

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

CONSOLIDATED FINANCIAL STATEMENTS

**with Independent Auditors' Review Report
For the Nine Months Ended September 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 September 30, 2021 and 2020, and the related consolidated statements of comprehensive income, for the three months and nine months ended September 30, 2021 and 2020, and the changes in equity and cash flows for the nine months ended September 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 \$4,594,680 thousand and \$4,268,145 thousand, constituting 9.42% and 9.67% of the consolidated total assets; and the total liabilities amounting to \$3,450,363 thousand and \$3,463,059 thousand, constituting 10.51% and 11.95% of the consolidated total liabilities as of September 30, 2021 and 2020, respectively, as well as the total comprehensive income (loss) amounting to \$63,875 thousand, \$(42,611) thousand, \$41,329 thousand and \$(153,274) thousand, constituting 13.56%, (11.46)%, 6.65% and (128.96)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2021 and 2020, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of the Group in its investee companies of \$670,223 thousand and \$758,284 thousand as of September 30, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of \$(20,191) thousand, \$(22,504) thousand, \$(81,610) thousand and \$(90,818) thousand for the three months and nine months ended September 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 September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months ended September 30, 2021 and 2020, and its consolidated cash flows for the nine months ended September 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)
November 11, 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 September 30, 2021 and 2020

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2021, December 31, 2020, and September 30, 2020

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2021		December 31, 2020		September 30, 2020				September 30, 2021		December 31, 2020		September 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Assets															
Current assets:															
1100	Cash and cash equivalents (Notes 6(a) and (z))	\$ 4,082,796	8	4,213,805	9	4,189,484	9	2100	Short-term borrowings (Notes 6(m) and (z))	\$ 10,707,640	22	7,990,614	18	10,347,169	24
1170	Notes and accounts receivable, net (Notes 6(c), (v) and (z))	3,838,915	8	3,818,110	9	3,504,756	8	2130	Current contract liabilities (Notes 6(v), 7 and 9(a))	3,766,073	8	2,492,984	6	2,317,362	5
1180	Accounts receivable due from related parties, net (Notes 6(z) and 7)	6,104	-	979	-	864	-	2170	Notes and accounts payable (Notes 6(z) and 7)	3,043,139	6	2,636,629	6	2,143,274	5
1200	Other receivables (Note 6(z))	113,119	-	58,957	-	71,112	-	2180	Accounts payable due to related parties (Notes 6(z) and 7)	31,532	-	26,663	-	22,005	-
1210	Other receivables due from related parties (Notes 6(z) and 7)	28,983	-	35,408	-	39,413	-	2200	Other payables (Note 6(z))	1,623,431	3	1,441,633	4	959,454	2
130X	Inventories (Notes 6(d), 8 and 9(a))	20,594,464	42	18,216,289	41	18,655,218	42	2220	Other payables due to related parties (Notes 6(z) and 7)	140,051	-	11,008	-	18,865	-
1410	Prepayments (Note 9(a))	346,106	1	245,146	-	281,311	1	2230	Current income tax liabilities	82,743	-	81,350	-	70,250	-
1470	Other current assets	537,016	1	284,867	1	306,095	1	2280	Current lease liabilities (Notes 6(o) and (z))	178,030	-	184,634	-	185,995	1
1476	Other current financial assets (Notes 6(z), 8 and 9(a))	1,814,725	4	1,562,746	4	1,213,279	2	2322	Long-term borrowings, current portion (Notes 6(n) and (z))	1,325,224	3	100,240	-	9,673	-
1480	Incremental costs of obtaining contracts	314,890	1	223,041	-	196,033	1	2399	Other current liabilities (Notes 6(p) and (r))	221,266	1	89,023	-	110,356	-
	Total current assets	31,677,118	65	28,659,348	64	28,457,565	64		Total current liabilities	21,119,129	43	15,054,778	34	16,184,403	37
Non-current assets:															
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b) and (z))	210,945	1	257,587	1	250,179	1	2540	Long-term borrowings (Notes 6(n) and (z))	9,107,058	19	10,939,362	24	9,943,087	23
1550	Investments accounted for using equity method (Note 6(e))	670,223	1	748,266	2	758,284	2	2570	Deferred tax liabilities	580,285	1	602,386	1	615,457	1
1600	Property, plant and equipment (Notes 6(h), 8 and 9(a))	10,346,729	21	10,164,563	23	9,542,117	22	2580	Non-current lease liabilities (Notes 6(o) and (z))	1,688,535	3	1,812,222	4	1,851,136	4
1755	Right-of-use assets (Note 6(i))	2,074,621	4	2,222,519	5	2,259,511	5	2600	Other non-current liabilities (Notes 6(p), (z) and 7)	314,917	1	336,708	1	354,909	1
1760	Investment property, net (Notes 6(j) and 8)	707,443	2	691,156	1	691,925	2	2640	Non-current net defined benefit liabilities	27,831	-	39,792	-	39,997	-
1780	Intangible assets (Note 6(k))	399,397	1	400,762	1	398,725	1		Total non-current liabilities	11,718,626	24	13,730,470	30	12,804,586	29
1840	Deferred tax assets	33,947	-	38,213	-	35,810	-		Total liabilities	32,837,755	67	28,785,248	64	28,988,989	66
1900	Other non-current assets (Notes 6(h), 7, 8 and 9(a))	1,954,087	4	907,794	2	1,045,308	2	3100	Equity attributable to owners of parent (Note 6(t)):						
1975	Non-current net defined benefit assets	13,265	-	13,053	-	-	-	3200	Ordinary share	3,761,221	8	3,761,221	8	3,761,221	9
1980	Other non-current financial assets (Notes 6(l), (z), 7 and 9(a))	683,509	1	684,059	1	681,279	1	3300	Capital surplus	1,488,063	3	1,487,802	4	1,487,802	3
	Total non-current assets	17,094,166	35	16,127,972	36	15,663,138	36	3300	Retained earnings	6,804,948	14	6,651,340	15	6,230,749	14
								3400	Other equity	(10,274)	-	126,031	-	(119,205)	-
									Total equity attributable to owners of parent:	12,043,958	25	12,026,394	27	11,360,567	26
								36XX	Non-controlling interests	3,889,571	8	3,975,678	9	3,771,147	8
									Total equity	15,933,529	33	16,002,072	36	15,131,714	34
	Total assets	\$ 48,771,284	100	44,787,320	100	44,120,703	100		Total liabilities and equity	\$ 48,771,284	100	44,787,320	100	44,120,703	100

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months and Nine Months Ended September 30, 2021 and 2020

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

	For the Three Months Ended				For the Nine Months Ended				
	September 30				September 30				
	2021	2020	2021	2020	2021	2020	2021	2020	
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenues (Notes 6(v) and 7)	\$ 5,578,372	100	3,366,396	100	12,496,888	100	7,974,524	100
5000	Operating costs (Notes 6(d) and 7)	(4,388,406)	(79)	(2,532,017)	(75)	(9,771,776)	(78)	(6,117,446)	(77)
	Gross profit from operations	<u>1,189,966</u>	<u>21</u>	<u>834,379</u>	<u>25</u>	<u>2,725,112</u>	<u>22</u>	<u>1,857,078</u>	<u>23</u>
	Operating expenses (Note 7):								
6100	Selling expenses	(207,913)	(4)	(161,397)	(5)	(515,386)	(4)	(368,464)	(4)
6200	Administrative expenses	(414,734)	(7)	(365,870)	(11)	(1,143,810)	(10)	(1,015,862)	(13)
6300	Research and development expenses	(2,606)	-	(2,841)	-	(8,912)	-	(7,825)	-
6450	Expected credit (losses) gains (Note 6(c))	(1,757)	-	3,387	-	(1,630)	-	11,444	-
	Total operating expenses	<u>(627,010)</u>	<u>(11)</u>	<u>(526,721)</u>	<u>(16)</u>	<u>(1,669,738)</u>	<u>(14)</u>	<u>(1,380,707)</u>	<u>(17)</u>
6500	Net other income and expenses (Note 6(x) and 7)	-	-	1,907	-	-	-	5,768	-
	Net operating income	<u>562,956</u>	<u>10</u>	<u>309,565</u>	<u>9</u>	<u>1,055,374</u>	<u>8</u>	<u>482,139</u>	<u>6</u>
	Non-operating income and expenses:								
7100	Interest income (Notes 6(y) and 7)	16,944	-	8,997	-	45,976	-	36,342	-
7010	Other income (Notes 6(y) and 7)	56,973	1	23,191	1	121,745	1	83,319	1
7020	Other gains and losses (Note 6(g) and (y))	(8,625)	-	(28,589)	(1)	(33,527)	-	(35,606)	-
7050	Finance costs (Note 6(y))	(70,728)	(1)	(65,249)	(2)	(189,885)	(1)	(210,734)	(3)
7375	Share of losses of associates and joint ventures accounted for using equity method (Note 6(f))	(20,191)	-	(22,504)	-	(81,610)	(1)	(90,818)	(1)
	Total non-operating income and expenses	<u>(25,627)</u>	<u>-</u>	<u>(84,154)</u>	<u>(2)</u>	<u>(137,301)</u>	<u>(1)</u>	<u>(217,497)</u>	<u>(3)</u>
	Profit from continuing operations before tax	<u>537,329</u>	<u>10</u>	<u>225,411</u>	<u>7</u>	<u>918,073</u>	<u>7</u>	<u>264,642</u>	<u>3</u>
7950	Less: Tax expense (Note 6(s))	<u>(57,891)</u>	<u>(1)</u>	<u>(48,378)</u>	<u>(2)</u>	<u>(132,509)</u>	<u>(1)</u>	<u>(63,620)</u>	<u>(1)</u>
8200	Net profit	<u>479,438</u>	<u>9</u>	<u>177,033</u>	<u>5</u>	<u>785,564</u>	<u>6</u>	<u>201,022</u>	<u>2</u>
8300	Other comprehensive income:								
8310	Items that may not be reclassified subsequently to profit or loss:								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(t) and (z))	(4,782)	-	(1,155)	-	(16,971)	-	(1,155)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	<u>(4,782)</u>	<u>-</u>	<u>(1,155)</u>	<u>-</u>	<u>(16,971)</u>	<u>-</u>	<u>(1,155)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translation of foreign financial statements (Note 6(t))	(3,464)	-	195,977	6	(147,292)	(1)	(81,015)	(1)
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>(3,464)</u>	<u>-</u>	<u>195,977</u>	<u>6</u>	<u>(147,292)</u>	<u>(1)</u>	<u>(81,015)</u>	<u>(1)</u>
8300	Other comprehensive income (after tax)	<u>(8,246)</u>	<u>-</u>	<u>194,822</u>	<u>6</u>	<u>(164,263)</u>	<u>(1)</u>	<u>(82,170)</u>	<u>(1)</u>
8500	Comprehensive income	<u>\$ 471,192</u>	<u>9</u>	<u>\$ 371,855</u>	<u>11</u>	<u>\$ 621,301</u>	<u>5</u>	<u>\$ 118,852</u>	<u>1</u>
	Net profit, attributable to:								
8610	Owners of parent	\$ 300,479	6	126,185	4	531,794	4	138,987	2
8620	Non-controlling interests	178,959	3	50,848	1	253,770	2	62,035	-
		<u>\$ 479,438</u>	<u>9</u>	<u>\$ 177,033</u>	<u>5</u>	<u>\$ 785,564</u>	<u>6</u>	<u>\$ 201,022</u>	<u>2</u>
	Comprehensive income attributable to:								
8710	Owners of parent	\$ 293,008	6	290,447	9	398,595	3	75,891	1
8720	Non-controlling interests	178,184	3	81,408	2	222,706	2	42,961	-
		<u>\$ 471,192</u>	<u>9</u>	<u>\$ 371,855</u>	<u>11</u>	<u>\$ 621,301</u>	<u>5</u>	<u>\$ 118,852</u>	<u>1</u>
	Earnings per share (expressed in dollars) (Note 6(u))								
9750	Basic earnings per share	<u>\$ 0.80</u>		<u>0.33</u>		<u>1.41</u>		<u>0.36</u>	
9850	Diluted earnings per share	<u>\$ 0.80</u>		<u>0.33</u>		<u>1.41</u>		<u>0.36</u>	

See accompanying notes to consolidated financial statements.

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent										
	Share Capital		Retained Earnings			Other Equity					
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury share	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance on January 1, 2020	\$ 3,852,521	1,523,104	1,756,147	49,081	4,764,453	(143,749)	87,640	-	11,889,197	3,852,894	15,742,091
Profit for the nine months ended September 30, 2020	-	-	-	-	138,987	-	-	-	138,987	62,035	201,022
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	(61,952)	(1,144)	-	(63,096)	(19,074)	(82,170)
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	138,987	(61,952)	(1,144)	-	75,891	42,961	118,852
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	45,022	-	(45,022)	-	-	-	-	-	-
Special reserve	-	-	-	7,028	(7,028)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(346,727)	-	-	-	(346,727)	-	(346,727)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	(571)	-	-	-	(571)	676	105
Acquisition of treasury share	-	-	-	-	-	-	-	(257,223)	(257,223)	-	(257,223)
Retirement of treasury share	(91,300)	(35,302)	-	-	(130,621)	-	-	257,223	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	1,924	1,924
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(127,308)	(127,308)
Balance on September 30, 2020	\$ 3,761,221	1,487,802	1,801,169	56,109	4,373,471	(205,701)	86,496	-	11,360,567	3,771,147	15,131,714
Balance on January 1, 2021	\$ 3,761,221	1,487,802	1,801,169	56,109	4,794,062	32,198	93,833	-	12,026,394	3,975,678	16,002,072
Profit for the nine months ended September 30, 2021	-	-	-	-	531,794	-	-	-	531,794	253,770	785,564
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	(116,198)	(17,001)	-	(133,199)	(31,064)	(164,263)
Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	531,794	(116,198)	(17,001)	-	398,595	222,706	621,301
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	42,839	-	(42,839)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(387,406)	-	-	-	(387,406)	-	(387,406)
Reversal of special reserve	-	-	-	(7,028)	7,028	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	404	-	-	-	-	-	-	404	(404)	-
Changes in equity of associates and joint ventures accounted for using equity method	-	(143)	-	-	6,114	-	-	-	5,971	842	6,813
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(66,576)	(66,576)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(242,675)	(242,675)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	3,106	-	(3,106)	-	-	-	-
Balance on September 30, 2021	\$ 3,761,221	1,488,063	1,844,008	49,081	4,911,859	(84,000)	73,726	-	12,043,958	3,889,571	15,933,529

See accompanying notes to consolidated financial statements.

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2021	2020
Cash flows from operating activities:		
Profit before tax	\$ 918,073	264,642
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	720,447	712,844
Amortization expense	3,717	11,633
Expected credit losses (gains)	1,630	(11,444)
Net losses on financial assets or liabilities at fair value through profit or loss	-	6,000
Interest expense	189,885	210,734
Interest income	(45,976)	(36,342)
Dividend income	(14,600)	(30,167)
Share of losses of associates and joint ventures accounted for using equity method	81,610	90,818
Losses (gains) on disposal of property, plant and equipment	4,659	(5,355)
Property, plant and equipment transferred to expenses	164	171
Loss on disposal of investment	5,013	-
Lease modification gains	(28)	(1,185)
Other losses	3,486	25,564
Effect of exchange rate changes on short-term and long-term borrowings	(15,067)	-
Total adjustments to reconcile profit	934,940	973,271
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	-	(11,070)
Notes and accounts receivable, net	(84,127)	375,708
Accounts receivable due from related parties, net	(6,057)	(384)
Other receivables	(25,792)	(35,971)
Inventories	(2,368,408)	(955,639)
Prepayments	(101,259)	(17,743)
Other current assets	(274,466)	(63,153)
Other financial assets	(251,271)	(133,822)
Incremental costs of obtaining contracts	(91,848)	(39,929)
Total changes in operating assets	(3,203,228)	(882,003)
Changes in operating liabilities:		
Notes and accounts payable (including related parties), net	579,832	(390,728)
Other payables	189,222	75,188
Current contract liabilities	1,274,551	930,027
Other current liabilities	124,844	(8,265)
Other non-current liabilities	(20,071)	(1,193)
Total changes in operating liabilities	2,148,378	605,029
Total changes in operating assets and liabilities	(1,054,850)	(276,974)
Total adjustments	(119,910)	696,297
Cash inflow generated from operations	798,163	960,939
Interest received	35,550	26,363
Dividends received	14,653	30,217
Interest paid	(224,447)	(249,830)
Income taxes paid	(171,921)	(156,886)
Net cash flows generated from operating activities	451,998	610,803
Cash flows from investing activities:		
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	834	21,241
Proceeds from disposal of the subsidiary (net effect of cash)	3,632	-
Acquisition of property, plant and equipment	(829,164)	(585,959)
Proceeds from disposal of property, plant and equipment	3,414	7,844
Acquisition of intangible assets	(4,595)	(499)
Acquisition of investment properties	-	(101)
Decrease in other financial assets	371	931
Increase in other non-current assets	(1,072,667)	(151,467)
Net cash flows used in investing activities	(1,869,338)	(708,010)
Cash flows from financing activities:		
Increase in short-term borrowings	8,393,889	7,502,308
Decrease in short-term borrowings	(5,789,236)	(5,422,125)
Increase in short-term notes and bills payable	85,003	329,842
Proceeds from long-term borrowings	3,946,147	3,476,100
Repayments of long-term borrowings	(4,456,558)	(4,387,181)
Payment of lease liabilities	(142,382)	(140,648)
Increase in other non-current liabilities	4,631	3,224
Cash dividends paid	(387,406)	(346,727)
Payment of treasury share	-	(257,223)
Cash dividends paid to non-controlling interests	(242,675)	(127,308)
Change in non-controlling interests	(68,552)	1,924
Net cash flows generated from financing activities	1,342,861	632,186
Effect of exchange rate changes on cash and cash equivalents	(56,530)	(46,042)
Net (decrease) increase in cash and cash equivalents	(131,009)	488,937
Cash and cash equivalents at the beginning of the period	4,213,805	3,700,547
Cash and cash equivalents at the end of the period	\$ 4,082,796	4,189,484

See accompanying notes to consolidated financial statements.

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 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 November 11, 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
			September 30, 2021	December 31, 2020	September 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 %	85.35 %	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
			September 30, 2021	December 31, 2020	September 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	100.00 %	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
			September 30, 2021	December 31, 2020	September 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 4th 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 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 fluctuation, 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

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand	\$ 6,565	6,673	6,994
Cash in banks	3,153,591	2,680,248	2,645,708
Time deposits	922,640	1,526,884	1,536,782
Cash and cash equivalents	<u>\$ 4,082,796</u>	<u>4,213,805</u>	<u>4,189,484</u>

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets— Yung Tay Engineering Co., Ltd.	\$ 36,901	62,763	55,355
Stocks unlisted on domestic markets— MEITA Industrial Co., Ltd.	116,122	135,300	135,300
Stocks unlisted on domestic markets— YUHUA Venture Capital Co., Ltd.	215	435	435

(Continued)

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Stocks unlisted on domestic markets— FUHUA Venture Capital Co., Ltd.	754	1,574	1,574
Stocks unlisted on domestic markets— GUANGYUAN Investment Co., Ltd.	32,749	31,580	31,580
Stocks unlisted on domestic markets— DEVELOPMENT Venture Capital Co., Ltd.	24,204	25,935	25,935
Total	<u>\$ 210,945</u>	<u>257,587</u>	<u>250,179</u>

- (i) The Group holds the equity investments for long-term strategic purposes, rather than transaction purposes. Therefore, the investments are measured at FVOCI.
- (ii) For the three months and nine months ended September 30, 2021 and 2020, the Group received dividend income amounting to \$1,088 thousand, \$2,577 thousand, \$14,600 thousand and \$30,167 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 three 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 September 30, 2021, December 31 and September 30, 2020, the financial assets were not pledged as collateral.
- (c) Notes and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable from operating activities	\$ 459,834	455,795	363,841
Accounts receivable measured as amortized cost	<u>3,383,797</u>	<u>3,365,435</u>	<u>3,155,270</u>
Subtotal	3,843,631	3,821,230	3,519,111
Less: Loss allowance	<u>(4,716)</u>	<u>(3,120)</u>	<u>(14,355)</u>
Total	<u>\$ 3,838,915</u>	<u>3,818,110</u>	<u>3,504,756</u>

(Continued)

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

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:

September 30, 2021			
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,702,108	0%	-
1 to 30 days past due	107,550	0%	-
31 to 90 days past due	20,000	0%~6%	258
91 to 120 days past due	7,263	0%~10.54%	726
121 days to a year past due	4,254	25.08%~32.97%	1,276
Over a year past due	<u>2,456</u>	100%	<u>2,456</u>
	<u>\$ 3,843,631</u>		<u>4,716</u>
December 31, 2020			
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,675,883	0%	-
1 to 30 days past due	87,468	0%	-
31 to 90 days past due	55,840	0%~3.3%	1,824
91 to 120 days past due	490	0%~10.54%	49
121 days to a year past due	431	25.08%~32.97%	129
Over a year past due	<u>1,118</u>	100%	<u>1,118</u>
	<u>\$ 3,821,230</u>		<u>3,120</u>
September 30, 2020			
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	\$ 3,168,147	0%	-
1 to 30 days past due	289,087	0%	-
31 to 90 days past due	21,064	0%	-
91 to 120 days past due	22,098	0%~11%	1,927
121 days to a year past due	14,546	23%~56.78%	8,259
Over a year past due	<u>4,169</u>	100%	<u>4,169</u>
	<u>\$ 3,519,111</u>		<u>14,355</u>

(Continued)

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

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

	For the Nine Months Ended September 30	
	2021	2020
Balance on January 1	\$ 3,120	26,005
Impairment losses (recovery) recognized	1,630	(11,444)
Amounts written off	-	(6)
Foreign exchange losses	(34)	(200)
Balance on September 30	\$ 4,716	14,355

The financial assets mentioned above were not pledged as collateral.

(d) Inventories

	September 30, 2021	December 31, 2020	September 30, 2020
Raw materials	\$ 230,023	122,981	104,150
Work in process	258,473	211,745	216,015
Semi-finished goods	114,078	103,020	100,012
Finished goods	1,219,441	884,993	718,605
Merchandise	82,481	59,948	59,318
Land held for development	7,346,655	5,998,833	6,105,194
Properties and land held for sale	2,001,284	2,234,588	3,519,820
Construction-in-progress	8,954,481	8,116,786	7,375,931
Prepayments for land	180,245	166,995	131,099
Other inventories	207,303	316,400	325,074
	\$ 20,594,464	18,216,289	18,655,218

For the three months and nine months ended September 30, 2021 and 2020, the cost of goods sold amounted to \$4,388,406 thousand, \$2,532,017 thousand, \$9,771,776 thousand and \$6,117,446 thousand, respectively. For the three months and nine months ended September 30, 2021 and 2020, the (loss for inventory obsolescence) reversal gain from the (decrease) increase in inventories' net realizable value amounted to \$(18,353) thousand, \$(6,233) thousand, \$(18,773) thousand and \$29,337 thousand, respectively.

For the information on inventories pledged as collateral, as of September 30, 2021, December 31 and September 30, 2020, please refer to Note 8.

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

(e) Investments accounted for using equity method

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

	September 30, 2021	December 31, 2020	September 30, 2020
Associates	\$ 452,285	452,283	452,173
Joint ventures	217,938	295,983	306,111
	<u>\$ 670,223</u>	<u>748,266</u>	<u>758,284</u>

(i) Associates

Due to the fact that the Group does not have the obligation of assuming the excess losses, it ceased the recognition of the losses from the investment of Amida Trustlink Assets Management Co., Ltd. (Amida Trustlink Assets). For the three months and nine months ended September 30, 2021 and 2020, the unrealized investment losses amounted to \$73 thousand, \$70 thousand, \$217 thousand and \$234 thousand, respectively; the accumulated unrealized investment losses, as of September 30, 2021 and 2020, amounted to \$57,626 thousand and \$57,281 thousand, respectively.

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

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amount of individually insignificant associates' equity	<u>\$ 452,285</u>	<u>452,283</u>	<u>452,173</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Attributable to the Group:				
Net income (loss)	\$ 6,895	(4,817)	(1,670)	(14,248)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ 6,895</u>	<u>(4,817)</u>	<u>(1,670)</u>	<u>(14,248)</u>

(ii) Joint ventures

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

	September 30, 2021	December 31, 2020	September 30, 2020
Carrying amount of individually insignificant joint ventures' equity	<u>\$ 217,938</u>	<u>295,983</u>	<u>306,111</u>

(Continued)

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
	Attributable to the Group:			
Net loss	\$ (27,086)	(17,687)	(79,940)	(76,570)
Other comprehensive income	-	-	-	-
Comprehensive income	<u>\$ (27,086)</u>	<u>(17,687)</u>	<u>(79,940)</u>	<u>(76,570)</u>

(iii) Pledge to secure

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

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

(i) Acquisition of additional shares interests of subsidiary

For the nine months ended September 30, 2021 and 2020, the Company obtained CMAI and Atrans Precision additional equity on \$8,570 thousand and \$9,490 thousand, increasing the percentage ownership from 94.00% to 100.00% and 83.74% to 85.35% , respectively.

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

	For the Nine Months Ended September 30	
	2021	2020
	CMAI	Atrans Precision
Acquisition of non-controlling interests	\$ 8,974	8,919
Payment to non-controlling interests	(8,570)	(9,490)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	<u>\$ 404</u>	<u>(571)</u>

The capital surplus resulting from changes in ownership is not sufficient as of September 30, 2021 and 2020, the remaining difference was debited to retained earnings.

(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.

(Continued)

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

(h) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Office Equipment</u>	<u>Transportation Equipment</u>	<u>Leasehold Improvement</u>	<u>Other Equipment</u>	<u>Prepayments for Equipment and Construction in Progress</u>	<u>Total</u>
Cost:									
Balance on January 1, 2021	\$ 3,118,236	3,445,580	9,433,335	110,764	53,189	168,203	700,247	1,202,077	18,231,631
Additions	77	-	68,936	9,641	4,108	42,850	17,947	685,605	829,164
Disposals	-	(1,756)	(59,235)	(5,792)	(1,960)	(54,928)	(54,123)	-	(177,794)
Reclassification	-	677	194,981	(4,119)	2,937	-	23,534	(198,201)	19,809
Influence from exchange rates	(172)	(38,669)	(134,694)	(1,007)	(842)	(2,654)	(5,637)	(21,151)	(204,826)
Balance on September 30, 2021	<u>\$ 3,118,141</u>	<u>3,405,832</u>	<u>9,503,323</u>	<u>109,487</u>	<u>57,432</u>	<u>153,471</u>	<u>681,968</u>	<u>1,668,330</u>	<u>18,697,984</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	53,725	771	92,887	8,109	1,575	11,937	10,909	406,046	585,959
Disposals	-	(5,540)	(161,842)	(12,825)	(2,983)	(42,447)	(92,718)	-	(318,355)
Reclassification	(41,736)	328	168,672	5,388	465	1,170	3,716	(170,627)	(32,624)
Influence from exchange rates	(240)	(22,842)	(73,208)	(639)	(334)	(2,086)	(3,590)	(3,623)	(106,562)
Balance on September 30, 2020	<u>\$ 3,118,405</u>	<u>3,334,268</u>	<u>9,202,601</u>	<u>122,792</u>	<u>55,668</u>	<u>168,342</u>	<u>768,198</u>	<u>775,313</u>	<u>17,545,587</u>
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	-	75,928	400,874	8,860	3,330	29,346	44,505	-	562,843
Disposals	-	(1,756)	(53,894)	(5,288)	(1,943)	(54,928)	(51,912)	-	(169,721)
Reclassification	-	-	3,029	(3,029)	-	-	-	-	-
Influence from exchange rates	-	(14,612)	(87,050)	(840)	(699)	(1,313)	(4,421)	-	(108,935)
Balance on September 30, 2021	<u>\$ -</u>	<u>1,508,232</u>	<u>6,144,425</u>	<u>83,280</u>	<u>44,005</u>	<u>65,101</u>	<u>506,212</u>	<u>-</u>	<u>8,351,255</u>
Balance on January 1, 2020	\$ -	1,327,569	5,674,431	96,102	45,102	108,067	575,939	-	7,827,210
Depreciation	-	75,163	382,393	9,074	2,606	31,101	51,302	-	551,639
Disposals	-	(5,540)	(159,835)	(12,698)	(2,862)	(42,447)	(92,484)	-	(315,866)
Reclassification	-	(2,769)	-	40	-	-	(40)	-	(2,769)
Influence from exchange rates	-	(7,378)	(45,123)	(547)	(271)	(1,089)	(2,336)	-	(56,744)
Balance on September 30, 2020	<u>\$ -</u>	<u>1,387,045</u>	<u>5,851,866</u>	<u>91,971</u>	<u>44,575</u>	<u>95,632</u>	<u>532,381</u>	<u>-</u>	<u>8,003,470</u>
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 September 30, 2021	<u>\$ 3,118,141</u>	<u>1,897,600</u>	<u>3,358,898</u>	<u>26,207</u>	<u>13,427</u>	<u>88,370</u>	<u>175,756</u>	<u>1,668,330</u>	<u>10,346,729</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 September 30, 2020	<u>\$ 3,118,405</u>	<u>1,947,223</u>	<u>3,350,735</u>	<u>30,821</u>	<u>11,093</u>	<u>72,710</u>	<u>235,817</u>	<u>775,313</u>	<u>9,542,117</u>

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

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Land	\$ 44,299	44,299	44,299

- (i) Right-of-use assets

The cost and accumulated depreciation of the right-of-use assets, which includes land, buildings, machinery and transportation equipment rented by the Group, for the nine months ended September 30, 2021 and 2020 are as follows:

	Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost:							
Balance on January 1, 2021	\$ 1,007,888	2,394,673	48,195	17,318	2,228	122,262	3,592,564
Additions	-	1,896	-	9,542	723	607	12,768
Reduction for expiration	-	(2,872)	-	(7,355)	(888)	(196)	(11,311)
Influence from exchange rates	(5,453)	-	(629)	(17)	(13)	-	(6,112)
Balance on September 30, 2021	\$ 1,002,435	2,393,697	47,566	19,488	2,050	122,673	3,587,909
Balance on January 1, 2020	\$ 1,002,435	2,397,748	54,032	25,475	2,240	122,607	3,604,537
Additions	-	238	-	1,433	430	259	2,360
Reduction for expiration	-	(6,160)	(13,754)	(8,037)	(393)	(604)	(28,948)
Influence from exchange rates	(3,116)	(12)	(469)	(23)	(17)	-	(3,637)
Balance on September 30, 2020	\$ 999,319	2,391,814	39,809	18,848	2,260	122,262	3,574,312
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	17,608	120,552	10,066	4,084	330	2,659	155,299
Transferred to construction cost	-	615	-	-	-	-	615
Reduction for expiration	-	(2,854)	-	(7,172)	(586)	(195)	(10,807)
Influence from exchange rates	(1,383)	-	(458)	(16)	(7)	-	(1,864)
Balance on September 30, 2021	\$ 171,399	1,276,655	38,727	9,067	859	16,581	1,513,288
Balance on January 1, 2020	\$ 130,437	999,972	24,730	15,221	1,022	10,997	1,182,379
Depreciation	17,473	120,899	9,919	5,114	391	2,647	156,443
Transferred to construction cost	-	650	-	-	-	-	650
Reduction for expiration	-	(5,786)	(9,124)	(8,037)	(378)	(413)	(23,738)
Influence from exchange rates	(696)	(7)	(204)	(18)	(8)	-	(933)
Balance on September 30, 2020	\$ 147,214	1,115,728	25,321	12,280	1,027	13,231	1,314,801

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Carrying value:							
Balance on January 1, 2021	\$ <u>852,714</u>	<u>1,236,331</u>	<u>19,076</u>	<u>5,147</u>	<u>1,106</u>	<u>108,145</u>	<u>2,222,519</u>
Balance on September 30, 2021	\$ <u>831,036</u>	<u>1,117,042</u>	<u>8,839</u>	<u>10,421</u>	<u>1,191</u>	<u>106,092</u>	<u>2,074,621</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 September 30, 2020	\$ <u>852,105</u>	<u>1,276,086</u>	<u>14,488</u>	<u>6,568</u>	<u>1,233</u>	<u>109,031</u>	<u>2,259,511</u>

(j) Investment property

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

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

The movements in the investment property is as follows:

	<u>Owned Property</u>		<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	
Carrying value:			
Balance on January 1, 2021	\$ <u>593,697</u>	<u>97,459</u>	<u>691,156</u>
Balance on September 30, 2021	\$ <u>609,567</u>	<u>97,876</u>	<u>707,443</u>
Balance on January 1, 2020	\$ <u>545,783</u>	<u>93,790</u>	<u>639,573</u>
Balance on September 30, 2020	\$ <u>593,697</u>	<u>98,228</u>	<u>691,925</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 nine months ended September 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 September 30, 2021, December 31 and September 30, 2020, the details of investment properties pledged as collateral, please refer to Note 8.

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

(k) Intangible assets

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

	<u>Goodwill</u>	<u>Patent</u>	<u>Client Relationship</u>	<u>Computer Software</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 390,862	63,669	229,850	32,878	717,259
Acquisitions	-	-	-	4,595	4,595
Reclassification	-	-	-	4,212	4,212
Influence from exchange rates	<u>(6,456)</u>	<u>(1,017)</u>	<u>(3,673)</u>	<u>(68)</u>	<u>(11,214)</u>
Balance on September 30, 2021	<u>\$ 384,406</u>	<u>62,652</u>	<u>226,177</u>	<u>41,617</u>	<u>714,852</u>
Balance on January 1, 2020	\$ 393,630	62,652	226,177	32,427	714,886
Acquisitions	-	-	-	499	499
Influence from exchange rates	<u>(5,941)</u>	<u>(582)</u>	<u>(2,099)</u>	<u>(94)</u>	<u>(8,716)</u>
Balance on September 30, 2020	<u>\$ 387,689</u>	<u>62,070</u>	<u>224,078</u>	<u>32,832</u>	<u>706,669</u>
Accumulated amortization and impairment loss:					
Balance on January 1, 2021	\$ -	63,669	229,850	22,978	316,497
Amortization	-	-	-	3,717	3,717
Influence from exchange rates	<u>-</u>	<u>(1,017)</u>	<u>(3,673)</u>	<u>(69)</u>	<u>(4,759)</u>
Balance on September 30, 2021	<u>\$ -</u>	<u>62,652</u>	<u>226,177</u>	<u>26,626</u>	<u>315,455</u>
Balance on January 1, 2020	\$ -	62,652	218,384	17,960	298,996
Amortization	-	-	7,702	3,931	11,633
Influence from exchange rates	<u>-</u>	<u>(582)</u>	<u>(2,008)</u>	<u>(95)</u>	<u>(2,685)</u>
Balance on September 30, 2020	<u>\$ -</u>	<u>62,070</u>	<u>224,078</u>	<u>21,796</u>	<u>307,944</u>
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 September 30, 2021	<u>\$ 384,406</u>	<u>-</u>	<u>-</u>	<u>14,991</u>	<u>399,397</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 September 30, 2020	<u>\$ 387,689</u>	<u>-</u>	<u>-</u>	<u>11,036</u>	<u>398,725</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(l) Other non-current financial assets

	September 30, 2021	December 31, 2020	September 30, 2020
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	108,509	109,059	106,279
	<u>\$ 683,509</u>	<u>684,059</u>	<u>681,279</u>

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

Underlying	September 30, 2021		Valuation Assessment	Collateral
	Obligation Cost	Obligation Principal		
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 st 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 nd security)

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

December 31, 2020				
<u>Underlying</u>	<u>Obligation Cost</u>	<u>Obligation Principal</u>	<u>Valuation Assessment</u>	<u>Collateral</u>
The Splendor Hospitality International	<u>\$ 575,000</u>	<u>796,845</u>	According to the assessment of Jones Lang Lasalle Real Estate Appraiser, the valuation of mortgage is \$7,056,000 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,548,000 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

September 30, 2020				
<u>Underlying</u>	<u>Obligation Cost</u>	<u>Obligation Principal</u>	<u>Valuation Assessment</u>	<u>Collateral</u>
The Splendor Hospitality International	<u>\$ 575,000</u>	<u>796,845</u>	According to the assessment of Jones Lang Lasalle Real Estate Appraiser, the valuation of mortgage is \$7,056,000 thousand. After deducting the 1 st security, which amounted to \$3,960,000 thousand, the residual mortgage attributed to the Group amounted to \$1,548,000 thousand.	The building of The Splendor Hospitality International (the 2 nd security)

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

(m) Short-term borrowings

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured bank borrowings	\$ 3,270,403	1,820,974	2,539,458
Secured bank borrowings	6,902,668	5,720,074	7,248,151
Notes and bills payable	534,569	449,566	559,560
Total	<u>\$ 10,707,640</u>	<u>7,990,614</u>	<u>10,347,169</u>
Unused credit limit	<u>\$ 4,149,163</u>	<u>6,543,281</u>	<u>4,263,027</u>
Range of interest rates	<u>0.52%~2.25%</u>	<u>0.52%~2.25%</u>	<u>0.51%~3.68%</u>

(i) Borrowing and repayment

For the nine months ended September 30, 2021 and 2020, the Group obtained from short-term borrowings amounting to \$8,393,889 thousand and \$7,502,308 thousand with an interest rate of 0.52%~3.72% and 0.51%~3.68%; the repayment amounting to \$5,789,236 thousand and \$5,422,125 thousand, respectively. Please refer to Note 6(y) for details of the interest expense.

(ii) Collateral for bank borrowings

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

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

(n) Long-term borrowings

	September 30, 2021	December 31, 2020	September 30, 2020
Unsecured bank borrowings	\$ 2,849,040	2,889,763	2,514,215
Secured bank borrowings	7,583,704	8,150,663	7,439,236
Less: Current portion	(1,325,224)	(100,240)	(9,673)
Unamortized long-term borrowings costs	(462)	(824)	(691)
Total	\$ 9,107,058	10,939,362	9,943,087
Unused credit limit	\$ 832,120	341,821	41,676
Interest rate range	0.93%~2.81%	0.63%~3.70%	0.63%~4.21%

(i) Borrowing and repayment

For the nine months ended September 30, 2021 and 2020, the Group obtained from long-term borrowings amounting to \$3,946,147 thousand and \$3,476,100 thousand with an interest rate of 0.90%~1.90% and 0.63%~2.00%; the repayment amounting to \$4,456,558 thousand and \$4,387,181 thousand, respectively. Please refer to Note 6(y) for details of the interest expense.

(ii) Collateral for bank borrowings

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

(iii) Borrowing covenants

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

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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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:

	September 30, 2021	December 31, 2020	September 30, 2020
Current	\$ <u>178,030</u>	<u>184,634</u>	<u>185,995</u>
Non-current	\$ <u>1,688,535</u>	<u>1,812,222</u>	<u>1,851,136</u>

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

The amounts recognized in profit or loss are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest on lease liabilities	\$ <u>6,015</u>	<u>6,635</u>	<u>18,531</u>	<u>20,486</u>
Expenses relating to leases short-term assets	\$ <u>2,583</u>	<u>2,565</u>	<u>9,741</u>	<u>9,852</u>
Covid-19-related rent concessions (recognized as deduction of rent expenses and other revenue)	\$ <u>4,222</u>	<u>15</u>	<u>4,227</u>	<u>25</u>

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

	For the Nine Months Ended September 30	
	2021	2020
Total cash outflow for leases	\$ <u>170,654</u>	<u>170,986</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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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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.

(p) Provisions

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Current:			
Warranties	\$ -	186	194
Subtotal	<u>-</u>	<u>186</u>	<u>194</u>
Non-current:			
Financial guarantee contracts	24,792	33,269	36,695
Legal	<u>236,052</u>	<u>236,052</u>	<u>236,052</u>
Subtotal	<u>260,844</u>	<u>269,321</u>	<u>272,747</u>
Total	<u><u>\$ 260,844</u></u>	<u><u>269,507</u></u>	<u><u>272,941</u></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.

(Continued)

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

(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:

	September 30, 2021	December 31, 2020	September 30, 2020
Less than one year	\$ 16,347	17,020	11,741
One to two years	8,049	12,355	7,757
Two to three years	2,483	5,265	1,512
Three to four years	-	355	-
Total undiscounted lease payments	<u>\$ 26,879</u>	<u>34,995</u>	<u>21,010</u>

For the three months and nine months ended September 30, 2021 and 2020, rental revenues from investment properties amounted to \$3,477 thousand, \$3,036 thousand, \$10,309 thousand and \$8,997 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "operating costs") are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Lease-out property	\$ -	15	-	19

(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.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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The expenses recognized in profit or loss for the Group are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Operating cost	\$ 533	575	1,612	1,744
Selling expenses	102	107	301	313
Administration expenses	245	282	720	842
Research and development expenses	93	92	286	271
Total	\$ 973	1,056	2,919	3,170

For the three months and nine months ended September 30, 2021 and 2020, the Group's employee benefits retirement expenses amounted to \$0、\$1,811、\$0 and \$1,811 thousand, respectively.

(ii) Defined contribution plans

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Operating cost	\$ 11,272	394	32,670	13,793
Selling expenses	583	156	1,836	1,086
Administration expenses	8,286	1,702	22,889	12,976
Research and development expenses	83	82	256	248
Total	\$ 20,224	2,334	57,651	28,103

(iii) Short-term employee benefits

	September 30, 2021	December 31, 2020	September 30, 2020
Paid leave and other liabilities	\$ 13,366	17,034	16,818

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

(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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Current income tax expense				
Current period incurred	\$ 47,179	40,920	124,056	86,856
Land value increment taxes	15,659	13,414	29,360	13,981
Undistributed profit tax	8,257	-	8,257	6,551
Adjustment for prior periods	(5,622)	-	(10,881)	(27,764)
	<u>65,473</u>	<u>54,334</u>	<u>150,792</u>	<u>79,624</u>
Deferred tax expense				
Origination and reversal of temporary differences	(7,582)	(5,956)	(18,283)	(16,004)
Income tax expense	<u>\$ 57,891</u>	<u>48,378</u>	<u>132,509</u>	<u>63,620</u>

(iii) The income tax returns of the Company through 2019 (except for 2018), as well as the other domestic consolidated subsidiaries through 2019, had been assessed and approved by the tax authority according to the income tax return filed by the Group. The Company and Sunflower Investment did not agree with the proposed tax adjustments made by the tax authority, and filed the petition of administration. Please refer to Note 9(b) for details.

(t) Share capital and other equity

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

	September 30, 2021	December 31, 2020	September 30, 2020
From issuance of share capital	\$ 611,272	611,272	611,272
Employee stock option of subsidiaries	33,352	33,352	33,352
From conversion of convertible bonds	843,035	843,035	843,035
Changes in equity of associates and joint ventures accounted for using equity method	-	143	143
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	404	-	-
	<u>\$ 1,488,063</u>	<u>1,487,802</u>	<u>1,487,802</u>

(iii) Retained earnings

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

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

1) Special reserve

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

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

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

2) Earnings distribution

The 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.

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) Treasury shares

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

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

(v) Other equity (net of tax)

	<u>Exchange Differences on Translation of Foreign Financial Statements</u>	<u>Unrealized Gains (Losses) from Financial Assets Measured at FVOCI</u>	<u>Non-controlling Interest</u>	<u>Total</u>
Balance on January 1, 2021	\$ 32,198	93,833	3,975,678	4,101,709
Profit attributable to non-controlling interests	-	-	253,770	253,770
Exchange differences on foreign operations	(116,198)	-	(31,094)	(147,292)
Unrealized (loss) gain on financial assets	-	(17,001)	30	(16,971)
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	(404)	(404)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	842	842
Changes in non-controlling interest	-	-	(66,576)	(66,576)
Cash dividends paid to non-controlling interests	-	-	(242,675)	(242,675)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(3,106)	-	(3,106)
Balance on September 30, 2021	<u>\$ (84,000)</u>	<u>73,726</u>	<u>3,889,571</u>	<u>3,879,297</u>

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

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at FVOCI	Non-controlling Interest	Total
Balance on January 1, 2020	\$ (143,749)	87,640	3,852,894	3,796,785
Profit attributable to non-controlling interests	-	-	62,035	62,035
Exchange differences on foreign operations	(61,952)	-	(19,063)	(81,015)
Unrealized gain on financial assets measured at FVOCI	-	(1,144)	(11)	(1,155)
Difference between consideration and carrying amount of subsidiaries disposed of	-	-	676	676
Changes in non-controlling interest	-	-	1,924	1,924
Cash dividends paid to non-controlling interests	-	-	(127,308)	(127,308)
Balance on September 30, 2020	<u>\$ (205,701)</u>	<u>86,496</u>	<u>3,771,147</u>	<u>3,651,942</u>

(u) Earnings per share

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Basic earnings per share				
Profit attributable to owners of the parent	\$ <u>300,479</u>	<u>126,185</u>	<u>531,794</u>	<u>138,987</u>
Weighted average number of ordinary shares	<u>376,122</u>	<u>381,355</u>	<u>376,122</u>	<u>381,355</u>
Basic earnings per share	<u>\$ 0.80</u>	<u>0.33</u>	<u>1.41</u>	<u>0.36</u>
Diluted earnings per share				
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	\$ <u>300,479</u>	<u>126,185</u>	<u>531,794</u>	<u>138,987</u>
Weighted average number of ordinary shares	376,122	381,355	376,122	381,355
Effect of potential diluted ordinary shares				
Employee stock option	<u>519</u>	<u>115</u>	<u>688</u>	<u>341</u>
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	<u>376,641</u>	<u>381,470</u>	<u>376,810</u>	<u>381,696</u>
Diluted earnings per share	<u>\$ 0.80</u>	<u>0.33</u>	<u>1.41</u>	<u>0.36</u>

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

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the Three Months Ended September 30, 2021			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 197,664	2,311,720	102,366	2,611,750
United States	479,361	-	-	479,361
Japan	410,896	-	-	410,896
China	1,655,595	-	-	1,655,595
Europe	117,744	-	-	117,744
South America	132,780	-	-	132,780
Others	170,246	-	-	170,246
	\$ 3,164,286	2,311,720	102,366	5,578,372
Major product/service lines:				
Iron casting hardware	\$ 3,120,511	-	-	3,120,511
Construction	-	2,307,616	-	2,307,616
Counter commissions	-	-	76,773	76,773
Others	43,775	4,104	25,593	73,472
	\$ 3,164,286	2,311,720	102,366	5,578,372
For the Three Months Ended September 30, 2020				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 163,834	564,564	162,401	890,799
United States	521,023	-	-	521,023
Japan	211,626	-	-	211,626
China	1,630,157	-	-	1,630,157
Europe	61,374	-	-	61,374
South America	11,625	-	-	11,625
Others	39,792	-	-	39,792
	\$ 2,639,431	564,564	162,401	3,366,396

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

For the Three Months Ended September 30, 2020				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major product/service lines:				
Iron casting hardware	\$ 2,622,723	-	-	2,622,723
Construction	-	561,190	-	561,190
Counter commissions	-	-	88,694	88,694
Others	16,708	3,374	73,707	93,789
	\$ 2,639,431	564,564	162,401	3,366,396
For the Nine Months Ended September 30, 2021				
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 574,259	2,888,401	366,378	3,829,038
United States	1,357,472	-	-	1,357,472
Japan	1,221,480	-	-	1,221,480
China	4,905,819	-	-	4,905,819
Europe	326,464	-	-	326,464
South America	487,778	-	-	487,778
Others	368,837	-	-	368,837
	\$ 9,242,109	2,888,401	366,378	12,496,888
Major product/service lines:				
Iron casting hardware	\$ 9,172,028	-	-	9,172,028
Construction	-	2,876,624	-	2,876,624
Counter commissions	-	-	227,378	227,378
Others	70,081	11,777	139,000	220,858
	\$ 9,242,109	2,888,401	366,378	12,496,888

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

	For the Nine Months Ended September 30, 2020			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	\$ 394,871	586,974	446,152	1,427,997
United States	1,278,315	-	-	1,278,315
Japan	791,611	-	-	791,611
China	4,044,774	-	-	4,044,774
Europe	178,968	-	-	178,968
South America	28,212	-	-	28,212
Others	224,647	-	-	224,647
	<u>\$ 6,941,398</u>	<u>586,974</u>	<u>446,152</u>	<u>7,974,524</u>
Major product/service lines:				
Iron casting hardware	\$ 6,903,740	-	-	6,903,740
Construction	-	576,678	-	576,678
Counter commissions	-	-	253,747	253,747
Others	37,658	10,296	192,405	240,359
	<u>\$ 6,941,398</u>	<u>586,974</u>	<u>446,152</u>	<u>7,974,524</u>

(ii) Contract balances

	September 30, 2021	December 31, 2020	September 30, 2020
Notes and accounts receivable	\$ 3,843,631	3,821,230	3,519,111
Less: Loss allowance	(4,716)	(3,120)	(14,355)
Total	<u>\$ 3,838,915</u>	<u>3,818,110</u>	<u>3,504,756</u>
Contract assets	<u>\$ -</u>	<u>-</u>	<u>-</u>
Contract liabilities—Advance real estate receipts	<u>\$ 3,719,099</u>	<u>2,443,869</u>	<u>2,273,969</u>
Contract liabilities—Advance receipts	<u>\$ 46,974</u>	<u>49,115</u>	<u>43,393</u>

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

The amount of revenue recognized for the nine months ended September 30, 2021 and 2020, that were included in the contract liabilities balance at the beginning of the period were \$486,769 and \$1,045 thousand, respectively.

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

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

(w) Employees' compensation and remuneration of directors

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

For the three months and nine months ended September 30, 2021 and 2020, appropriated employees' compensation by \$9,546 thousand, \$3,644 thousand, \$16,415 thousand and \$3,844 thousand, respectively, and appropriated remuneration of directors by \$8,524 thousand, \$3,503 thousand, \$14,657 thousand and \$3,696 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.

(x) Net other income and expenses

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
Rental revenue	\$ -	1,907	-	5,768

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(y) Non-operating income and expenses

(i) Interest income

The information on interest income is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 13,432	5,592	35,550	26,363
Interest income from financial guarantee contracts	3,512	3,405	10,426	9,979
Total Interest income	\$ 16,944	8,997	45,976	36,342

(ii) Other income

The information on other income is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Dividend income	\$ 1,088	2,577	14,600	30,167
Rental revenue	4,489	3,064	14,423	10,670
Others	51,396	17,550	92,722	42,482
Total other income	\$ 56,973	23,191	121,745	83,319

(iii) Other gains and losses

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
(Losses) gains on disposal of property, plant and equipment	\$ (1,127)	(141)	(4,659)	5,355
Foreign exchange gains (losses)	443	(27,440)	(13,287)	(8,873)
Losses on financial assets at FVTPL	-	-	-	(6,000)
Losses on disposal of investment	-	-	(5,013)	-
Other losses	(7,941)	(1,008)	(10,568)	(26,088)
Net amount of other gains and losses	\$ (8,625)	(28,589)	(33,527)	(35,606)

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(iv) Finance costs

The information on interest costs is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Bank borrowing interest expense	\$ 64,284	58,165	170,074	188,932
Lease liability interest expense	6,015	6,635	18,531	20,486
Other finance costs	429	449	1,280	1,316
Net amount of finance costs	<u>\$ 70,728</u>	<u>65,249</u>	<u>189,885</u>	<u>210,734</u>

For the three months and nine months ended September 30, 2021 and 2020, the capitalized interest costs amounted to \$11,014 thousand, \$11,914 thousand, \$37,363 thousand and \$33,627 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.

(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(c). Other financial assets at amortized cost include other receivables and time deposits.

All of these financial assets mentioned above are considered to be low risk, therefore, the impairment provision recognized during the period was limited to 12 months expected losses. For the allowance of impairment on financial assets for the nine months ended September 30, 2021 and 2020, please refer to Note 6(c).

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(ii) Liquidity risk

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

	<u>Contractual Cash Flow</u>	<u>Within 6 Months</u>	<u>6-12 Months</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>Over 5 Years</u>
September 30, 2021						
Non-derivative financial liabilities						
Bank borrowings	\$ 21,573,007	4,701,287	1,906,952	11,638,871	3,325,897	-
Lease liabilities	2,098,751	101,218	99,332	196,306	603,816	1,098,079
Notes and accounts payables (including related parties)	3,074,671	3,074,671	-	-	-	-
Other payables (including related parties)	<u>1,763,482</u>	<u>1,763,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,509,911</u>	<u>9,640,658</u>	<u>2,006,284</u>	<u>11,835,177</u>	<u>3,929,713</u>	<u>1,098,079</u>
December 31, 2020						
Non-derivative financial liabilities						
Bank borrowings	\$ 19,559,149	2,626,081	1,895,083	8,906,212	6,101,100	30,673
Lease liabilities	2,247,285	107,124	101,805	195,978	594,921	1,247,457
Notes and accounts payables (including related parties)	2,663,292	2,663,292	-	-	-	-
Other payables (including related parties)	<u>1,452,641</u>	<u>1,452,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 25,922,367</u>	<u>6,849,138</u>	<u>1,996,888</u>	<u>9,102,190</u>	<u>6,696,021</u>	<u>1,278,130</u>
September 30, 2020						
Non-derivative financial liabilities						
Bank borrowings	\$ 20,731,172	6,551,529	1,129,592	10,020,781	2,996,566	32,704
Lease liabilities	2,293,693	105,957	104,850	195,129	590,507	1,297,250
Notes and accounts payables (including related parties)	2,165,279	2,165,279	-	-	-	-
Other payables (including related parties)	<u>978,319</u>	<u>978,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 26,168,463</u>	<u>9,801,084</u>	<u>1,234,442</u>	<u>10,215,910</u>	<u>3,587,073</u>	<u>1,329,954</u>

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

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

(iii) Currency risk

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

	September 30, 2021			December 31, 2020			September 30, 2020		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD:NTD	\$ 23,969	27.85	667,532	21,890	28.48	623,430	31,866	29.10	927,300
USD:CNY	142,006	6.46	3,954,860	116,751	6.50	3,325,082	110,627	6.81	3,219,239
USD:JPY	1,589	111.85	44,242	1,063	103.08	30,277	864	105.59	25,148
EUR:NTD	2,201	32.32	71,127	408	35.02	14,287	919	34.15	31,382
EUR:CNY	2,423	7.50	78,299	845	8.00	29,602	954	8.00	32,596
JPY:NTD	146,940	0.25	36,588	54,520	0.28	15,064	53,589	0.28	14,769
JPY:CNY	157,358	0.06	39,182	50,832	0.06	14,045	54,835	0.06	15,113
HKD:USD	2,306	0.13	8,256	6,370	0.13	23,376	7,906	0.13	29,649
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:NTD	46	27.85	1,272	63	28.48	1,781	1,021	29.10	29,723
USD:CNY	161,984	6.46	4,511,257	138,325	6.50	3,939,509	133,056	6.81	3,871,939
EUR:CNY	1,204	7.50	38,903	1,655	8.00	57,947	1,655	8.00	56,508
HKD:USD	355,040	0.13	1,199,443	335,088	0.13	1,229,771	335,040	0.13	1,256,400

1) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Group's functional currency as of September 30, 2021 and 2020 would have increased (decreased) the after-tax net income for the three months and nine months ended September 30, 2021 and 2020 by \$(519) thousand, \$(2,107) thousand, \$(5,105) thousand and \$(5,516) thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and nine months ended September 30, 2021 and 2020, the foreign exchange gains (losses), including both realized and unrealized, amounted to \$443 thousand, \$(27,440) thousand, \$(13,287) thousand and \$(8,873) thousand, respectively.

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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(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 \$29,922 thousand, \$33,647 thousand, \$84,354 thousand and \$94,043 thousand for the three months and nine months ended September 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:

	For the Nine Months Ended September 30			
	2021		2020	
	Other Comprehensive Income (net of tax)	Net Income (Loss) (net of tax)	Other Comprehensive Income (net of tax)	Net Income (Loss) (net of tax)
Increase 10%	\$ 21,095	-	25,018	-
Decrease 10%	\$ (21,095)	-	(25,018)	-

(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:

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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	September 30, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-current financial assets at FVOCI	<u>\$ 210,945</u>	<u>36,901</u>	<u>-</u>	<u>174,044</u>	<u>210,945</u>
Financial assets measured at amortized cost	<u>\$ 10,543,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 27,868,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-current financial assets at FVOCI	<u>\$ 257,587</u>	<u>62,763</u>	<u>-</u>	<u>194,824</u>	<u>257,587</u>
Financial assets measured at amortized cost	<u>\$ 10,372,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 25,159,952</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	September 30, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Non-current financial assets at FVOCI	<u>\$ 250,179</u>	<u>55,355</u>	<u>-</u>	<u>194,824</u>	<u>250,179</u>
Financial assets measured at amortized cost	<u>\$ 9,670,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost	<u>\$ 25,480,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

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

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

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

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

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

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

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

3) Transfers between Level 1 and Level 2

There were no transfers in either direction for the nine months ended September 30, 2021 and 2020.

4) Reconciliation of Level 3 instruments

	Non-current Financial Assets at FVOCI
	Equity Instrument without Quoted Price
Balance on January 1, 2021	\$ 194,824
Total gains or losses	
Recognized as other comprehensive income	(19,946)
Capital reduction	(834)
Balance on September 30, 2021	\$ 174,044
Balance on January 1, 2020	\$ 216,065
Capital reduction	(21,241)
Balance on September 30, 2020	\$ 194,824

(Continued)

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 September 30, 2021 and 2020 is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Total gains or losses				
Recognized as other comprehensive income (which is listed under "unrealized gain (loss) on financial assets of FVOCI")	\$ (6,386)	(1,155)	(19,946)	(1,155)

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

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

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

Quantified information regarding significant unobservable inputs are as follows:

Item	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at FVOCI equity investments without active market	Dividend discount model	Average expected future dividend income of 5 years (As of September 30, 2021, December 31 and September 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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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Item</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Inputs</u>	<u>Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement</u>
Financial assets at FVOCI equity investments without active market	Dividend discount model	Weighted average capital cost (As of September 30, 2021, December 31 and September 30, 2020, were 4.38%, 4.70% and 4.64%, respectively.) Discounting rate without market liquidity (As of September 30, 2021, December 31 and September 30, 2020, were all 15%)	The estimated fair value would decrease, if the weighted average capital cost is increased. The estimated fair value would decrease, if the discounting rate without market liquidity is increased.

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

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

	<u>Inputs</u>	<u>Fluctuation in Inputs</u>	<u>Other Comprehensive Income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
September 30, 2021				
Financial assets at FVOCI				
Equity investments without an active market	4.38 %	1%	6,407	(6,087)
December 31, 2020				
Financial assets at FVOCI				
Equity investments without an active market	4.70 %	1%	6,755	(6,421)
September 30, 2020				
Financial assets at FVOCI				
Equity investments without an active market	4.64 %	1%	6,827	(6,489)

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 nine month ended September 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>September 30,</u> <u>2021</u>
Other non-current assets	\$ <u>907,794</u>	<u>1,072,667</u>	<u>(26,374)</u>	<u>1,954,087</u>

	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u> <u>Reclassification</u>	<u>September 30,</u> <u>2020</u>
Other non-current assets	\$ <u>905,188</u>	<u>151,467</u>	<u>(11,347)</u>	<u>1,045,308</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

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

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Beyond Fitness Co., Ltd. (Beyond Fitness)	Associate of subsidiaries
Fuzhou Aprec Mechanical and Electrical Co., Ltd. (Fuzhou Aprec)	Subsidiaries of subsidiaries' associates
Advancision Corporation (Advancision)	Subsidiaries of subsidiaries' associates
Chain-Yuan Investment Co., Ltd. (Chain-Yuan Investment)	Other related parties
San Lien Technology Corp. (San Lien Technology)	Other related parties
Kemitek Industrial Corp. (Kemitek Industrial)	Other related parties
CMP PUJEN Foundation for Arts and Culture (Foundation)	Other related parties
San Lien Educational Foundation (San Lien Foundation)	Other related parties
Pu Yuan Construction Co., Ltd. (Pu Yuan Construction)	Other related parties
Hao Bao Investment Co., Ltd. (Hao Bao Investment)	Other related parties
Rui Hua Investment Co., Ltd. (Rui Hua Investment)	Other related parties
Gee Lien Resource Development Corp. (Gee Lien Resource)	Other related parties
Yi-Shi Investment Corporation (Yi-Shi)	Other related parties
Meteorological Application and Development Foundation (MADF)	Other related parties
Mr. Ming Shiann, Ho	Other related parties
Mr. Chung Chieh, Liu	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 September 30</u>		<u>For the Nine Months Ended September 30</u>		<u>September 30,</u>	<u>December 31,</u>	<u>September</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>30, 2020</u>
Associates	\$ 3,416	1,132	8,166	3,123	6,065	797	808
Joint ventures	39	26	381	32	39	-	-
Other related parties	187	131	392	195	-	182	56
	<u>\$ 3,642</u>	<u>1,289</u>	<u>8,939</u>	<u>3,350</u>	<u>6,104</u>	<u>979</u>	<u>864</u>

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

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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- 2) The amounts of significant real estate sales transactions and outstanding balance between the Group and related parties are as follows:

	Revenue recognized				Advance real estate receipts		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2021	December 31, 2020	September 30, 2020
	2021	2020	2021	2020			
Other related parties	\$ -	-	-	-	55,021	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.

- (ii) Purchases from related parties

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

	Purchases				Notes and Accounts Payable		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2021	December 31, 2020	September 30, 2020
	2021	2020	2021	2020			
Associates	\$ 28,272	11,175	92,407	38,118	30,816	26,026	21,368
Joint ventures	-	(3)	-	17	-	-	-
Other related parties	1,242	409	1,242	3,383	1,086	641	1,024
	<u>\$ 29,514</u>	<u>11,581</u>	<u>93,649</u>	<u>41,518</u>	<u>31,902</u>	<u>26,667</u>	<u>22,392</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:

	Rental Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Joint ventures	\$ 30	-	90	-
Other related parties:				
Mr. Ming Shiann, Ho	608	598	1,824	1,754
Others	161	15	437	45
	<u>\$ 799</u>	<u>613</u>	<u>2,351</u>	<u>1,799</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Other related parties	\$ <u>443</u>	<u>443</u>	<u>443</u>

2) Rental revenues

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

Rental Revenues

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Associates	\$ 66	66	197	218
Other related parties	<u>239</u>	<u>320</u>	<u>804</u>	<u>962</u>
	<u>\$ 305</u>	<u>386</u>	<u>1,001</u>	<u>1,180</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Associates	\$ <u>300</u>	<u>300</u>	<u>300</u>

(iv) Providing services to related party

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

Service Revenues

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Associates	\$ 75	79	225	230
Joint ventures	<u>1,345</u>	<u>1,607</u>	<u>4,192</u>	<u>5,432</u>
	<u>\$ 1,420</u>	<u>1,686</u>	<u>4,417</u>	<u>5,662</u>

(v) Non-performing receivables

Total Claims

	September 30, 2021	December 31, 2020	September 30, 2020
Joint ventures:			
The Splendor Hospitality	\$ <u>796,845</u>	<u>796,845</u>	<u>796,845</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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	Costs of Claims		
	September 30, 2021	December 31, 2020	September 30, 2020
Joint ventures:			
The Splendor Hospitality	\$ <u>575,000</u>	<u>575,000</u>	<u>575,000</u>

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

(vi) Guarantees and endorsements

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

	Borrowing Limits		
	September 30, 2021	December 31, 2020	September 30, 2020
Joint ventures:			
The Splendor Hospitality	\$ 1,950,000	1,900,000	1,900,000
Others	<u>45,680</u>	<u>45,680</u>	<u>45,680</u>
	<u>\$ 1,995,680</u>	<u>1,945,680</u>	<u>1,945,680</u>

	Actual Usage Amount		
	September 30, 2021	December 31, 2020	September 30, 2020
Joint ventures:			
The Splendor Hospitality	\$ 1,655,000	1,620,000	1,645,000
Others	<u>36,726</u>	<u>45,680</u>	<u>45,680</u>
	<u>\$ 1,691,726</u>	<u>1,665,680</u>	<u>1,690,680</u>

(vii) Guarantee for bank borrowings

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

(viii) Property transaction

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Other related parties	\$ -	<u>226</u>	<u>172</u>	<u>1,714</u>

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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- 2) The information on construction in retention for development projects to be paid by the Group is as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Other related parties	<u>\$ 336</u>	<u>318</u>	<u>230</u>

- 3) In the third quarter of 2021, the Group purchased a total of 13 thousand shares from its other related parties at the amount of \$1,904 thousand.

(ix) Other transactions

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

	Donation			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Other related parties:				
Foundation	<u>\$ 2,500</u>	<u>3,720</u>	<u>5,060</u>	<u>3,735</u>

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

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

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

	Other Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Associates	\$ 1	-	2	-
Joint ventures	238	33	247	33
Other related parties	-	24	42	89
	<u>\$ 239</u>	<u>57</u>	<u>291</u>	<u>122</u>

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

	Interest Revenues			
	For the Three Months Ended		For the Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
Joint ventures:				
The Splendor Hospitality	\$ 3,429	3,323	10,177	9,736
Others	84	82	249	243
	<u>\$ 3,513</u>	<u>3,405</u>	<u>10,426</u>	<u>9,979</u>

- 5) Other receivables and advance payments from related parties

	Other Receivables		
	(including advance payments)		
	September 30,	December 31,	September 30,
	2021	2020	2020
Associates:			
Keng-Hsin Urban Renewal	\$ 28,760	35,114	39,052
Others	95	95	100
Joint ventures	125	77	84
Other related parties	3	122	177
	<u>\$ 28,983</u>	<u>35,408</u>	<u>39,413</u>

- 6) Other payables and advance receipts from related parties

	Other Payables		
	(including advance receipts)		
	September 30,	December 31,	September 30,
	2021	2020	2020
Associates:			
Keng-Hsin Urban Renewal	\$ 140,005	8,384	18,565
Joint ventures	46	2,514	40
Other related parties	-	25	260
Key management	-	85	-
	<u>\$ 140,051</u>	<u>11,008</u>	<u>18,865</u>

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(d) Key management transactions

The compensation of key management is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 25,106	29,904	81,141	65,506
Post-employment benefits	(133)	2,223	813	2,624
	<u>\$ 24,973</u>	<u>32,127</u>	<u>81,954</u>	<u>68,130</u>

(8) Pledged assets

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

Pledged Assets	Object	September 30, 2021	December 31, 2020	September 30, 2020
Land (including other non-current assets)	The credit limits of long-term and short-term bank borrowings	\$ 1,424,715	1,424,638	1,424,638
Buildings	"	307,952	319,590	323,424
Investment properties	"	635,451	637,021	637,722
Inventories—Land held for development	"	6,936,925	5,790,877	5,852,644
Inventories—Construction in progress	"	6,502,814	5,330,961	5,568,460
Inventories—Buildings and land held for sale	The credit limits of short-term borrowings	1,863,413	2,226,801	3,512,033
Other current financial assets	Bank acceptance bills	28,218	13,850	17,709
"	Trusts	1,337,851	967,447	632,891
		<u>\$ 19,037,339</u>	<u>16,711,185</u>	<u>17,969,521</u>

(9) Significant commitments and contingencies

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

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

	September 30, 2021	December 31, 2020	September 30, 2020
Total contract price	\$ <u>13,481,164</u>	<u>11,020,485</u>	<u>9,368,670</u>
Total amounts paid under contracts (Note)	\$ <u>6,994,460</u>	<u>3,787,659</u>	<u>2,453,520</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

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Total contract price	\$ <u>17,400,101</u>	<u>15,265,856</u>	<u>12,622,094</u>
Total amounts received under contracts (recognized under current contract liabilities)	\$ <u>3,376,000</u>	<u>2,434,499</u>	<u>2,082,955</u>

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

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

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	\$ <u>378,725</u>	<u>352,223</u>	<u>335,327</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Security deposits (recognized under other current and non-current financial assets)	\$ <u>99,282</u>	<u>97,289</u>	<u>97,289</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Total contract price	\$ <u>338,842</u>	<u>283,842</u>	<u>373,842</u>
Total amounts paid under contracts (recognized under inventories—prepayments for land)	\$ <u>180,245</u>	<u>166,995</u>	<u>131,099</u>

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

- (vii) The Group and The Presbyterian Church in Taiwan entered into an real estate leasing contract, with the contract term of 40 years, commencing the day after the signing date, September 30, 2016. For the development of the leasing real estates, the Group agreed to pay development royalty amounting to \$126,000 thousand. As of September 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.
- (viii) The Group entered into various services agreement with InterContinental Hotels Group for its hotel operation, including planning, constructing and building, as well as during the pre-opening phase, and the period from the pre-opening phase to the opening day and fifteen years afterwards. According to the contract, the fees shall either be paid based on the services rendered, or be calculated in accordance with certain ratio of the gross revenue for the fiscal year or each accounting period.

(b) Contingencies

- (i) Please refer to Note 7 for the Group's guarantees and endorsements for related parties' loans as of September 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).

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

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(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 September 30					
		2021			2020		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		177,620	182,907	360,527	158,729	150,006	308,735
Labor and health insurance		15,048	12,813	27,861	15,460	12,978	28,438
Pension		11,805	9,392	21,197	969	4,233	5,202
Others		24,279	11,626	35,905	18,528	10,796	29,324
Depreciation		168,281	73,032	241,313	172,029	65,635	237,664
Amortization		328	1,023	1,351	464	836	1,300

By item	By function	For the Nine Months Ended September 30					
		2021			2020		
		Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits							
Salary		529,546	477,451	1,006,997	458,066	421,543	879,609
Labor and health insurance		44,523	36,891	81,414	34,818	30,890	65,708
Pension		34,282	26,288	60,570	15,537	17,547	33,084
Others		58,215	34,351	92,566	48,343	30,098	78,441
Depreciation		500,245	220,202	720,447	503,337	209,507	712,844
Amortization		1,141	2,576	3,717	1,389	10,244	11,633

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

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

The following is the information on significant transactions for the nine months ended September 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	-	1.15%	2	-	Operation requirements	-	-	-	3,613,187	4,817,583
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	219,000	107,750	107,750	0.75%	2	-	Operation requirements	-	-	-	319,835	426,447
1	Tianjin CMT	CMW (Tianjin)	Accounts receivable due from related parties	Yes	197,100	-	-	0.75%	2	-	Operation requirements	-	-	-	319,835	426,447
1	Tianjin CMT	CMH	Accounts receivable due from related parties	Yes	301,000	301,700	301,700	0.75%	2	-	Operation requirements	-	-	-	319,835	426,447
2	Suzhou CMS	CMH	Accounts receivable due from related parties	Yes	437,000	431,000	431,000	0.75%	2	-	Operation requirements	-	-	-	1,209,239	1,612,319
3	CMAI	Pilot	Accounts receivable due from related parties	Yes	40,383	40,383	40,383	0.17%	2	-	Operation requirements	-	-	-	42,037	56,049

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

Note 2: 1. For business transactions.

2. For the necessity of short-term financing.

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

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

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of NTD)

No.	Name of Guarantor/Endorsee	Counter-party of Guarantee and Endorsement		Limitation on Amount of Guarantees and Endorsements for a Specific Enterprise (Note 4)	Highest Balance for Guarantees and Endorsements During the Period	Ending Balance (Note 2)	Actual Borrowing Amount	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest Financial Statements	Maximum Amount for Guarantees and Endorsements (Note 5)	Parent Company Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary (Note 3)	Subsidiary Endorsements/ Guarantees to Third Parties on Behalf of Parent Company (Note 3)	Endorsements/ Guarantees to Third Parties on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship with the Company (Note 1)										
0	The Company	Sunflower Investment	1	4,817,583	220,000	110,000	70,000	-	0.91 %	6,021,979	Y	N	N
0	The Company	The Hotel National	1	4,817,583	100,000	50,000	20,000	-	0.42 %	6,021,979	Y	N	N
0	The Company	Shangrila Tourism	1	4,817,583	902,500	652,500	392,000	-	5.42 %	6,021,979	Y	N	N
0	The Company	The Splendor Hospitality	2	4,817,583	2,150,000	1,950,000	1,655,000	-	16.19 %	6,021,979	N	N	N
0	The Company	CMAAN Health	2	4,817,583	45,680	45,680	36,726	-	0.38 %	6,021,979	N	N	N
1	CMAI N.A.	Pilot	4	50,608	47,228	-	-	-	- %	50,608	N	N	N
2	CMI	UEA	3	3,881,463	1,229,597	1,199,443	1,199,443	-	12.36 %	4,851,828	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 September 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	116,122	3.12 %	116,122	
The Company	YUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	4,999	215	1.25 %	215	
The Company	FUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	5,000	754	1.67 %	754	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	3,750,000	32,749	3.91 %	32,749	
The Company	DEVELOPMENT Venture Capital Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	4,400,000	24,204	4.00 %	24,204	
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	36,901	0.14 %	36,901	
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:

(In Thousands of NTD)

Name of Company	Type of Property	Transaction Date	Transaction Amount	Amount Paid	Counter-party	Nature of Relationship	Prior Transaction with Related Party				Price Reference	Purpose of Acquisition and Current Condition	Others
							Owner	Relationship	Transfer Date	Amount			
PUJEN Land Development	No. 81 - 81-3 - 81-4 - 81-2, Sec.2, Fulin Rd., Shilin Dist., Taipei City, Taiwan (R.O.C)	May 19, 2021	\$ 1,249,741	Fully paid-up	EVERRICH BUILD CO., LTD. - Rision Industrial Co., Ltd.	-	-	-	-	-	The appraisal reports and market price	Acquired land for development and construction	None

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

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

- (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	1,047,084	40.17 %	180 days	-	-	1,788,103	74.54%	
Suzhou CMB	CMI	Subsidiaries	Sale	106,086	7.64 %	180 days	-	-	141,058	18.11%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	1,255,748	37.87 %	180 days	-	-	2,097,714	65.11%	

Note : Intra-group transactions have been eliminated in 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 186,022	-	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 2,596,710	-	-	-	CNY 30,289,500	-
CMP (H.K.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 348,158	-	-	-	-	-
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 2,097,714	0.88	-	-	CNY 30,013,017	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 263,018	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 107,750	-	-	-	-	-
Tianjin CMT	CMH	Affiliates	Accounts receivable due from related parties, other 301,700	-	-	-	-	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,788,103	0.89	-	-	CNY 44,565,614	-
Suzhou CMS	CMH	Affiliates	Accounts receivable due from related parties, other 431,000	-	-	-	-	-
Suzhou CMB	CMI	Subsidiaries	Accounts receivable due from related parties 141,058	1.21	-	-	CNY 5,363,274	-
PUJEN	CHINGENG Land Development	Parent company	Accounts receivable due from related parties, other 119,700	-	-	-	-	-

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	32,729	60~90 days	0.26%
0	China Metal Products	CMJ	1	Operating revenue	22,436	90 days	0.18%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	1,255,748	180 days	10.05%
3	Suzhou CMS	CMI	2	Operating revenue	1,047,084	180 days	8.38%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	63,290	90 days	0.51%
4	Suzhou CMB	CMI	2	Operating revenue	106,086	180 days	0.85%
4	Suzhou CMB	CMB(H.K.)	2	Operating revenue	30,251	180 days	0.24%
4	Suzhou CMB	Qingdao Sourcing Specialists	3	Operating revenue	19,043	90 days	0.15%
5	National Management	China Metal Products	2	Operating revenue	43,182	OA25 days	0.35%
7	CMW(C.I.)	CMAI	3	Operating revenue	20,243	90 days	0.16%
14	CMH	CMW (Tianjin)	3	Operating revenue	26,056	90 days	0.21%
14	CMH	Suzhou CMB	3	Operating revenue	66,049	90 days	0.53%
12	CMJ	CMI	3	Operating revenue	14,311	90~120 days	0.11%
13	CMAI(N.A.)	CMAI	2	Operating revenue	23,116	90~120 days	0.18%
0	China Metal Products	Atrans Precision	1	Accounts receivable due from related parties	17,891	60~90 days	0.04%

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CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES
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No. (Note 1)	Name of Company	Name of Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions (Note 3)			
				Account	Amount	Trading Terms	Percentage of the Total Consolidated Revenue or Total Assets (Note 4)
1	CMW(Tianjin)	CMW(C.I.)	2	Accounts receivable due from related parties	2,097,714	180 days	4.30%
2	Tianjin CMT	CMI	2	Accounts receivable due from related parties	263,018	180 days	0.54%
2	Tianjin CMT	CMW(Tianjin)	3	Accounts receivable due from related parties	42,864	90 days	0.09%
14	CMH	CMW(Tianjin)	3	Accounts receivable due from related parties	15,722	90 days	0.03%
14	CMH	Suzhou CMB	3	Accounts receivable due from related parties	68,121	90 days	0.14%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,788,103	180 days	3.67%
4	Suzhou CMB	CMB(H.K.)	2	Accounts receivable due from related parties	37,135	180 days	0.08%
4	Suzhou CMB	CMI	2	Accounts receivable due from related parties	141,058	180 days	0.29%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related parties	29,332	90 days	0.06%
7	CMW(C.I.)	CMAI	3	Accounts receivable due from related parties	31,410	90 days	0.06%
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	107,750	-	0.22%
2	Tianjin CMT	CMH	3	Other receivables due from related parties	301,700	-	0.62%
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	186,022	-	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	2,596,710	-	5.32%
9	CMP(H.K.)	CMI	2	Other receivables due from related parties	348,158	-	0.71%
11	CMAI	Pilot	1	Other receivables due from related parties	40,383	-	0.08%
11	CMAI	CMAI(N.A.)	1	Other receivables due from related parties	12,908	-	0.03%
10	CHINGENG Land Development	PUJEN	2	Other receivables due from related parties	28,449	-	0.06%
15	PUJEN	CHINGENG Land Development	1	Other receivables due from related parties	119,700	-	0.25%
8	CMB (H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	24,253	-	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
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(b) Information on investees:

The following is the information on investees for the nine months ended September 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 September 30, 2021			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 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 %	6,991,792	425,884	425,884	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,000	99,000	67,006,291	99.00 %	865,089	45,181	44,046	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	247,218	247,218	25,782,134	72.24 %	383,085	17,350	13,512	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	96,402	33,772	28,142	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	24,036	15,466	1,000,000	100.00 %	127,837	8,832	8,455	Subsidiaries
The Company	Pu Sheng Construction	Taiwan	Residents, commercial buildings and factories leasing and developing	-	30	-	- %	-	(17)	5,538	Subsidiaries
The Company	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	2,003,067	2,003,067	158,877,643	56.65 %	4,087,312	439,977	235,162	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)	(456)	-	Investees accounted for using equity method
The Company	The Hotel National	Taiwan	International tourist hotel services	1,515,952	1,305,233	5,000,000	100.00 %	903,179	(52,294)	(53,713)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	8,776	(4,695)	(6,221)	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	975,000	975,000	97,500,000	50.00 %	170,563	(148,918)	(84,636)	Joint ventures accounted for using equity method
The Company	Shangrila Tourism	Taiwan	Amusement park and hotel services	559,470	359,470	22,131,840	97.65 %	416,307	(16,216)	(13,993)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	42,116	8,333	4,523	Joint ventures accounted for using equity method
The Company	InterContinental Taichung	Taiwan	International tourist hotel services	88,800	300	8,880,000	100.00 %	88,647	(100)	(100)	Subsidiaries
The Company	Calligraphy Greenway Plaza Co., Ltd	Taiwan	Management and consulting services	59,000	30,000	5,900,000	100.00 %	60,579	113	1,639	Subsidiaries
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	280,768	280,768	42,269,213	15.07 %	1,052,079	439,977	-	Exempt from disclosure Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,836	77,836	4,737,380	13.27 %	69,860	17,350	-	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)	(456)	-	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 %	27,429	(27,561)	-	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 %	-	(5,557)	-	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 292,668,892	USD 18,987,932	-	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 1,261,234,506	CNY 65,022,606	-	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 1,811,297,692	CNY 69,750,424	-	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 557,212,119	CNY (18,607,180)	-	Exempt from disclosure Subsidiaries of CMI
CMI(BVI)	CMP (H.K.)	Hong Kong	Investing in Tianjin CMT and Suzhou CMS	USD 21,000,000	USD 21,000,000	21,000,000	100.00 %	CNY 1,264,020,197	CNY 65,020,606	-	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 2,479,913	USD (186,796)	-	Exempt from disclosure Subsidiaries of CMAI
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	-	100.00 %	USD 2,479,913	USD (186,796)	-	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 1,543,813	USD (273,357)	-	Exempt from disclosure Subsidiaries of Pilot
Atrans Precision	FAR HSING (SAMOA)	SAMOA	Investing	USD 3,922,055	USD 3,922,055	3,922,055	100.00 %	118,965	(5,950)	-	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 4,130,893	USD (981,853)	-	Exempt from disclosure Investees of FAR HSING (SAMOA) accounted for using equity method

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Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of September 30, 2021			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2021	December 31, 2020	Shares	Percentage of Ownership	Carrying Value			
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 %	336,656	84,813	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 %	97,444	56,179	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 %	68,987	(112)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUCHIA Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	50	35,000	5,000	50.00 %	9,449	33,159	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	Shangrila Tourism	Taiwan	Amusement park and hotel services	89,867	89,867	532,960	2.35 %	10,056	(16,216)	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 %	5,259	345	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 %	2,641	(6,524)	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 September 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	835,500 (USD30,000)	2	388,238	-	-	388,238	(12,941) (CNY(2,982))	82.74%	(10,696) (CNY(2,464))	1,066,118 (CNY247,359)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	668,400 (USD24,000)	2	423,406	-	-	423,406	296,346 (CNY68,283)	82.74%	244,850 (CNY56,417)	4,031,559 (CNY935,397)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,283,700 (USD82,000)	2	-	-	-	-	(70,098) (CNY(16,152))	82.74%	(57,936) (CNY13,349)	2,581,816 (CNY599,029)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	891,200 (USD32,000)	2	-	-	-	-	323,894 (CNY74,630)	82.74%	271,991 (CNY62,671)	4,917,904 (CNY1,141,045)	-
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	891,200 (USD32,000)	2	-	-	-	-	(11,007) (CNY(2,536))	82.74%	(9,098) (CNY(2,096))	931,205 (CNY216,057)	-
Qingdao Sourcing Specialists	Cast iron product retailing	2,785 (USD100)	2	-	-	-	-	8,790 (JPY33,951)	83.33%	7,325 (JPY28,291)	50,206 (JPY201,632)	-

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(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of September 30, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
811,644	5,810,095 (USD 208,621)	-

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

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

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

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

Note 4: The Company complies with the amended Permit 9704604680 ‘Investment or technical cooperation review principal in China’, which obtained the certified documents of the operational scope of the headquarters from the Industrial Development Bureau, Ministry of Economic Affairs, with the valid period from March 3, 2020 to March 2, 2023. The restriction on the cumulative investment amount or proportion in China is not applicable.

Note 5: As of September 30, 2021, the company had obtained a surplus of \$3,024,627 thousand (USD100,455 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.		52,854,965	14.05 %
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
For the Three Months Ended September 30, 2021					
Revenue from external customers	\$ 3,164,286	2,311,720	102,366	-	5,578,372
Intersegment revenues	1,012,289	918	15,860	(1,029,067)	-
Total revenue	<u>\$ 4,176,575</u>	<u>2,312,638</u>	<u>118,226</u>	<u>(1,029,067)</u>	<u>5,578,372</u>
Reportable segment profit or loss	<u>\$ 280,053</u>	<u>517,347</u>	<u>(20,606)</u>	<u>(239,465)</u>	<u>537,329</u>
For the Three Months Ended September 30, 2020					
Revenue from external customers	\$ 2,639,431	564,564	162,401	-	3,366,396
Intersegment revenues	598,829	33,518	20,891	(653,238)	-
Total revenue	<u>\$ 3,238,260</u>	<u>598,082</u>	<u>183,292</u>	<u>(653,238)</u>	<u>3,366,396</u>
Reportable segment profit or loss	<u>\$ 248,355</u>	<u>120,330</u>	<u>8,294</u>	<u>(151,568)</u>	<u>225,411</u>
For the Nine Months Ended September 30, 2021					
Revenue from external customers	\$ 9,242,109	2,888,401	366,378	-	12,496,888
Intersegment revenues	2,780,884	2,616	53,516	(2,837,016)	-
Total revenue	<u>\$ 12,022,993</u>	<u>2,891,017</u>	<u>419,894</u>	<u>(2,837,016)</u>	<u>12,496,888</u>
Reportable segment profit or loss	<u>\$ 780,415</u>	<u>605,137</u>	<u>(56,981)</u>	<u>(410,498)</u>	<u>918,073</u>
For the Nine Months Ended September 30, 2020					
Revenue from external customers	\$ 6,941,398	586,974	446,152	-	7,974,524
Intersegment revenues	1,474,109	36,051	58,168	(1,568,328)	-
Total revenue	<u>\$ 8,415,507</u>	<u>623,025</u>	<u>504,320</u>	<u>(1,568,328)</u>	<u>7,974,524</u>
Reportable segment profit or loss	<u>\$ 569,642</u>	<u>10,969</u>	<u>(17,536)</u>	<u>(298,433)</u>	<u>264,642</u>

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.