29,388 thousand, and \$0~29,388 thousand, respectively.)	The estimated fair value would increase, if the 5- year average expected future dividend income is increased.

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<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 June 30, 2021, December 31 and June 30, 2020, were 3.75%, 4.70% and 4.99%, respectively.)	·The estimated fair value would decrease, if the weighted average capital cost is increased.
		·Discounting rate without market liquidity (As of June 30, 2021, December 31 and June 30, 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>
<b>June 30, 2021</b>				
Financial assets at FVOCI				
Equity investments without an active market	3.75 %	1%	6,779	(6,437)
<b>December 31, 2020</b>				
Financial assets at FVOCI				
Equity investments without an active market	4.70 %	1%	6,755	(6,421)
<b>June 30, 2020</b>				
Financial assets at FVOCI				
Equity investments without an active market	4.99 %	1%	7,185	(6,827)

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.

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

(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 Note6 (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 six months ended June 30, 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>June 30, 2021</u>
Other non-current assets	\$ <u>907,794</u>	<u>771,717</u>	<u>(30,736)</u>	<u>1,648,775</u>
	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Reclassification</u>	<u>June 30, 2020</u>
Other non-current assets	\$ <u>905,188</u>	<u>23,888</u>	<u>(25,326)</u>	<u>903,750</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.

(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 venture
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

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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
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<u>Name of Related Party</u>	<u>Relationship with the Group</u>
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

(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 June 30</u>		<u>For the Six Months Ended June 30</u>		<u>June 30, 2021</u>	<u>December 31,</u>	<u>June 30, 2020</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>		<u>2020</u>	
Associates	\$ 1,037	844	4,750	1,991	2,986	797	365
Joint ventures	-	6	342	6	-	-	-
Other related parties	119	29	205	64	108	182	5
	<u>\$ 1,156</u>	<u>879</u>	<u>5,297</u>	<u>2,061</u>	<u>3,094</u>	<u>979</u>	<u>370</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 June 30</u>		<u>For the Six Months Ended June 30</u>		<u>June 30, 2021</u>	<u>December 31,</u>	<u>June 30, 2020</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>		<u>2020</u>	
Other related parties	\$ -	-	-	-	51,216	9,300	-

The total contract price of real estate in contract with related parties mentioned above is \$253,190 thousand (tax included). The terms and pricing of sales transactions with related parties were not significantly different from those with the third parties.

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**Notes to the Consolidated Financial Statements**

(ii) Purchases from related parties

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

	<b>Purchases</b>				<b>Notes and Accounts Payable</b>		
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>		<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>			
Associates	\$ 31,754	12,261	64,135	26,943	28,663	26,026	22,244
Joint ventures	-	20	-	20	-	-	-
Other related parties	-	1,311	-	2,974	695	641	1,523
	<u>\$ 31,754</u>	<u>13,592</u>	<u>64,135</u>	<u>29,937</u>	<u>29,358</u>	<u>26,667</u>	<u>23,767</u>

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:

	<b>Rental Expenses</b>			
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Joint ventures	\$ 30	-	60	-
Other related parties:				
Mr. Ming Shiann, Ho	608	578	1,216	1,156
Others	149	15	276	30
	<u>\$ 787</u>	<u>593</u>	<u>1,552</u>	<u>1,186</u>
	<b>Guarantee Deposit Paid (Recognized under other current and non-current financial assets)</b>			
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>	
Other related parties	<u>\$ 443</u>	<u>443</u>	<u>443</u>	

(Continued)

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

2) Rental revenues

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

	Rental Revenues			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Associates	\$ 66	76	131	152
Other related parties	244	321	565	642
	<b>\$ 310</b>	<b>397</b>	<b>696</b>	<b>794</b>

	Guarantee Deposit Received (Recognized under other non-current liabilities)		
	June 30, 2021	December 31, 2020	June 30, 2020
	Associates	<b>\$ 300</b>	<b>300</b>

(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 June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Associates	\$ 75	76	150	151
Joint ventures	1,396	1,985	2,847	3,825
	<b>\$ 1,471</b>	<b>2,061</b>	<b>2,997</b>	<b>3,976</b>

(v) Non-performing receivables

	Total Claims		
	June 30, 2021	December 31, 2020	June 30, 2020
	Joint ventures:		
The Splendor Hospitality	<b>\$ 796,845</b>	<b>796,845</b>	<b>796,845</b>

  

	Costs of Claims		
	June 30, 2021	December 31, 2020	June 30, 2020
	Joint ventures:		
The Splendor Hospitality	<b>\$ 575,000</b>	<b>575,000</b>	<b>575,000</b>

(Continued)



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

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

(vi) Guarantees and endorsements

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

	<b>Borrowing Limits</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Joint ventures:			
The Splendor Hospitality	\$ 2,000,000	1,900,000	2,100,000
Others	<u>45,680</u>	<u>45,680</u>	<u>45,680</u>
	<b><u>\$ 2,045,680</u></b>	<b><u>1,945,680</u></b>	<b><u>2,145,680</u></b>
	<b>Actual Usage Amount</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Joint ventures:			
The Splendor Hospitality	\$ 1,640,000	1,620,000	1,645,000
Others	<u>45,680</u>	<u>45,680</u>	<u>45,680</u>
	<b><u>\$ 1,685,680</u></b>	<b><u>1,665,680</u></b>	<b><u>1,690,680</u></b>

(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:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other related parties	<u>\$ 172</u>	<u>654</u>	<u>172</u>	<u>1,488</u>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Other related parties	<u>\$ 336</u>	<u>318</u>	<u>207</u>

(Continued)

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

## (ix) Other transactions

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

	<b>Donation</b>			
	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other related parties:				
Foundation	\$ 2,560	-	2,560	15

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

	<b>Management Service Expenses</b>			
	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Other related parties:				
Foundation	\$ -	-	-	3,500

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

	<b>Other Expenses</b>			
	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Associates	\$ 1	-	1	-
Joint ventures	9	-	9	-
Other related parties	42	37	42	65
	\$ 52	37	52	65

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

	<b>Interest Revenues</b>			
	<b>For the Three Months Ended</b>		<b>For the Six Months Ended</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Joint ventures:				
The Splendor Hospitality	\$ 3,383	3,153	6,748	6,413
Others	83	80	165	161
	\$ 3,466	3,233	6,913	6,574

(Continued)

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

5) Other receivables and advance payments from related parties

	<b>Other Receivables (including advance payments)</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Associates:			
Keng-Hsin Urban Renewal	\$ 45,836	35,114	37,542
Others	373	95	104
Joint ventures	230	77	90
Other related parties	16	122	4,172
Key management	-	-	3
	<b><u>\$ 46,455</u></b>	<b><u>35,408</u></b>	<b><u>41,911</u></b>

6) Other payables and advance receipts from related parties

	<b>Other Payables (including advance receipts)</b>		
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Associates:			
Keng-Hsin Urban Renewal	\$ 197,262	8,384	7,701
Other	42	-	-
Joint ventures	39	2,514	12
Other related parties	39	25	492
Key management	-	85	-
	<b><u>\$ 197,382</u></b>	<b><u>11,008</u></b>	<b><u>8,205</u></b>

(d) Key management transactions

The compensation of key management is as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 9,503	1,905	56,035	35,602
Post-employment benefits	469	(13)	946	401
	<b><u>\$ 9,972</u></b>	<b><u>1,892</u></b>	<b><u>56,981</u></b>	<b><u>36,003</u></b>

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

**(8) Pledged assets**

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

<u>Pledged Assets</u>	<u>Object</u>	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
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	"	311,786	319,590	327,630
Investment properties	"	636,018	637,021	596,137
Inventories—Land held for development	"	7,046,459	5,790,877	5,841,338
Inventories—Construction in progress	"	5,788,812	5,330,961	5,198,239
Inventories—Buildings and land held for sale	The credit limits of short-term borrowings	3,586,849	2,226,801	3,836,643
Other current financial assets	Bank acceptance bills	67,279	13,850	14,234
"	Trusts	979,019	967,447	655,458
		<u>\$ 19,840,860</u>	<u>16,711,185</u>	<u>17,936,053</u>

**(9) Significant commitments and contingencies**

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

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Unused standby letters of credit	<u>\$ 1,288</u>	<u>-</u>	<u>-</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Total contract price	<u>\$ 12,363,682</u>	<u>11,020,485</u>	<u>9,331,246</u>
Total amounts paid under contracts (Note)	<u>\$ 5,471,020</u>	<u>3,787,659</u>	<u>2,053,495</u>

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**  
**Notes to the Consolidated Financial Statements**

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Total contract price	\$ <u>18,761,440</u>	<u>15,265,856</u>	<u>11,304,999</u>
Total amounts received under contracts (recognized under current contract liabilities)	\$ <u>3,550,373</u>	<u>2,434,499</u>	<u>1,841,412</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 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>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	\$ <u>380,925</u>	<u>352,223</u>	<u>330,842</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Security deposits (recognized under other current and non-current financial assets)	\$ <u>99,289</u>	<u>97,289</u>	<u>97,289</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Total contract price	\$ <u>283,842</u>	<u>283,842</u>	<u>279,342</u>
Total amounts paid under contracts (recognized under inventories—prepayments for land)	\$ <u>166,995</u>	<u>166,995</u>	<u>121,229</u>

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

(viii) The Group and The Presbyterian Church in Taiwan entered into an real estate leasing contract, with the contract term of 40 years, commencing the day after the signing date, September 30, 2016. For the development of the leasing real estates, the Group agreed to pay development royalty amounting to \$126,000 thousand. As of June 30, 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 June 30, 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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**CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other:**

- (a) The Securities and Futures Investors Protection Center (SFIPC) filed a criminal incidental civil action on behalf of the Company against the former chairman of the Company, Mr. Ming Shiann, Ho. The appeal was handed back over to the High Court for reconsideration on August 22, 2019, which is in trial in the Tainan Branch of Taiwan High Court.
- (b) The SFIPC filed a lawsuit against the Company, its directors and supervisors, and certain employees of the Group. On 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 June 30					
		2021			2020		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		175,889	138,330	314,219	155,288	136,396	291,684
Labor and health insurance		14,805	12,055	26,860	7,996	7,878	15,874
Pension		11,254	8,232	19,486	5,920	6,998	12,918
Others		17,161	10,744	27,905	16,099	9,734	25,833
Depreciation		150,688	73,751	224,439	160,751	72,567	233,318
Amortization		374	764	1,138	466	4,658	5,124

By item	By function	For the Six Months Ended June 30					
		2021			2020		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		351,926	294,544	646,470	299,337	271,537	570,874
Labor and health insurance		29,475	24,078	53,553	19,358	17,912	37,270
Pension		22,477	16,896	39,373	14,568	13,315	27,883
Others		33,936	22,725	56,661	29,815	19,302	49,117
Depreciation		331,964	147,170	479,134	331,308	143,872	475,180
Amortization		813	1,553	2,366	925	9,408	10,333

(Continued)

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

**(13) Other disclosures:****(a) Information on significant transactions:**

The following is the information on significant transactions for the six months ended June 30, 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	53,000	53,000	1.15%	2	-	Operation requirements	-		-	3,522,265	4,696,353
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	219,000	215,500	215,500	0.75%	2	-	Operation requirements	-		-	320,650	427,533
1	Tianjin CMT	CMW (Tianjin)	Accounts receivable due from related parties	Yes	197,100	-	-	0.75%	2	-	Operation requirements	-		-	320,650	427,533
1	Tianjin CMT	CMH	Accounts receivable due from related parties	Yes	215,500	215,500	215,500	0.75%	2	-	Operation requirements	-		-	320,650	427,533
2	Suzhou CMS	CMH	Accounts receivable due from related parties	Yes	437,000	431,000	431,000	0.75%	2	-	Operation requirements	-		-	1,182,722	1,576,963

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	4,696,353	220,000	110,000	-	-	0.94 %	5,870,442	Y	N	N
0	The Company	The Hotel National	1	4,696,353	100,000	50,000	50,000	-	0.43 %	5,870,442	Y	N	N
0	The Company	Shangrila Tourism	1	4,696,353	902,500	702,500	448,500	-	5.98 %	5,870,442	Y	N	N
0	The Company	The Splendor Hospitality	2	4,696,353	2,150,000	2,000,000	1,640,000	-	17.03 %	5,870,442	N	N	N
0	The Company	CMAAN Health	2	4,696,353	45,680	45,680	45,680	-	0.39 %	5,870,442	N	N	N
1	CMAI N.A.	Pilot	4	50,626	47,228	46,103	44,343	-	91.07 %	50,626	N	N	N
2	CMI	UEA	3	3,927,600	1,229,597	1,202,794	1,202,794	-	12.25 %	4,909,500	N	N	N

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

### Notes to the Consolidated Financial Statements

- 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.
- Note 2: Balance of guarantees and endorsements as of the reporting date was within the credit limit approved by the Board of Directors.
- Note 3: The following three situations are filled in Y: the endorsement of the subsidiary by the Company; the endorsement of the Company by the subsidiary and the endorsement to the company located in Mainland China.
- Note 4: The guarantor's total amount available for guarantee and endorsement shall not exceed the percentage mentioned below of its net worth: The Company 40%, CMAI N.A.100%, and CMI 40%.
- Note 5: The guarantor's total amount available for guarantee and endorsement shall not exceed the percentage mentioned below of its net worth: The Company 50%, CMAI N.A.100%, and CMI 50%.

(iii) Securities held as of June 30, 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	118,425	3.12 %	118,425	
The Company	YUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	73,173	485	1.25 %	485	
The Company	FUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	51,975	1,107	1.67 %	1,107	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	3,750,000	32,923	3.91 %	32,923	
The Company	DEVELOPMENT Venture Capital Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	4,400,000	28,324	4.00 %	28,324	
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	573,000	35,297	0.14 %	35,297	
Sunflower Investment	i1. 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 (Payable)		Note
			Purchase/Sale	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)	
Suzhou CMS	CMI	Subsidiaries	Sale	697,806	40.30 %	180 days	-	-	1,515,233	72.26%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	779,966	36.67 %	180 days	-	-	1,841,791	60.55%	

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

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

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

(In Thousands of NTD/In CNY)

Name of Company	Counter-party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
CMI	CMB (H.K.)	Parent company	Accounts receivable due from related parties, other 185,771	-	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 2,477,332	-	-	-	CNY 26,000,000	-
CMP (H.K.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 347,958	-	-	-	-	-
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 1,841,791	0.90	-	-	CNY 28,415,277	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 262,972	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 215,500	-	-	-	-	-
Tianjin CMT	CMH	Affiliates	Accounts receivable due from related parties, other 215,500	-	-	-	-	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,515,233	0.98	-	-	-	-
Suzhou CMS	CMH	Affiliates	Accounts receivable due from related parties, other 431,000	-	-	-	-	-
Suzhou CMB	CMI	Subsidiaries	Accounts receivable due from related parties 143,953	1.14	-	-	-	-
PUJEN	CHINGENG Land Development	Parent company	Accounts receivable due from related parties, other 197,263	-	-	-	-	-

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	21,791	60~90 days	0.31%
0	China Metal Products	CMJ	1	Operating revenue	12,864	90 days	0.19%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	799,966	180 days	11.56%
3	Suzhou CMS	CMI	2	Operating revenue	697,807	180 days	10.09%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	42,818	90 days	0.62%
4	Suzhou CMB	CMI	2	Operating revenue	67,250	180 days	0.97%
4	Suzhou CMB	CMB(H.K.)	2	Operating revenue	18,567	180 days	0.27%
4	Suzhou CMB	Qingdao Sourcing Specialists	3	Operating revenue	13,158	90 days	0.19%
5	National Management	China Metal Products	2	Operating revenue	29,300	OA25 days	0.42%
7	CMW(C.I.)	CMAI	3	Operating revenue	13,600	90 days	0.20%
14	CMH	Suzhou CMB	3	Operating revenue	23,144	90 days	0.33%
12	CMJ	CMI	3	Operating revenue	10,665	90~120 days	0.15%
13	CMAI(N.A.)	CMAI	2	Operating revenue	13,924	90~120 days	0.20%
0	China Metal Products	Atrans Precision	1	Accounts receivable due from related parties	16,474	60~90 days	0.03%
1	CMW(Tianjin)	CMW(C.I.)	2	Accounts receivable due from related parties	1,841,791	180 days	3.78%
2	Tanjin CMT	CMI	2	Accounts receivable due from related parties	262,972	180 days	0.54%
2	Tanjin CMT	CMW(Tianjin)	3	Accounts receivable due from related parties	42,864	90 days	0.09%
14	CMH	Suzhou CMB	3	Accounts receivable due from related parties	25,912	90 days	0.05%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,515,233	180 days	3.11%
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related parties	29,590	180 days	0.06%

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

No. (Note 1)	Name of Company	Name of Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions (Note 3)			
				Account	Amount	Trading Terms	Percentage of the Total Consolidated Revenue or Total Assets (Note 4)
4	Suzhou CMB	CMI	2	Accounts receivable due from related parties	143,953	180 days	0.30%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related parties	35,166	90 days	0.07%
7	CMW(C.I.)	CMAI	3	Accounts receivable due from related parties	24,725	90 days	0.05%
0	China Metal Products	The Hotel National	1	Other receivables due from related parties	53,035	-	0.11%
0	China Metal Products	Sunflower Investment	1	Other receivables due from related parties	97,159	-	0.20%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,229	-	0.02%
2	Tianjin CMT	Suzhou CMB	3	Other receivables due from related parties	215,500	-	0.44%
2	Tianjin CMT	CMH	3	Other receivables due from related parties	215,500	-	0.44%
3	Suzhou CMS	CMH	3	Other receivables due from related parties	431,000	-	0.88%
6	CMI	CMB(H.K.)	1	Other receivables due from related parties	185,771	-	0.38%
7	CMW(C.I.)	CMW(Tianjin)	1	Other receivables due from related parties	45,830	-	0.09%
7	CMW(C.I.)	CMI	2	Other receivables due from related parties	2,477,332	-	5.08%
9	CMP(H.K.)	CMI	2	Other receivables due from related parties	347,958	-	0.71%
11	CMAI	CMAI(N.A.)	1	Other receivables due from related parties	17,532	-	0.04%
10	CHINGENG Land Development	PUJEN	2	Other receivables due from related parties	45,836	-	0.09%
15	PUJEN	CHINGENG Land Development	1	Other receivables due from related parties	197,263	-	0.40%
8	CMB (H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	24,214	-	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.

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

## (b) Information on investees:

The following is the information on investees for the six months ended June 30, 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 June 30, 2021			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				June 30, 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 %	7,090,008	295,915	295,915	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,000	99,000	67,006,291	99.00 %	831,264	5,588	5,532	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	247,218	247,218	25,782,134	72.24 %	381,904	4,060	3,765	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	92,517	28,539	23,782	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	15,466	15,466	940,000	94.00 %	138,016	6,726	6,322	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 %	3,901,996	71,262	29,079	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)	(303)	-	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 %	714,964	(30,982)	(31,927)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	10,920	(3,183)	(4,077)	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	975,000	975,000	97,500,000	50.00 %	198,111	(99,939)	(56,717)	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 %	189,646	(5,184)	(4,752)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	41,278	6,489	3,685	Joint ventures accounted for using equity method
The Company	InterContinental Taichung	Taiwan	International tourist hotel services	88,800	300	8,880,000	100.00 %	88,720	(27)	(27)	Subsidiaries
The Company	Calligraphy Greenway Plaza Co., Ltd	Taiwan	Management and consulting services	30,000	30,000	3,000,000	100.00 %	31,263	428	1,323	Subsidiaries
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	280,768	280,768	42,269,213	15.07 %	1,002,782	71,262	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,836	77,836	4,737,380	13.27 %	69,670	4,060	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)	(303)	Exempt from disclosure	Investees accounted for using equity method
Sunflower Investment	ADVANCISION (CAYMAN)	Cayman Islands	Investing and cast iron product retailing	29,154	29,154	1,871,288	4.46 %	27,423	(29,676)	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	82.74 %	USD 295,990,811	USD 13,136,626	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 1,241,655,075	CNY 45,103,129	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 1,783,039,473	CNY 41,492,205	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 566,526,081	CNY (9,260,180)	Exempt from disclosure	Subsidiaries of CMI
CMI(BVI)	CMP (H.K.)	Hong Kong	Investing in Tianjin CMI and Suzhou CMS	USD 21,000,000	USD 21,000,000	21,000,000	100.00 %	CNY 1,244,102,720	CNY 45,103,129	Exempt from disclosure	Subsidiaries of CMI(BVI)
CMAI	CMAI Holding	USA	Investing	USD 8,328,644	USD 8,328,644	10,000	100.00 %	USD 2,406,921	USD (259,788)	Exempt from disclosure	Subsidiaries of CMAI
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	-	100.00 %	USD 2,406,921	USD (259,788)	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 1,498,797	USD (318,373)	Exempt from disclosure	Subsidiaries of Pilot

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Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of June 30, 2021			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				June 30, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
Atrans Precision	FAR HSING (SAMOA)	SAMOA	Investing	USD 3,922,055	USD 3,922,055	3,922,055	100.00 %	124,655	(6,407)	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 4,333,621	USD (1,053,448)	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 %	68,392	(1,925)	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 %	69,015	(72)	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 %	27,437	(764)	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 %	47,712	(5,184)	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 %	5,264	356	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 %	3,884	(2,266)	Exempt from disclosure	Investees of PUJEN Land Development accounted for using equity method

## (c) Information on investment in Mainland China:

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

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

Name of Investee	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 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	835,800 (USD30,000)	2	388,238	-	-	388,238	(10,229) (CNY2,352)	82.74%	(8,450) (CNY1,943)	1,068,834 (CNY247,989)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	668,640 (USD24,000)	2	423,406	-	-	423,406	207,819 (CNY47,775)	82.74%	171,626 (CNY39,454)	3,943,201 (CNY914,896)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,284,520 (USD82,000)	2	-	-	-	-	(33,490) (CNY7,699)	82.74%	(27,666) (CNY6,360)	2,618,248 (CNY607,482)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	891,520 (USD32,000)	2	-	-	-	-	201,462 (CNY46,313)	82.74%	165,730 (CNY38,099)	4,789,863 (CNY1,111,337)	-
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	891,520 (USD32,000)	2	-	-	-	-	(2,143) (CNY493)	82.74%	(1,770) (CNY407)	940,013 (CNY218,100)	-
Qingdao Sourcing Specialists	Cast iron product retailing	2,786 (USD100)	2	-	-	-	-	6,419 (JPY24,520)	83.33%	5,349 (JPY20,432)	47,835 (JPY189,747)	-

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(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of June 30, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
811,644	5,812,181 (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 June 30, 2021, the company had obtained a surplus of \$2,796,724 thousand (USD92,255 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.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Chain-Yuan Investment Co., Ltd.		51,768,965	13.76 %
Fubon Life Assurance Co., Ltd.		27,944,000	7.42 %
Mr. Ming Shiann, Ho		26,312,540	6.99 %

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

**(14) Segment information:**

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

	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Reconciliation and Elimination	Total
<b>For the Three Months Ended June 30, 2021</b>					
Revenue from external customers	\$ 3,017,029	195,571	96,203	-	3,308,803
Intersegment revenues	892,218	848	14,045	(907,111)	-
Total revenue	<u>\$ 3,909,247</u>	<u>196,419</u>	<u>110,248</u>	<u>(907,111)</u>	<u>3,308,803</u>
Reportable segment profit or loss	<u>\$ 236,237</u>	<u>(6,140)</u>	<u>(46,250)</u>	<u>(78,881)</u>	<u>104,966</u>
<b>For the Three Months Ended June 30, 2020</b>					
Revenue from external customers	\$ 2,187,141	18,947	135,857	-	2,341,945
Intersegment revenues	393,783	1,241	17,937	(412,961)	-
Total revenue	<u>\$ 2,580,924</u>	<u>20,188</u>	<u>153,794</u>	<u>(412,961)</u>	<u>2,341,945</u>
Reportable segment profit or loss	<u>\$ 151,574</u>	<u>(31,641)</u>	<u>12,157</u>	<u>(38,745)</u>	<u>93,345</u>
<b>For the Six Months Ended June 30, 2021</b>					
Revenue from external customers	\$ 6,077,823	576,681	264,012	-	6,918,516
Intersegment revenues	1,768,595	1,698	37,656	(1,807,949)	-
Total revenue	<u>\$ 7,846,418</u>	<u>578,379</u>	<u>301,668</u>	<u>(1,807,949)</u>	<u>6,918,516</u>
Reportable segment profit or loss	<u>\$ 500,362</u>	<u>87,790</u>	<u>(36,375)</u>	<u>(171,033)</u>	<u>380,744</u>
<b>For the Six Months Ended June 30, 2020</b>					
Revenue from external customers	\$ 4,301,967	22,410	283,751	-	4,608,128
Intersegment revenues	875,280	2,533	37,277	(915,090)	-
Total revenue	<u>\$ 5,177,247</u>	<u>24,943</u>	<u>321,028</u>	<u>(915,090)</u>	<u>4,608,128</u>
Reportable segment profit or loss	<u>\$ 321,287</u>	<u>(109,361)</u>	<u>(25,830)</u>	<u>(146,865)</u>	<u>39,231</u>

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