Stock Code:1532

CHINA METAL PRODUCTS CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

with Independent Auditors' Review Report
For the Nine Months Ended September 30, 2019 and 2018

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8～11
(4) Summary of significant accounting policies	12～17
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	18
(6) Explanation of significant accounts	18～52
(7) Related-party transactions	52～58
(8) Pledged assets	59
(9) Significant commitments and contingencies	59～62
(10) Losses due to major disasters	62
(11) Subsequent events	62
(12) Other	63～64
(13) Other disclosures	
(a) Information on significant transactions	65～68
(b) Information on investees	68～70
(c) Information on investment in Mainland China	70～71
(14) Segment information	72

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of China Metal Products Co., Ltd. (the "Company") and its subsidiaries (the "Group") as of September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2019 and 2018, and the changes in equity and cash flows for the nine months ended September 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to $5,239,144 thousand and $5,345,386 thousand, constituting 13.15% and 14.03% of the consolidated total assets; and the total liabilities amounting to $3,311,507 thousand and $3,229,534 thousand, constituting 13.72% and 14.76% of the consolidated total liabilities as of September 30, 2019 and 2018, respectively; as well as the total comprehensive income (loss) amounting to $(51,460) thousand, $70,398 thousand, $(8,544) thousand and $83,525 thousand, constituting 15.42%, 11.93%, (3.26)% and 6.20% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2019 and 2018, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of the Group in its investee companies of $824,242 thousand and $854,352 thousand as of September 30, 2019 and 2018, respectively, and its equity in net earnings on these investee companies of $(13,460) thousand, $(16,419) thousand, $(35,265) thousand and $(40,691) thousand for the three months and nine months ended September 30, 2019 and 2018, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

KPMG, a Taiwan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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, 2019 and 2018, and of its consolidated financial performance for the three months and nine months ended September 30, 2019 and 2018, and its consolidated cash flows for the nine months ended September 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

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

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2019 and 2018

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2019, December 31, 2018, and September 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2019		December 31, 2018		September 30, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6(a) and (ab))	$ 3,324,214	8	3,896,690	10	3,552,176	9
1110	Current financial assets at fair value through profit or loss (Note 6(b) and (ab))	25,320	-	2,960	-	-	-
1170	Notes and accounts receivable, net (Note 6(d), (x) and (ab))	3,999,570	10	4,306,821	11	4,423,852	12
1180	Accounts receivable due from related parties, net (Note 6(ab) and 7)	797	-	1,276	-	1,619	-
1200	Other receivables (Note 6 (ab))	86,209	-	81,054	-	47,992	-
1210	Other receivables due from related parties (Note 6(ab) and 7)	21,180	-	15,948	-	15,636	-
130X	Inventories (Note 6(e), 8 and 9(a))	14,691,452	37	14,291,572	38	14,732,691	38
1410	Prepayments (Note 9(a))	300,216	1	271,283	1	425,889	1
1470	Other current assets	238,016	1	196,979	1	263,277	1
1476	Other current financial assets (Note 6(d), (ab), 7, 8 and 9(a))	867,197	2	760,460	2	687,543	2
1480	Incremental costs of obtaining contracts	129,855	-	106,202	-	-	-
	Total current assets	23,684,026	59	23,931,245	63	24,150,675	63
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c) and (ab))	216,065	1	207,818	1	207,818	1
1550	Investments accounted for using equity method (Note 6(g))	824,242	2	864,157	2	854,352	2
1600	Property, plant and equipment (Note 6(i), 8 and 9(a))	10,121,059	25	10,280,411	27	10,274,598	27
1755	Right-of-use assets (Note 6(j))	2,476,740	6	-	-	-	-
1760	Investment property, net (Note 6(k) and 8)	641,064	2	604,257	2	605,611	2
1780	Intangible assets (Note 6(l))	428,753	1	451,287	1	455,145	1
1840	Deferred tax assets	26,918	-	28,092	-	26,316	-
1900	Other non-current assets (Note 6(i), (m) and 9(a))	750,840	2	957,905	2	851,101	2
1980	Other non-current financial assets (Note 6(n), (ab), 7 and 9(a))	680,848	2	682,985	2	682,361	2
	Total non-current assets	16,166,529	41	14,076,912	37	13,957,302	37
	Total assets	$ 39,850,555	100	38,008,157	100	38,107,977	100

		September 30, 2019		December 31, 2018		September 30, 2018	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (Note 6(o) and (ab))	$ 8,714,501	22	6,620,573	17	8,212,062	21
2130	Current contract liabilities (Note 6(x) and 9(a))	1,143,588	3	547,626	1	687,693	2
2170	Notes and accounts payable (Note 6(ab))	2,361,940	6	2,536,699	7	2,438,724	6
2180	Accounts payable due to related parties (Note 6(ab) and 7)	28,869	-	19,921	-	26,495	-
2200	Other payables (Note 6(ab))	862,931	2	1,073,350	3	1,103,209	3
2220	Other payables to related parties (Note 6(ab) and 7)	8,951	-	10,109	-	392	-
2230	Current income tax liabilities	137,218	-	56,813	-	151,948	-
2280	Current lease liabilities (Note 6(q) and (ab))	190,589	-	-	-	-	-
2322	Long-term borrowings, current portion (Note 6(p) and (ab))	1,773,704	5	1,062,662	3	682,286	2
2360	Current net defined benefit liability	1,389	-	1,389	-	1,389	-
2399	Other current liabilities (Note 6(r) and (t))	175,712	-	123,241	-	222,492	1
	Total current liabilities	15,399,392	38	12,052,383	31	13,526,690	35
	Non-Current liabilities:						
2540	Long-term borrowings (Note 6(p) and (ab))	5,669,288	14	7,963,236	21	7,341,799	19
2570	Deferred tax liabilities	644,567	2	646,449	2	615,500	2
2580	Non-current lease liabilities (Note 6(q) and (ab))	2,038,287	5	-	-	-	-
2600	Other non-current liabilities (Note 6(r) and 7)	323,016	1	329,581	1	323,109	1
2640	Non-current net defined benefit liability	57,604	-	73,343	-	74,365	-
	Total non-current liabilities	8,732,762	22	9,012,609	24	8,354,773	22
	Total liabilities	24,132,154	60	21,064,992	55	21,881,463	57
	Equity attributable to owners of parent (Note 6(v)):						
3100	Share capital	3,852,521	10	3,852,521	10	3,852,521	10
3200	Capital surplus	1,522,961	4	1,525,666	4	1,523,567	4
3300	Retained earnings	6,469,477	16	7,159,640	19	6,686,210	18
3400	Other equity	(14,910)	-	206,070	1	155,895	-
	Total equity attributable to owners of parent:	11,830,049	30	12,743,897	34	12,218,193	32
36XX	Non-controlling interests (Note 6(h))	3,888,352	10	4,199,268	11	4,008,321	11
	Total equity	15,718,401	40	16,943,165	45	16,226,514	43
	Total liabilities and equity	$ 39,850,555	100	38,008,157	100	38,107,977	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2019 and 2018

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

		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenues (Note 6(x) and 7)**	$ 3,067,569	100	5,905,903	100	$ 10,512,350	100	13,141,229	100
5000	**Operating costs (Note 6(e) and 7)**	(2,431,637)	(79)	(4,067,747)	(69)	(8,043,388)	(76)	(9,599,173)	(73)
	Gross profit from operations	635,932	21	1,838,156	31	2,468,962	24	3,542,056	27
	Operating expenses (Note7):								
6100	Selling expenses	(130,135)	(4)	(254,857)	(4)	(483,116)	(5)	(593,653)	(5)
6200	Administrative expenses	(403,005)	(13)	(449,541)	(8)	(1,182,813)	(11)	(1,238,276)	(9)
6300	Research and development expenses	(2,492)	-	(2,238)	-	(7,293)	-	(5,577)	-
6450	Expected credit gain or loss (Note 6(d))	2,684	-	5,806	-	389	-	6,148	-
	Total operating expenses	(532,948)	(17)	(700,830)	(12)	(1,672,833)	(16)	(1,831,358)	(14)
6500	**Net other income and expenses (Note 6(z))**	5,757	-	1,379	-	8,013	-	4,899	-
	Net operating income	108,741	4	1,138,705	19	804,142	8	1,715,597	13
	Non-operating income and expenses:								
7010	Other income (Note 6(aa) and 7)	55,407	2	28,632	1	146,823	1	122,669	1
7020	Other gains and losses (Note 6(aa))	21,714	-	27,255	-	21,985	-	81,688	-
7050	Finance costs (Note 6(aa))	(56,749)	(2)	(77,245)	(1)	(202,806)	(2)	(195,358)	(1)
7375	Share of loss of associates and joint ventures accounted for using equity method (Note 6(g))	(13,460)	-	(16,419)	-	(35,265)	-	(40,691)	-
	Total non-operating income and expenses	6,912	-	(37,777)	-	(69,263)	(1)	(31,692)	-
	Profit from continuing operations before tax	115,653	4	1,100,928	19	734,879	7	1,683,905	13
7950	**Less: Tax expense (Note 6(u))**	(58,300)	(2)	(174,240)	(3)	(205,427)	(2)	(351,241)	(3)
8000	**Profit from continuing operations**	57,353	2	926,688	16	529,452	5	1,332,664	10
8100	**Profit from discontinued operations (Note 12(d))**	-	-	70	-	-	-	360,615	3
8200	**Net profit**	57,353	2	926,758	16	529,452	5	1,693,279	13
8300	**Other comprehensive income:**								
8310	**Items that may not be reclassified subsequently to profit or loss:**								
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (Note 6(v) and (ab))	-	-	16,309	-	17,862	-	16,309	-
8360	**Items that may be reclassified subsequently to profit or loss:**								
8361	Exchange differences on translation (Note 6(v))	(390,973)	(13)	(352,797)	(6)	(285,537)	(3)	(361,428)	(3)
8300	**Other comprehensive income (after tax)**	(390,973)	(13)	(336,488)	(6)	(267,675)	(3)	(345,119)	(3)
8500	**Comprehensive income**	**$ (333,620)**	**(11)**	**590,270**	**10**	**261,777**	**2**	**1,348,160**	**10**
	Net profit, attributable to:								
8610	Owners of parent	$ 48,898	2	658,008	11	410,725	4	1,357,753	10
8620	Non-controlling interests	8,455	-	268,750	5	118,727	1	335,526	3
		$ 57,353	**2**	**926,758**	**16**	**529,452**	**5**	**1,693,279**	**13**
	Comprehensive income attributable to:								
8710	Owners of parent	$ (273,969)	(9)	383,359	6	189,745	2	1,067,888	8
8720	Non-controlling interests	(59,651)	(2)	206,911	4	72,032	-	280,272	2
		$ (333,620)	**(11)**	**590,270**	**10**	**261,777**	**2**	**1,348,160**	**10**
	Earnings per share (Note 6(w))								
	Basic earnings per share								
9710	From continuing operations	$	0.13		1.71		1.07		2.59
9720	From discontinued operations	-		-		-			0.93
		$	**0.13**		**1.71**		**1.07**		**3.52**
	Diluted earnings per share								
9810	From continuing operations	$	0.13		1.70		1.06		2.58
9820	From discontinued operations	-		-		-			0.93
		$	**0.13**		**1.70**		**1.06**		**3.51**

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent										
	Share Capital		Retained Earnings			Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Unrealized Gains (Losses) on Available-For-Sale Financial Assets	Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
Balance on January 1, 2018	$ 3,852,521	1,522,961	1,511,647	49,081	4,317,361	392,282	-	187	11,646,040	3,923,408	15,569,448
Effects of retrospective application	-	-	-	-	66,678	-	53,478	(187)	119,969	32,519	152,488
Balance on January 1, 2018, after adjustments	3,852,521	1,522,961	1,511,647	49,081	4,384,039	392,282	53,478	-	11,766,009	3,955,927	15,721,936
Profit for the nine months ended September 30, 2018	-	-	-	-	1,357,753	-	-	-	1,357,753	335,526	1,693,279
Other comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	(306,174)	16,309	-	(289,865)	(55,254)	(345,119)
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	-	1,357,753	(306,174)	16,309	-	1,067,888	280,272	1,348,160
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	60,943	-	(60,943)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(577,878)	-	-	-	(577,878)	-	(577,878)
Other changes in capital surplus:											
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	-	-	-	(38,432)	-	-	-	(38,432)	31,413	(7,019)
Changes in equity of associates and joint ventures accounted for using equity method	-	606	-	-	-	-	-	-	606	648	1,254
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(109,882)	(109,882)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(150,057)	(150,057)
Balance on September 30, 2018	**$ 3,852,521**	**1,523,567**	**1,572,590**	**49,081**	**5,064,539**	**86,108**	**69,787**	**-**	**12,218,193**	**4,008,321**	**16,226,514**
Balance on January 1,2019	$ 3,852,521	1,525,666	1,572,590	49,081	5,537,969	136,291	69,779	-	12,743,897	4,199,268	16,943,165
Effects of retrospective application	-	-	-	-	(58,290)	-	-	-	(58,290)	(332)	(58,622)
Balance on January 1, 2019, after adjustments	3,852,521	1,525,666	1,572,590	49,081	5,479,679	136,291	69,779	-	12,685,607	4,198,936	16,884,543
Profit for the nine months ended September 30, 2019	-	-	-	-	410,725	-	-	-	410,725	118,727	529,452
Other comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	(238,842)	17,862	-	(220,980)	(46,695)	(267,675)
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	410,725	(238,842)	17,862	-	189,745	72,032	261,777
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	183,557	-	(183,557)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,040,181)	-	-	-	(1,040,181)	-	(1,040,181)
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	(2,705)	-	-	(2,417)	-	-	-	(5,122)	9	(5,113)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(10,958)	(10,958)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(371,667)	(371,667)
Balance on September 30, 2019	**$ 3,852,521**	**1,522,961**	**1,756,147**	**49,081**	**4,664,249**	**(102,551)**	**87,641**	**-**	**11,830,049**	**3,888,352**	**15,718,401**

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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2019	2018
Cash flows from operating activities:		
Profit from continuing operations before tax	$ 734,879	1,683,905
Profit from discontinued operations before tax	-	371,690
Profit before tax	734,879	2,055,595
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	759,367	598,662
Amortization expense	21,318	32,312
Expected credit gain	(389)	(6,148)
Net gain on financial assets or liabilities at fair value through profit or loss	(215)	(14,008)
Interest expense	202,806	195,358
Interest income	(46,649)	(45,130)
Dividend income	(28,174)	(38,958)
Share of loss of associates and joint ventures accounted for using equity method	35,265	40,691
Loss on disposal of property, plant and equipment	4,459	4,533
Property, plant and equipment transferred to expenses	152	128
Gain on disposal of discontinued operations and non-current assets held for sale	-	(372,835)
Impairment loss	447	-
Other gains	(2,690)	(5,711)
Total adjustments to reconcile profit	945,697	388,894
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(22,145)	58,980
Notes and accounts receivable, net	211,172	112,772
Accounts receivable due from related parties	(100,303)	(163,010)
Other receivables	4,315	18,659
Inventories	(430,997)	184,111
Prepayments	(37,001)	223,132
Other current assets	(57,298)	(21,271)
Other financial assets	(144,694)	79,226
Incremental costs of obtaining contracts	(23,654)	-
Total changes in operating assets	(600,605)	492,599
Changes in operating liabilities:		
Notes and accounts payable (including related parties)	69,527	374,760
Other payables	(140,806)	140,792
Current contract liabilities	607,842	(857,423)
Other current liabilities	18,171	47,470
Other non-current liabilities	(161)	1,288
Total changes in operating liabilities	554,573	(293,113)
Total changes in operating assets and liabilities	(46,032)	199,486
Total adjustments	899,665	588,380
Cash inflow generated from operations	1,634,544	2,643,975
Interest received	36,589	33,341
Dividends received	28,218	39,589
Interest paid	(234,840)	(241,127)
Income taxes paid	(119,212)	(366,584)
Net cash flows generated from operating activities	1,345,299	2,109,194
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	9,615	1,947
Acquisition of investments accounted for using equity method	(1,050)	-
Proceeds from disposal of investments accounted for using equity method	-	1,990
Proceeds from capital reduction of investments accounted for using equity method	-	36,516
Proceeds from disposal of non-current assets held for sale	-	653,827
Acquisition of property, plant and equipment	(524,536)	(633,380)
Proceeds from disposal of property, plant and equipment	18,054	12,980
Acquisition of intangible assets	(2,424)	(6,287)
Decrease in other financial assets	45,665	334,368
Increase in other non-current assets	(375,304)	(279,755)
Net cash flows from loss of control of subsidiary	-	(7,210)
Net cash flows (used in) generated from investing activities	(829,980)	114,996
Cash flows from financing activities:		
Increase in short-term borrowings	4,577,552	3,607,649
Decrease in short-term borrowings	(2,463,421)	(3,216,646)
(Decrease) increase in short-term notes and bills payable	(20,117)	184,817
Proceeds from long-term borrowings	3,080,000	2,789,894
Repayments of long-term borrowings	(4,688,041)	(4,790,873)
Increase (decrease) in other non-current liabilities	11,108	(225)
Cash dividends paid	(1,040,181)	(577,878)
Payment of lease liabilities	(142,116)	-
Cash dividends paid to non-controlling interests	(371,667)	(150,057)
Change in non-controlling interests	(10,958)	(109,882)
Net cash flows used in financing activities	(1,067,841)	(2,263,201)
Effect of exchange rate changes on cash and cash equivalents	(19,954)	(38,825)
Net decrease in cash and cash equivalents	(572,476)	(77,836)
Cash and cash equivalents at beginning of period	3,896,690	3,630,012
Cash and cash equivalents at end of period	$ 3,324,214	3,552,176

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, 2019 and 2018

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

(1) Company history

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

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

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

(3) New standards, amendments and interpretations adopted

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

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

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

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

(i) IFRS 16 "Leases"

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

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

1) Definition of a lease

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

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

2) As a lessee

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

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

- Leases classified as operating leases under IAS 17

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

  — their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee' s incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or

  — an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

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

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

— Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.

— Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

- Leases previously classified as finance leases

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

3) As a lessor

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

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

4) Impacts on financial statements

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

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

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

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

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

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

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

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020

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

(Continued)

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

(4) Summary of significant accounting policies

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

(a) Statement of compliance

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

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

(b) Basis of consolidation

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

(i) List of subsidiaries in the consolidated financial statements

			Percentage Ownership			
Investor	Name of Subsidiary	Principal Activity	September 30, 2019	December 31, 2018	September 30, 2018	Note
The Company	United Elite Agents Limited (UEA)	Investing	100.00 %	100.00 %	100.00 %	Note 2
The Company and Sunflower Investment	Atrans Precision Industries Co., Ltd. (Atrans Precision)	Vehicle parts processing	83.74 %	83.58 %	83.13 %	Note 1
The Company	Sunflower Investment Co., Ltd. (Sunflower Investment)	Investing	99.00 %	99.00 %	99.00 %	Note 1
The Company	The Hotel National Co., Ltd. (The Hotel National)	International tourist hotel services and other hotel business approved by the Ministry of Transportation and Communications	100.00 %	100.00 %	100.00 %	Note 1
The Company	CHINA METAL AUTOMOTIVE INTERNATIONAL CO., LTD. (CMAI)	Vehicle parts retailing	94.00 %	94.00 %	94.00 %	Note 1
The Company	CHINA METAL JAPAN COMPANY LIMITED (CMJ)	Cast iron product retailing	83.33 %	83.33 %	83.33 %	Note 1

(Continued)

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

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

(Continued)

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

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

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

Note 2: The financial statements have been reviewed.

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

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

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

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

(i) Identifying a lease

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

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

(Continued)

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset. The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

–the Group has the right to operate the asset; or

–the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

(ii) As a leasee

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

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

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

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

1) fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

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

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change of its assessment on whether it will exercise a purchase option; or

4) there is a change of its assessment of lease period on whether it will exercise a extension or termination option; or

5) there is any lease modifications

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

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

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

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

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

(iii) As a lessor

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

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

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

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

(d) Income taxes

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

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

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

(e) Employee benefits

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

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

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

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

(6) Explanation of significant accounts:

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

(a) Cash and cash equivalents

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	$ 9,189	11,826	11,463
Cash in banks	2,044,415	2,300,291	2,314,754
Time deposits	1,270,610	1,584,573	1,225,959
Cash and cash equivalents	**$ 3,324,214**	**3,896,690**	**3,552,176**

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

	September 30, 2019	December 31, 2018	September 30, 2018
Financial assets at fair value through profit or loss			
Stocks listed on domestic markets	**$ 25,320**	**2,960**	**-**

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

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

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Equity investments at fair value through other comprehensive income			
Stocks unlisted on domestic markets—MEITA Industrial Co., Ltd.	$ 135,300	128,063	128,063
Stocks unlisted on domestic markets—YUHUA Venture Capital Co., Ltd.	830	1,473	1,473
Stocks unlisted on domestic markets—FUHUA Venture Capital Co., Ltd.	1,920	2,868	2,868
Stocks unlisted on domestic markets—GUANGYUAN Investment Co., Ltd.	44,080	40,308	40,308
Stocks unlisted on domestic markets—DEVELOPMENT Venture Capital Co., Ltd.	33,935	35,106	35,106
Total	**$ 216,065**	**207,818**	**207,818**

(i) The Group intends to hold the equity investments for long-term strategic purposes, rather than transaction purposes. Therefore, the investments are measured at FVOCI.

(ii) The Group did not dispose the strategic investments during the first three quarters of 2019 and 2018. Therefore, the accumulated income and loss was not transferred in equity.

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

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

(d) Notes and accounts receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Notes receivable from operating activities	$ 471,412	252,172	322,295
Accounts receivable-measured as amortized cost	3,549,296	4,076,523	4,175,807
Subtotal	4,020,708	4,328,695	4,498,102
Less: Loss allowance	21,138	21,874	74,250
Total	**$ 3,999,570**	**4,306,821**	**4,423,852**

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

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

	December 31, 2018		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	$ 4,006,785	0%	-
1 to 30 days past due	234,726	0%	-
31 to 90 days past due	44,072	0~6%	495
91 to 120 days past due	13,484	3.34~11.82%	1,554
121 days to a year past due	24,928	24.73~62.68%	15,125
Over a year past due	4,700	100%	4,700
	$ 4,328,695		**21,874**

	September 30, 2018		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	$ 3,988,554	0%	-
1 to 30 days past due	292,124	0%	-
31 to 90 days past due	56,171	0%	-
91 to 120 days past due	71,223	0~9.56%	2,235
121 days to a year past due	28,368	11.19~84.07%	10,353
Over a year past due	61,662	100%	61,662
	$ 4,498,102		**74,250**

(Continued)

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

	For the Nine Months Ended September 30	
	2019	2018
Balance on January 1	$ 21,874	79,202
Impairment losses (reversed) recognized	(389)	(6,148)
Foreign exchange losses	(347)	1,196
Balance on September 30	**$ 21,138**	**74,250**

The financial assets mentioned above were not pledged as collateral.

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

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

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

	September 30, 2018				
Purchaser	Derecognized Amount	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral
Entie Commercial Bank	$ **29,225**	**61,060**	-	0.38%	-

The factoring receivables mentioned above were deemed as a sale at the time of transferring the rights and obligations to the buyer. As of December 31, 2018 and September 30, 2018, the Group's factoring receivables amounted to $21,306 thousand and $29,225 thousand, respectively. The aforementioned factoring amounts included the retained amount arising from business disputes and unpaid advance payments, which amounted to $21,306 thousand and $29,225 thousand under other current financial assets, as of December 31, and September 30, 2018, respectively.

(e) Inventories

	September 30, 2019	December 31, 2018	September 30, 2018
Raw materials	$ 123,442	141,654	177,463
Work in process	278,882	156,961	255,897
Semi-finished goods	146,639	202,095	126,736
Finished goods	764,990	933,550	824,386
Merchandise	64,922	65,758	73,350
Land held for development	3,698,790	3,956,001	5,312,775
Properties and land held for sale	3,941,623	4,594,464	5,305,988
Construction-in-progress	5,009,250	3,910,113	2,435,497
Prepayments for land	309,250	10,788	10,788
Other inventories	353,664	320,188	209,811
	$ 14,691,452	**14,291,572**	**14,732,691**

For the three months and nine months ended September 30, 2019 and 2018, the cost of goods sold and expenses amounted to $2,431,637 thousand, $4,067,747 thousand, $8,043,388 thousand and $9,599,173 thousand, respectively. For the three months and nine months ended September 30, 2019 and 2018, the reversal gain from the sale of the beginning inventories and the loss for inventory obsolescence from the inventories write-down amounted to $(3,416) thousand, $16,274 thousand, $7,616 thousand and $33,841 thousand, respectively.

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

(f) Non-current assets held for sale

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

(g) 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, 2019	December 31, 2018	September 30, 2018
Associates	$ 442,653	458,920	441,075
Joint ventures	381,589	405,237	413,277
	$ 824,242	**864,157**	**854,352**

(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, 2019 and 2018, the unrealized investment losses amounted to $74 thousand, $75 thousand, $237 thousand and $223 thousand, respectively; and the accumulated unrealized investment losses, as of September 30, 2019 and 2018, amounted to $56,969 thousand and $56,657 thousand, respectively.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Carry amount of individually insignificant associates' equity	**$ 442,653**	**458,920**	**441,075**

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Attributable to the Group:				
Net loss	$ (2,143)	(17,763)	(9,639)	(25,129)
Other comprehensive income	-	-	-	-
Comprehensive income	**$ (2,143)**	**(17,763)**	**(9,639)**	**(25,129)**

(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, 2019	December 31, 2018	September 30, 2018
Carry amount of individually insignificant joint ventures' equity	**$ 381,589**	**405,237**	**413,277**

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Attributable to the Group:				
Net (loss) profit	$ (11,317)	1,344	(25,626)	(15,562)
Other comprehensive income	-	-	-	-
Comprehensive income	$ (11,317)	1,344	(25,626)	(15,562)

(iii) Pledge to secure

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

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

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

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

(i) Acquisition of subsidiary

During the nine months ended of September 30, 2019 and 2018, Sunflower Investment invested in Atrans Precision the amounts of $958 thousand and $74,245 thousand, respectively, in cash, resulting in the equity investment of the Group to increase from 83.58% to 83.74% and from 70.47% to 83.13%, respectively.

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

	For the Nine Months Ended September 30	
	2019	2018
	Atrans Precision	Atrans Precision
Book value of acquisition of non-controlling interests	$ 913	71,072
Cash paid to non-controlling interests	(958)	(74,245)
Capital surplus	$ (45)	(3,173)

The capital surplus resulting from changes in ownership is not sufficient as of September 30, 2019 and 2018, the remaining difference was debited to retained earnings.

(ii) Loss control of subsidiaries

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

(Continued)

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

(i) Property, plant and equipment

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

	Land	Buildings	Machinery	Office Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Prepayments for Equipment and Construction in Progress	Total
Cost:									
Balance on January 1, 2019	$ 3,748,835	3,456,414	8,897,490	112,871	64,673	175,896	843,898	362,328	17,662,405
Additions	-	209	56,461	6,860	816	24,779	13,444	405,116	507,685
Disposals	-	(9,597)	(195,684)	(4,230)	(9,769)	(3,306)	(16,894)	-	(239,480)
Reclassification	-	(3,580)	377,096	8,060	2,322	13,434	14,320	(178,183)	233,469
Influence from exchange rates	87	(61,149)	(212,550)	(1,403)	(764)	(5,665)	(10,640)	(15,914)	(307,998)
Balance on September 30, 2019	$ 3,748,922	3,382,297	8,922,813	122,158	57,278	205,138	844,128	573,347	17,856,081
Balance on January 1, 2018	$ 3,418,874	3,548,424	9,150,381	215,621	64,960	151,348	637,410	353,827	17,540,845
Additions	-	7,665	123,082	11,311	4,599	55,497	57,682	411,207	671,043
Disposals	(5,690)	(59,468)	(83,360)	(666)	(12)	(10,276)	(27,038)	-	(186,510)
Reclassification	332,739	8,599	(89,661)	(88,568)	(1,190)	429	137,282	(314,195)	(14,565)
Loss control of subsidiaries	-	(3,750)	(57,378)	(987)	-	-	(1,109)	-	(63,224)
Influence from exchange rates	209	(66,893)	(225,791)	(1,605)	(1,208)	(5,357)	(11,407)	(10,024)	(322,076)
Balance on September 30, 2018	$ 3,746,132	3,434,577	8,817,273	135,106	67,149	191,641	792,820	440,815	17,625,513
Accumulated depreciation:									
Balance on January 1, 2019	$ -	1,268,502	5,376,957	82,927	49,251	70,864	533,493	-	7,381,994
Depreciation	-	80,013	403,628	11,195	3,175	39,498	57,172	-	594,681
Impairment loss	-	-	447	-	-	-	-	-	447
Disposals	-	(9,597)	(175,395)	(4,082)	(9,025)	(3,306)	(15,562)	-	(216,967)
Reclassification	-	(7,952)	149,312	6,981	(17)	-	(2,148)	-	146,176
Influence from exchange rates	-	(21,758)	(137,666)	(1,211)	(521)	(3,107)	(7,046)	-	(171,309)
Balance on September 30, 2019	$ -	1,309,208	5,617,283	95,810	42,863	103,949	565,909	-	7,735,022
Balance on January 1, 2018	$ -	1,231,336	5,562,744	178,222	48,411	74,259	394,126	-	7,489,098
Depreciation	-	91,532	403,489	9,143	3,901	30,865	54,553	-	593,483
Disposals	-	(59,403)	(73,604)	(591)	(12)	(10,276)	(25,111)	-	(168,997)
Reclassification	-	(6,232)	(398,014)	(82,866)	(876)	-	110,789	-	(377,199)
Loss control of subsidiaries	-	(996)	(12,019)	(403)	-	-	(352)	-	(13,770)
Influence from exchange rates	-	(21,859)	(137,814)	(1,146)	(922)	(2,616)	(7,343)	-	(171,700)
Balance on September 30, 2018	$ -	1,234,378	5,344,782	102,359	50,502	92,232	526,662	-	7,350,915
Carrying value:									
Balance on January 1, 2019	$ 3,748,835	2,187,912	3,520,533	29,944	15,422	105,032	310,405	362,328	10,280,411
Balance on September 30, 2019	$ 3,748,922	2,073,089	3,305,530	26,348	14,415	101,189	278,219	573,347	10,121,059
Balance on January 1, 2018	$ 3,418,874	2,317,088	3,587,637	37,399	16,549	77,089	243,284	353,827	10,051,747
Balance on September 30, 2018	$ 3,746,132	2,200,199	3,472,491	32,747	16,647	99,409	266,158	440,815	10,274,598

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

(Continued)

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

	September 30, 2019	December 31, 2018	September 30, 2018
Land	$ 44,299	44,299	44,299

(j) Right-of-use assets

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

	Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Total
Cost:							
Balance on January 1, 2019	$ -	-	-	-	-	-	-
After application of IFRS 16 adjustments	1,017,511	2,394,192	58,966	22,155	1,658	122,607	3,617,089
Additions	-	2,329	-	1,069	72	-	3,470
Reclassification	3,192	(672)	(3,192)	93	579	-	-
Reduction for expiration	-	-	-	-	(48)	-	(48)
Influence from exchange rates	(9,256)	1,489	(1,306)	983	-	-	(8,090)
Balance on September 30, 2019	$ 1,011,447	2,397,338	54,468	24,300	2,261	122,607	3,612,421
Accumulated depreciation and impairment losses:							
Balance at January 1, 2019	$ -	-	-	-	-	-	-
After application of IFRS 16 adjustments	115,406	837,173	9,813	6,670	421	7,476	976,959
Depreciation	17,894	121,331	11,920	6,254	447	2,641	160,487
Reclassification	-	539	-	-	77	-	616
Reduction for expiration	-	-	-	-	(48)	-	(48)
Influence from exchange rates	(2,132)	253	(636)	182	-	-	(2,333)
Balance on September 30, 2019	$ 131,168	959,296	21,097	13,106	897	10,117	1,135,681
Carrying value:							
Balance on September 30, 2019	$ 880,279	1,438,042	33,371	11,194	1,364	112,490	2,476,740

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

(k) Investment property

The movements in the investment property is as follows:

	Owned Property		
	Land	Buildings	Total
Cost:			
Balance on January 1, 2019	$ 528,019	113,617	641,636
Reclassification from inventories	17,764	23,242	41,006
Balance on September 30, 2019	**$ 545,783**	**136,859**	**682,642**
Balance on January 1, 2018	$ 820,742	105,811	926,553
Reclassification from inventories	40,016	41,762	81,778
Reclassification to property, plant and equipment	(332,739)	(33,956)	(366,695)
Balance on September 30, 2018	**$ 528,019**	**113,617**	**641,636**
Depreciation and impairment loss:			
Balance on January 1, 2019	$ -	37,379	37,379
Depreciation	-	4,199	4,199
Balance on September 30, 2019	**$ -**	**41,578**	**41,578**
Balance on January 1, 2018	$ -	55,476	55,476
Depreciation	-	5,179	5,179
Reclassification to property, plant and equipment	-	(24,630)	(24,630)
Balance on September 30, 2018	**$ -**	**36,025**	**36,025**
Carrying value:			
Balance on January 1, 2019	**$ 528,019**	**76,238**	**604,257**
Balance on September 30, 2019	**$ 545,783**	**95,281**	**641,064**
Balance on January 1, 2018	**$ 820,742**	**50,335**	**871,077**
Balance at September 30, 2018	**$ 528,019**	**77,592**	**605,611**
Fair value:			
Balance on January 1, 2019			**$ 956,008**
Balance on September 30, 2019			**$ 930,314**
Balance on January 1, 2018			**$ 938,704**
Balance on September 30, 2018			**$ 956,116**

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

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

(Continued)

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

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

(l) Intangible assets

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

	Goodwill	Patent	Client Relationship	Computer Software	Total
Costs:					
Balance on January 1, 2019	$ 405,342	64,974	234,560	24,333	729,209
Acquisitions	-	-	-	2,424	2,424
Reclassification	-	-	-	4,854	4,854
Influence from exchange rates	(4,992)	(1,741)	(6,284)	(1)	(13,018)
Balance on September 30, 2019	**$ 400,350**	**63,233**	**228,276**	**31,610**	**723,469**
Balance on January 1, 2018	$ 405,697	66,207	239,007	28,750	739,661
Acquisitions	-	-	-	6,287	6,287
Influence from exchange rates	(2,813)	(1,679)	(6,058)	-	(10,550)
Balance on September 30, 2018	**$ 402,884**	**64,528**	**232,949**	**35,037**	**735,398**
Accumulated amortization and impairment loss:					
Balance on January 1, 2019	$ -	64,974	203,022	9,926	277,922
Amortization	-	-	17,790	3,528	21,318
Reclassification	-	-	-	3,326	3,326
Influence from exchange rates	-	(1,741)	(6,108)	(1)	(7,850)
Balance on September 30, 2019	**$ -**	**63,233**	**214,704**	**16,779**	**294,716**
Balance on January 1, 2018	$ -	60,958	182,970	17,397	261,325
Amortization	-	4,650	18,065	3,143	25,858
Influence from exchange rates	-	(1,699)	(5,231)	-	(6,930)
Balance on September 30, 2018	**$ -**	**63,909**	**195,804**	**20,540**	**280,253**
Carrying value:					
Balance on January 1, 2019	**$ 405,342**	**-**	**31,538**	**14,407**	**451,287**
Balance on September 30, 2019	**$ 400,350**	**-**	**13,572**	**14,831**	**428,753**
Balance on January 1, 2018	**$ 405,697**	**5,249**	**56,037**	**11,353**	**478,336**
Balance on September 30, 2018	**$ 402,884**	**619**	**37,145**	**14,497**	**455,145**

(Continued)

(m) Prepayment for long-term land lease

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

	September 30, 2019	December 31, 2018	September 30, 2018
Payment for long-term land lease	$ -	384,690	312,399

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

(n) Other non-current financial assets

	September 30, 2019	December 31, 2018	September 30, 2018
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	105,848	107,985	107,361
	$ 680,848	682,985	682,361

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

(Continued)

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

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

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

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

(o) Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured bank borrowings	$ 1,749,385	892,507	1,449,132
Secured bank borrowings	6,550,780	5,293,613	6,363,274
Notes and bills payable	414,336	434,453	399,656
Total	$ 8,714,501	6,620,573	8,212,062
Unused credit limit	$ 12,360,809	8,392,251	5,332,133
Range of interest rates	0.91%~3.38%	0.91%~3.50%	0.91%~2.85%

(Continued)

(i) Borrowing and repayment

For the nine months ended September 30, 2019 and 2018, the Group obtained from short-term borrowings amounting to $4,577,552 thousand and $3,607,649 thousand with an interest rate of 0.90%～3.38% and 0.50%～3.68%; the repayment amounted to $2,463,421 thousand and $3,216,646 thousand, respectively. Please refer to Note 6(aa) for details of the interest expense.

(ii) Collateral for bank borrowings

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

(p) Long-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured bank borrowings	$ 1,609,972	2,261,183	2,061,355
Secured bank borrowings	5,833,166	6,764,916	5,963,014
Less: Current portion	(1,773,704)	(1,062,662)	(682,286)
Unamortized long-term borrowings costs	(146)	(201)	(284)
Total	**$ 5,669,288**	**7,963,236**	**7,341,799**
Unused credit limit	**$ 5,494,523**	**2,088,619**	**1,531,207**
Interest rate range	**1.00%~4.03%**	**1.00%~3.75%**	**1.00%~3.70%**

(i) Borrowing and repayment

For the nine months ended September 30, 2019 and 2018, the Group obtained from long-term borrowings amounting to $3,080,000 thousand and $2,789,894 thousand with an interest rate of 1.00%～1.30% and 1.00%～2.00%; the repayment amounted to $4,688,041 thousand and $4,790,873 thousand, respectively. Please refer to Note 6(aa) for details of the interest expense.

(ii) Collateral for bank borrowings

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

(iii) Borrowing covenants

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

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

(q) Lease liabilities

The details of the lease liabilities is as follows:

	September 30, 2019
Current	$ 190,589
Non-current	$ 2,038,287

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

For the nine months ended September 30, 2019, the Group recognized its lease liability amounted to $3,470 thousand, with an interest rate of 1.58%. The lease liabilities are due between December, 2020 and June, 2023.

The amounts recognized in profit or loss are as follows:

	For the Three Months Ended September 30 2019	For the Nine Months Ended September 30 2019
Interest on lease liabilities	$ 9,650	22,808
Expenses relating to leases short-term assets	$ 2,997	8,562

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

	For the Nine Months Ended September 30 2019
Total cash outflow for leases	$ 173,486

(i) Real estate leases

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

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

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

(ii) Other leases

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

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

(r) Provisions

	September 30, 2019	December 31, 2018	September 30, 2018
Current:			
Warranties	$ -	50	63
Subtotal	-	50	63
Non-current:			
Financial guarantee contracts	47,921	55,958	58,931
Legal	236,052	236,052	236,052
Subtotal	283,973	292,010	294,983
Total	**$ 283,973**	**292,060**	**295,046**

(i) Warranties

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

(ii) Financial guarantee contracts

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

(iii) Legal

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

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

(s) Operating leases

(i) Lessee

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

	December 31, 2018	September 30, 2018
Less than five years	$ 1,094,658	1,089,822
More than five years	1,817,220	1,865,116
	$ 2,911,878	**2,954,938**

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

For the three months and nine months ended September 30, 2018, the operating lease expenses amounted to $57,327 thousand and $170,762 thousand.

(ii) Lessor

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

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

	September 30, 2019
Less than one year	$ 50,034
One to two years	24,729
Two to three years	6,441
Three to four years	6,325
Four to five years	6,409
More than five years	24,005
Total undiscounted lease payments	$ 117,943

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

	December 31, 2018	September 30, 2018
Less than one year	$ 10,154	13,018
One to five years	2,576	7,635
	$ 12,730	20,653

For the three months and nine months ended September 30, 2019 and 2018, rental revenues from investment properties amounted to $2,395 thousand, $2,032 thousand, $9,208 thousand and $7,744 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	
	2019	2018	2019	2018
Lease-out property	$ 3	3	7	7

(t) Employee benefits

(i) Defined benefit plans

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

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	
	2019	2018	2019	2018
Operating cost	$ 467	366	961	1,035
Selling expenses	44	29	121	84
Administration expenses	213	186	619	546
Research and development expenses	52	16	96	42
Total	$ 776	597	1,797	1,707

For the three months and nine months ended September 30, 2019 and 2018, the Group's employee benefits retirement expenses amounted to $0, $387 thousand, $228 thousand and $387 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	
	2019	2018	2019	2018
Operating cost	$ 14,288	12,442	39,497	38,579
Selling expenses	718	655	2,071	1,889
Administration expenses	11,599	4,281	23,140	12,927
Research and development expenses	112	174	389	468
Total	$ 26,717	17,552	65,097	53,863

(iii) Short-term employee benefits

	September 30, 2019	December 31, 2018	September 30, 2018
Paid leave and other liabilities	$ 21,063	33,089	13,102

(u) Income tax

(i) According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable commencing 2018. The Group spreads the effect of the change in the tax rate by an adjustment to the estimated annual effective income tax rate.

(ii) Legal tax rates applied to foreign subsidiaries: China: 15%~25%; Japan: 33.24%; the USA: 0%～27%.

(iii) The income tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current income tax expense				
Current period incurred	$ 54,579	108,510	154,140	281,718
Land value increment taxes	2,065	65,724	26,487	68,161
Undistributed profit tax	-	-	42,629	536
Adjustment for prior periods	1,656	6	(17,829)	826
Income tax expense	**$ 58,300**	**174,240**	**205,427**	**351,241**

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

(v) Share capital and other equity

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

(i) Capital surplus

The components of the capital surplus are as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
From issuance of share capital	$ 626,110	626,110	626,110
Employee stock option of subsidiaries	33,352	33,352	33,352
From conversion of convertible bonds	863,499	863,499	863,499
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	426	-
Changes in equity of associates and joint ventures accounted for using equity method	-	2,279	606
	$ 1,522,961	**1,525,666**	**1,523,567**

(ii) Retained earnings

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

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

1) Earnings distribution

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

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

(iii) Other equity (net of tax)

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at FVOCI	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Non-controlling Interest	Total
Balance on January 1, 2019	$ 136,291	69,779	-	4,199,268	4,405,338
Effects of retrospective application	-	-	-	(332)	(332)
Balance on January 1, 2019, after adjustments	136,291	69,779	-	4,198,936	4,405,006
Profit attributable to non-controlling interests	-	-	-	118,727	118,727
Exchange differences on foreign operations	(238,842)	-	-	(46,695)	(285,537)
Unrealized gain on financial assets measured at FVOCI	-	17,862	-	-	17,862
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	9	9
Changes in non-controlling interest	-	-	-	(10,958)	(10,958)
Cash dividends paid to non-controlling interests	-	-	-	(371,667)	(371,667)
Balance on September 30, 2019	$ (102,551)	87,641	-	3,888,352	3,873,442

(Continued)

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

	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) from Financial Assets Measured at FVOCI	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Non-controlling Interest	Total
Balance on January 1, 2018	$ 392,282	-	187	3,923,408	4,315,877
Effects of retrospective application	-	53,478	(187)	32,519	85,810
Balance on January 1, 2018, after adjustments	392,282	53,478	-	3,955,927	4,401,687
Profit attributable to non-controlling interests	-	-	-	335,526	335,526
Exchange differences on foreign operations	(306,174)	-	-	(55,254)	(361,428)
Unrealized gain on financial assets measured at FVOCI	-	16,309	-	-	16,309
Difference between consideration and carrying amount of subsidiaries disposed of	-	-	-	31,413	31,413
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	648	648
Changes in non-controlling interest	-	-	-	(109,882)	(109,882)
Cash dividends paid to non-controlling interests	-	-	-	(150,057)	(150,057)
Balance on September 30, 2018	**$ 86,108**	**69,787**	-	**4,008,321**	**4,164,216**

(w) 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	
	2019	2018	2019	2018
Basic earnings per share				
Profit from continuing operation attributable to the Company	$ 48,898	657,938	410,725	997,138
Profit from discontinued operation attributable to the Company	-	70	-	360,615
Profit attributable to owners of the parent	**$ 48,898**	**658,008**	**410,725**	**1,357,753**
Weighted average number of ordinary shares	385,252	385,252	385,252	385,252
Basic earnings per share				
Profit from continuing operation	$ 0.13	1.71	1.07	2.59
Profit from discontinued operation	-	-	-	0.93
	$ 0.13	**1.71**	**1.07**	**3.52**
Diluted earnings per share				
Profit from continuing operation attributable to the Company	$ 48,898	657,938	410,725	997,138
Profit from discontinuing operation attributable to the Company	-	70	-	360,615
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	**$ 48,898**	**658,008**	**410,725**	**1,357,753**
Weighted average number of ordinary shares	385,252	385,252	385,252	385,252
Effect of potential diluted ordinary shares				
Employee stock option	53	644	854	1,488
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	385,305	385,896	386,106	386,740
Diluted earnings per share				
Profit from continuing operation	$ 0.13	1.70	1.06	2.58
Profit from discontinued operation	-	-	-	0.93
	$ 0.13	**1.70**	**1.06**	**3.51**

(Continued)

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

(x) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the Three Months Ended September 30, 2019			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	$ 106,330	886	174,101	281,317
United States	706,533	-	-	706,533
Japan	302,595	-	-	302,595
China	1,613,769	-	-	1,613,769
Europe	76,994	-	-	76,994
South America	10,995	-	-	10,995
Others	75,366	-	-	75,366
	$ 2,892,582	**886**	**174,101**	**3,067,569**
Major product/service lines:				
Iron casting hardware	$ 2,882,707	-	-	2,882,707
Construction	-	-	-	-
Counter commissions	-	-	86,526	86,526
Others	9,875	886	87,575	98,336
	$ 2,892,582	**886**	**174,101**	**3,067,569**

	For the Three Months Ended September 30, 2018			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	$ 114,487	2,429,907	172,422	2,716,816
United States	696,779	-	-	696,779
Japan	333,141	-	-	333,141
China	1,912,867	-	-	1,912,867
Europe	110,494	-	-	110,494
South America	7,381	-	-	7,381
Others	128,425	-	-	128,425
	$ 3,303,574	**2,429,907**	**172,422**	**5,905,903**

(Continued)

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

	For the Three Months Ended September 30, 2018			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major product/service lines:				
Iron casting hardware	$ 3,290,527	-	-	3,290,527
Construction	-	2,425,275	-	2,425,275
Counter commissions	-	-	81,335	81,335
Others	13,047	4,632	91,087	108,766
	$ 3,303,574	**2,429,907**	**172,422**	**5,905,903**

	For the Nine Months Ended September 30, 2019			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	$ 325,783	1,039,213	540,355	1,905,351
United States	1,949,005	-	-	1,949,005
Japan	1,200,297	-	-	1,200,297
China	4,963,906	-	-	4,963,906
Europe	208,523	-	-	208,523
South America	22,328	-	-	22,328
Others	262,940	-	-	262,940
	$ 8,932,782	**1,039,213**	**540,355**	**10,512,350**
Major product/service lines:				
Iron casting hardware	$ 8,880,769	-	-	8,880,769
Construction	-	1,028,930	-	1,028,930
Counter commissions	-	-	255,352	255,352
Others	52,013	10,283	285,003	347,299
	$ 8,932,782	**1,039,213**	**540,355**	**10,512,350**

(Continued)

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

	For the Nine Months Ended September 30, 2018			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	$ 389,175	2,750,184	547,697	3,687,056
United States	2,210,858	-	-	2,210,858
Japan	946,152	-	-	946,152
China	5,690,097	-	-	5,690,097
Europe	279,216	-	-	279,216
South America	11,529	-	-	11,529
Others	316,321	-	-	316,321
	$ 9,843,348	**2,750,184**	**547,697**	**13,141,229**
Major product/service lines:				
Iron casting hardware	$ 9,800,693	-	-	9,800,693
Construction	-	2,690,898	-	2,690,898
Counter commissions	-	-	250,273	250,273
Others	42,655	59,286	297,424	399,365
	$ 9,843,348	**2,750,184**	**547,697**	**13,141,229**

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

(ii) Contract balances

	September 30, 2019	December 31, 2018	September 30, 2018
Notes and accounts receivable	$ 4,020,708	4,328,695	4,498,102
Less: Loss allowance	(21,138)	(21,874)	(74,250)
Total	**$ 3,999,570**	**4,306,821**	**4,423,852**
Contract assets	**$ -**	**-**	**-**
Contract liabilities–Advance real estate receipts	**$ 1,101,797**	**502,930**	**687,693**
Contract liabilities–Advance receipts	**$ 41,791**	**44,696**	**-**

The amount of revenue recognized for nine months ended September 30, 2019 and 2018, that was included in the contract liability balance at the beginning of the period was $94,180 thousand, and $1,113,131 thousand.

(Continued)

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

(y) Employees' compensation and remuneration of directors

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

For the three months and nine months ended September 30, 2019 and 2018, appropriated employees' compensation by $1,603 thousand, $19,465 thousand, $13,269 thousand and $39,578 thousand, respectively, and appropriated remuneration of directors by $1,542 thousand, $18,717 thousand, $12,759 thousand and $38,056 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 nine months ended September 30, 2019 and 2018. The number of shares to be distributed were calculated based on the closing price of the Company' s ordinary shares, one day prior to Board of Directors meeting. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss.

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

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

(z) Net other income and expenses

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Rental revenue	$ 5,757	1,379	8,013	4,899

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

(aa) Non-operating income and expenses

(i) Other income

The information of other income is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest income				
Interest income from bank deposits	$ 9,242	10,537	36,589	33,341
Interest income from financial assets measured at amortized cost	3,331	4,583	10,060	11,789
Total interest income	12,573	15,120	46,649	45,130
Dividend income	-	477	28,174	38,958
Others	42,834	13,035	72,000	38,581
Total other income	$ **55,407**	**28,632**	**146,823**	**122,669**

(ii) Other gains and losses

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Losses on disposal of property, plant and equipment	$ (925)	(1,522)	(4,459)	(4,533)
Losses on disposal of non-current asset held for sale	-	(3,019)	-	(3,019)
Foreign exchange gains	27,411	31,844	27,957	75,430
(Losses) gains on financial assets at FVTPL	(1,952)	(40)	215	14,008
Impairment loss	-	-	(447)	-
Other losses	(2,820)	(8)	(1,281)	(198)
Net amount of other gains and losses	$ **21,714**	**27,255**	**21,985**	**81,688**

(iii) Finance costs

The information of interest costs is listed as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest expense	$ 56,396	76,893	201,726	194,336
Other finance costs	353	352	1,080	1,022
Net amount of finance costs	$ **56,749**	**77,245**	**202,806**	**195,358**

(Continued)

For the three months and nine months ended September 30, 2019 and 2018, the capitalized interest costs amounted to $21,137 thousand, $4,116 thousand, $31,120 thousand and $45,063 thousand, respectively.

(ab) Financial instruments

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

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

3) Credit risks of receivables and debt securities

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

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

(ii) Liquidity risk

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

	Contractual Cash Flow	Within 6 Months	6-12 Months	1-2 Years	2-5 Years	Over 5 Years
September 30, 2019						
Non-derivative financial liabilities						
Bank borrowings	$ 16,517,066	4,825,804	2,181,420	4,213,764	5,258,375	37,703
Lease liabilities	2,513,331	109,292	109,120	213,644	584,854	1,496,421
Notes and accounts payables (including related parties)	2,390,809	2,390,809	-	-	-	-
Other payables (including related parties)	711,454	711,454	-	-	-	-
	$ 22,132,660	8,037,359	2,290,540	4,427,408	5,843,229	1,534,124

(Continued)

	Contractual Cash Flow	Within 6 Months	6-12 Months	1-2 Years	2-5 Years	Over 5 Years
December 31, 2018						
Non-derivative financial liabilities						
Bank borrowings	$ 16,676,375	3,028,214	2,110,393	6,045,199	5,395,124	97,445
Notes and accounts payables (including related parties)	2,556,620	2,556,620	-	-	-	-
Other payables (including related parties)	778,027	778,027	-	-	-	-
	$ 20,011,022	6,362,861	2,110,393	6,045,199	5,395,124	97,445
September 30, 2018						
Non-derivative financial liabilities						
Bank borrowings	$ 16,709,537	5,610,991	1,365,138	3,882,777	5,798,980	51,651
Notes and accounts payables (including related parties)	2,465,219	2,465,219	-	-	-	-
Other payables (including related parties)	858,128	858,128	-	-	-	-
	$ 20,032,884	8,934,338	1,365,138	3,882,777	5,798,980	51,651

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

(iii) Currency risk

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

	September 30, 2019			December 31, 2018			September 30, 2018		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets									
Monetary items									
USD:NTD	$ 18,892	31.04	586,406	39,633	30.72	1,217,524	36,700	30.53	1,120,443
USD:CNY	32,957	7.14	1,022,979	95,929	6.87	2,946,939	107,155	6.88	3,271,455
USD:JPY	511	107.85	15,860	553	110.42	16,994	823	113.41	25,122
EUR:NTD	1,652	33.95	56,082	596	35.20	20,975	1,716	35.48	60,888
EUR:CNY	2,305	7.80	78,252	1,834	7.87	64,567	3,571	7.99	126,705
JPY:NTD	77,885	0.29	22,415	95,615	0.28	26,600	140,516	0.27	37,827
JPY:CNY	72,907	0.07	20,983	24,849	0.06	6,913	41,461	0.06	11,161
HKD:USD	14,162	0.13	56,081	6,357	0.13	24,918	10,158	0.13	39,615
Financial liabilities									
Monetary items									
USD:CNY	104,426	7.14	3,241,380	117,735	6.87	3,616,810	218,300	6.88	6,664,710
EUR:CNY	6,358	7.80	215,868	975	7.87	34,330	1,098	7.99	38,968
HKD:USD	392,005	0.13	1,552,338	502,560	0.13	1,970,035	502,560	0.13	1,959,984

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, 2019 and 2018 would have increased (decreased) the after-tax net income for the three months and nine months ended September 30, 2019 and 2018 by $(17,197) thousand, $(24,962) thousand, $(18,903) thousand and $(23,823) 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, 2019 and 2018, the foreign exchange gains (losses), including both realized and unrealized, amounted to $27,411 thousand, $31,844 thousand, $27,957 thousand and $75,430 thousand, respectively.

(iv) Interest rate analysis

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

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

If the interest rate increases or decreases by 1% the Group's net income will decrease /increase by $13,231 thousand, $34,184 thousand, $70,442 thousand and $87,295 thousand for the three months and nine months ended September 30, 2019 and 2018, respectively, assuming all other variable factors remain constant. This is mainly due to the Group' s variable rate bank borrowings.

(v) Other market price risk

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

	For the Nine Months Ended September 30			
	2019		2018	
	Other Comprehensive Income (net of tax)	Net Income (Loss) (net of tax)	Other Comprehensive Income (net of tax)	Net Income (Loss) (net of tax)
Increase 10%	$ 21,607	2,532	20,782	-
Decrease 10%	$ (21,607)	(2,532)	(20,782)	-

(Continued)

(vi) Fair value of financial instruments

1) Fair value hierarchy

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

	September 30, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 25,320	25,320	-	-	25,320
Non-current financial assets at FVOCI	$ 216,065	-	-	216,065	216,065
Financial assets measured at amortized cost	$ 7,798,998	-	-	-	-
Financial liabilities measured at amortized cost	$ 19,259,756	-	-	-	-

	December 31, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 2,960	2,960	-	-	2,960
Non-current financial assets at FVOCI	$ 207,818	-	-	207,818	207,818
Financial assets measured at amortized cost	$ 8,665,476	-	-	-	-
Financial liabilities measured at amortized cost	$ 18,981,118	-	-	-	-

	September 30, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Non-current financial assets at FVOCI	$ 207,818	-	-	207,818	207,818
Financial assets measured at amortized cost	$ 8,323,307	-	-	-	-
Financial liabilities measured at amortized cost	$ 19,559,494	-	-	-	-

(Continued)

2) Valuation techniques for financial instruments measured at fair value

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

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

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

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

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

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

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

3) Transfers between Level 1 and Level 2

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

4) Reconciliation of Level 3 instruments

	Noncurrent Financial Assets at FVOCI
	Equity Instrument without Quoted Price
Balance on January 1, 2019	$ 207,818
Total gains recognized as other comprehensive income	17,862
Capital reduction	(9,615)
Balance on September 30, 2019	**$ 216,065**
Balance on January 1, 2018	$ 193,456
Total gains recognized as other comprehensive income	16,309
Capital reduction	(1,947)
Balance on September 30, 2018	**$ 207,818**

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Total gains or losses				
Recognized as other comprehensive income (which is listed under "unrealized gain on financial assets of FVOCI")	$ -	16,309	17,862	16,309

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.

(Continued)

Quantified information of 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, 2019 was $0~30,176 thousand, December 31, 2018, was $0~31,752 thousand ;September 30, 2018, was $0~31,752 thousand, respectively.)	·The estimated fair value would increase, if the 5-year average expected future dividend income is increased.
Financial assets at FVOCI equity investments without active market	Dividend discount model	·Weighted average capital cost (As of September 30, 2019, December 31, 2018 and September 30, 2018, were 4.12%, 5.79% and 5.79%, respectively.)	·The estimated fair value would decrease, if the weighted average capital cost is increased.
		·Discounting rate without market liquidity (As of September 30, 2019 , December 31, 2018 and September 30, 2018, were all 15%)	·The estimated fair value would decrease, if the discounting rate without market liquidity is increased.

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

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

	Inputs	Fluctuation in Inputs	Other Comprehensive Income	
			Favorable	Unfavorable
September 30, 2019				
Financial assets at FVOCI				
Equity investments without an active market	4.12 %	1%	7,920	(7,521)
December 31, 2018				
Financial assets at FVTPL				
Equity investments without an active market	5.79 %	1%	7,567	(7,193)
September 30, 2018				
Financial assets at FVTPL				
Equity investments without an active market	5.79 %	1%	7,567	(7,193)

(Continued)

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

(ac) Financial risk management

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

(ad) Capital management

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

(7) Related-party transactions:

(a) The ultimate parent company

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

(b) Names and relationship with related parties

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

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

(Continued)

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

Name of Related Party	Relationship with the Group
Advancision Corporation (Advancision)	Subsidiaries of subsidiaries' associates
Chain-Yuan Investment Co., Ltd. (Chain-Yuan Investment)	Other related parties
San Lien Technology Corp. (San Lien Technology)	Other related parties
Kemitek Industrial Corp. (Kemitek Industrial)	Other related parties
CMP PUJEN Foundation for Arts and Culture (Foundation)	Other related parties
San Lien Educational Foundation (San Lien Foundation)	Other related parties
Pu Yuan Construction Co., Ltd. (Pu Yuan Construction)	Other related parties
LEESCO Development Co., Ltd. (LEESCO Development)	Other related parties
Hao Bao Investment Co., Ltd. (Hao Bao Investment)	Other related parties
Rui Hua Investment Co., Ltd. (Rui Hua Investment)	Other related parties
Meteorological Application and Development Foundation (MADF)	Other related parties
Mr. Ming Shiann, Ho	Other related parties
Mr. Cheng Ta, Wu	Other related parties
Mr. Ming Hong, Tsao	Key Management
Mr. Ting Fang, Lin	Key Management

(c) Significant transactions with related parties

(i) Sales to related parties

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

	Sales				Notes and Accounts Receivable		
	For the Three Months Ended September 30		For the Nine Months Ended September 30				
	2019	2018	2019	2018	September 30, 2019	December 31, 2018	September 30, 2018
Associates	$ 793	616	3,111	1,905	797	1,252	1,275
Joint ventures	7	140	7	205	-	12	40
Other related parties	74	883	167	2,447	-	12	304
	$ 874	1,639	3,285	4,557	797	1,276	1,619

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

(Continued)

(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				
	2019	2018	2019	2018	September 30, 2019	December 31, 2018	September 30, 2018
Associates	$ 18,884	25,153	64,737	65,162	28,869	19,921	26,489
Other related parties	1	-	1	-	-	-	6
	$ 18,885	25,153	64,738	65,162	28,869	19,921	26,495

The purchases mentioned above could not compare to the market because the Group did not purchase the same items from non-related parties. The payment terms with related parties are not significantly different from those with third parties.

(iii) Leases

1) Rental expenses

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

	Rental Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Associates	$ -	12	12	36
Other related parties				
Mr. Ming Shiann, Ho	578	-	1,734	-
Others	15	757	45	2,192
	$ 593	769	1,791	2,228

	Guarantee Deposit Paid (Recognized under other current and non-current financial assets)		
	September 30, 2019	December 31, 2018	September 30, 2018
Other related parties	$ 452	452	452

2) Rental revenues

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

	Rental Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Associates:				
Advancision	$ 142	-	427	-
Beyond Fitness	481	360	1,344	1,080
Acore Material Technology	(30)	902	353	1,090
Others	9	152	26	454
Other related parties:				
Foundation	306	734	1,036	2,203
Others	15	-	45	-
	$ 923	2,148	3,231	4,827

	Guarantee Deposit Received (Recognized under other non-current liabilities)		
	September 30, 2019	December 31, 2018	September 30, 2018
Associates	$ 300	240	240

(iv) Providing services to related party

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

	Service Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Associates	$ -	258	-	774
Joint ventures	1,482	1,440	4,402	4,153
	$ 1,482	1,698	4,402	4,927

(v) Non-performing receivables

	Total Claims		
	September 30, 2019	December 31, 2018	September 30, 2018
Joint ventures:			
The Splendor Hospitality	$ 796,845	796,845	796,845

	Costs of Claims		
	September 30, 2019	December 31, 2018	September 30, 2018
Joint ventures:			
The Splendor Hospitality	$ 570,000	575,000	575,000

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

(vi) Guarantees and endorsements

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

	Borrowing Limits		
	September 30, 2019	December 31, 2018	September 30, 2018
Joint ventures:			
The Splendor Hospitality	$ 1,900,000	2,000,000	3,551,363
Others	45,680	62,500	62,500
	$ 1,945,680	2,062,500	3,613,863

	Actual Usage Amount		
	September 30, 2019	December 31, 2018	September 30, 2018
Joint ventures:			
The Splendor Hospitality	$ 1,625,000	1,674,500	1,681,634
Others	45,680	55,681	55,681
	$ 1,670,680	1,730,181	1,737,315

(vii) Guarantee for bank borrowings

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

(viii) Property transaction

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Other related parties	$ -	-	-	32,675
Key management	-	1,113	-	1,113
	$ -	1,113	-	33,788

(ix) Other transactions

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

	Donation			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Other related parties:				
Foundation	$ 1,000	750	1,185	2,310

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

	Advertising Expenses			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Joint ventures	$ -	183	-	319

3) The information of 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	
	2019	2018	2019	2018
Other related parties:				
Foundation	$ -	3,953	600	11,858

4) The information of 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	
	2019	2018	2019	2018
Associates	$ -	-	5	40
Joint ventures	-	16	37	378
Other related parties	16	51	60	2,136
	$ 16	67	102	2,554

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

	Interest Revenues			
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Joint ventures:				
The Splendor Hospitality	$ 3,252	1,179	9,795	8,201
Others	80	31	266	214
	$ 3,332	1,210	10,061	8,415

(Continued)

6) Other receivables and advance payments from related parties

	Other Receivables (including advance payments)		
	September 30, 2019	December 31, 2018	September 30, 2018
Associates:			
Keng-Hsin Urban Renewal	$ 20,948	14,660	13,912
Others	153	711	772
Joint ventures	71	137	78
Other related parties	8	440	874
	$ 21,180	**15,948**	**15,636**

7) Other payables and advance receipts from related parties

	Other Payables (including advance receipts)		
	September 30, 2019	December 31, 2018	September 30, 2018
Associates	$ 7,740	9,835	5
Joint ventures	3	69	242
Other related parties	1,060	205	145
Key Management	148	-	-
	$ 8,951	**10,109**	**392**

(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	
	2019	2018	2019	2018
Short-term employee benefits	$ 34,998	48,538	102,016	131,434
Post-employment benefits	503	545	1,543	1,656
	$ 35,501	**49,083**	**103,559**	**133,090**

(Continued)

(8) Pledged assets

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

Pledged Assets	Object	September 30, 2019	December 31, 2018	September 30, 2018
Land (including other non-current assets)	The credit limits of long-term and short-term bank borrowings	$ 1,250,335	1,412,348	1,412,296
Land	Trusts	641,978	-	-
Buildings	The credit limits of long-term and short-term bank borrowings	469,287	422,107	425,115
Investment properties	〃	819,778	604,257	605,611
Inventories—land held for development	〃	3,591,718	3,892,953	4,985,690
Inventories—construction in progress	〃	2,850,050	2,406,303	731,859
Inventories—buildings and land held for sale	The credit limits of short-term borrowings	3,919,449	4,520,258	5,199,377
Other current financial assets	Bank acceptance bills	28,355	55,584	53,269
〃	Trusts	501,694	243,319	236,106
		$ 14,072,644	13,557,129	13,649,323

(9) Significant commitments and contingencies

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Unused standby letters of credit	$ 86	627	1,500

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

	September 30, 2019	December 31, 2018	September 30, 2018
Total contract price	$ 6,202,139	2,544,415	1,760,952
Total amounts paid under contracts (Note)	$ 2,096,652	824,843	767,303

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Total contract price	$ 8,605,033	4,337,978	4,597,148
Total amounts received under contracts (recognized under current contract liabilities)	$ 1,101,797	502,930	687,693

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

	September 30, 2019	December 31, 2018	September 30, 2018
Total contract price	$ 200,944	503,029	200,944
Total amounts paid under contracts (recognized under prepayments)	$ 116,570	207,195	116,570

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

	September 30, 2019	December 31, 2018	September 30, 2018
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	$ 253,963	196,894	170,931

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

	September 30, 2019	December 31, 2018	September 30, 2018
Security deposits (recognized under other current and non-current financial assets)	$ 97,321	97,449	97,257

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

	September 30, 2019	December 31, 2018	September 30, 2018
Total contract price	$ 2,540,962	219,342	219,342
Total amounts paid under contracts (recognized under inventories—prepayments for land)	$ 249,250	10,788	10,788

(viii) The Group and The Presbyterian Church in Taiwan entered into an real estate leasing contract, with the contract term of 40 years, commencing the day after the signing date, September 30, 2016. For the development of the leasing real estates, the Group agreed to pay development royalty amounted to $126,000 thousand. As of September 30, 2019 and 2018, the accumulated royalties paid amounted to $126,000 thousand, respectively, which was recognized under other non-current assets and transferred to right-of-use assets when the first application of IFRS16 on January 1, 2019, and was depreciated by the contract term.

(b) Contingencies

(i) Please refer to Note 7 for the Group's guarantees and endorsements for related parties' loans as of September 30, 2019 and 2018.

(ii) Contingencies for the Company and subsidiaries- the stages of Sunflower Investment Daguangsan tax petition for real estate transaction and non-performing receivables, and the petition stages of CMW (Tianjin) sales contract dispute is as follows:

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

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

(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. This case was partially dismissed by the Supreme Court on January 12, 2017, and partially remanded. On June 26, 2018, the remanded part was dismissed by the Civil Division of Tainan Branch of Taiwan High Court, and the appeal of the SFIPC was dismissed. However, the SFIPC was dissatisfied with the High Court's decision and filed an appeal to the Supreme Court on July 19, 2018, wherein the appeal was handed back over to the High Court for reconsideration on August 22, 2019. The appeal is still in the trial in Tainan Branch of Taiwan High Court.

(b) The SFIPC filed a lawsuit for damage remedy against the Company, the members of directors and supervisors, and the employees of both the Company and its subsidiaries. The case was passed by Taiwan High Court on February 13, 2018, and had been dismissed. The SFIPC was dissatisfied with the verdicts and filed an appeal. On March 27, 2019, the Civil Court of the Supreme Court vacated the original verdict and remanded to the Taiwan High Court. The appeal is now in its first trial in Taiwan High Court.

(c) Employee benefits, depreciation, and amortization are summarized as follows:

	For the Three Months Ended September 30					
	2019			2018		
By function / By item	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salary	170,795	141,477	312,272	189,616	180,179	369,795
Labor and health insurance	8,970	3,104	12,074	18,784	9,256	28,040
Pension	14,755	12,738	27,493	13,195	5,341	18,536
Others	23,843	8,263	32,106	21,239	16,459	37,698
Depreciation	193,515	66,167	259,682	188,056	18,894	206,950
Amortization	459	6,650	7,109	325	9,386	9,711

	For the Nine Months Ended September 30					
	2019			2018		
By function / By item	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salary	530,517	461,419	991,936	577,610	489,121	1,066,731
Labor and health insurance	45,985	32,911	78,896	54,132	26,802	80,934
Pension	40,458	26,664	67,122	40,001	15,956	55,957
Others	53,623	37,003	90,626	57,511	35,630	93,141
Depreciation	536,511	222,856	759,367	542,569	56,093	598,662
Amortization	1,112	20,206	21,318	975	31,337	32,312

(Continued)

(d) Discontinued operation:

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

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

	For the Three Months Ended September 30 2018	For the Nine Months Ended September 30 2018
Results from operating activities:		
Revenues	$ -	23,496
Costs	-	(21,878)
Operating expenses	70	(6,081)
Other income and expenses	-	28
Operating income (loss)	70	(4,435)
Non-operating income and expenses	-	271
Income tax expense	-	-
Income (loss)	70	(4,164)
Gain on disposal of non-current assets held for sale		
Gain on disposal of non-current assets held for sale	-	375,854
Tax expense from disposal of non-current assets held for sale	-	(11,075)
Profit	**$ 70**	**360,615**
Basic earnings per share	**$ -**	**0.93**
Diluted earnings per share	**$ -**	**0.93**
Cash flows from discontinued operation:		
Net cash generated from operating activities		$ 14,189
Net cash generated from investing activities		617,065
Net cash inflow		**$ 631,254**

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, 2019, required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In Thousands of NTD)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance During the Period	Ending Balance (Note 1)	Actual Borrowing Amount	Interest Rate	Nature for Financing (Note 2)	Transaction Amount for Business	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 4)
													Item	Value		
1	Tianjin CMT	Suzhou CMB	Accounts receivable due from related parties	Yes	230,000	217,500	217,500	0.75%	2	-	Operation requirements	-		-	337,167	449,556
1	Tianjin CMT	CMW (Tianjin)	Accounts receivable due from related parties	Yes	207,000	195,750	195,750	0.75%	2	-	Operation requirements	-		-	337,167	449,556
2	FAR HSING (SAMOA)	Atrans Precision	Accounts receivable due from related parties	Yes	31,600	31,040	31,040	1.00%	2	-	Operation requirements	-		-	51,145	68,194

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

Note 2: 1. For business transactions.

2. For the necessity of short-term financing.

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

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

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

(ii) Guarantees and endorsements for other parties:

(In Thousands of NTD)

No.	Name of Guarantor/ Endorse	Counter-party of Guarantee and Endorsement		Limitation on Amount of Guarantees and Endorsements for a Specific Enterprise (Note 4)	Highest Balance for Guarantees and Endorsements During the Period	Ending Balance (Note 2)	Actual Borrowing Amount	Property Pledged for Guarantees and Endorsements	Ratio of Accumulated Amounts of Guarantees and Endorsements to Net Worth of the Latest financial Statements	Maximum Amount for Guarantees and Endorsements (Note 5)	Parent Company Endorsements/ Guarantees to Third Parties on Behalf of Subsidiary (Note 3)	Subsidiary Endorsements/ Guarantees to Third Parties on Behalf of Parent Company (Note 3)	Endorsements/ Guarantees to Third Parties on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship with the Company (Note 1)										
0	The Company	Sunflower Investment	1	4,732,019	220,000	110,000	13,500	-	0.93 %	5,915,024	Y	N	N
0	The Company	The Hotel National	1	4,732,019	100,000	50,000	50,000	-	0.42 %	5,915,024	Y	N	N
0	The Company	Shangrila Tourism	1	4,732,019	702,500	652,500	424,000	-	5.52 %	5,915,024	Y	N	N
0	The Company	The Splendor Hospitality	2	4,732,019	2,100,000	1,900,000	1,625,000	-	16.06 %	5,915,024	N	N	N
0	The Company	CMAAN Health	2	4,732,019	95,680	45,680	45,680	-	0.39 %	5,915,024	N	N	N
1	CMAI N.A.	Pilot	4	64,510	59,900	58,839	56,101	-	91.21 %	64,510	N	N	N
2	CMI	UEA	3	3,987,225	1,975,061	1,547,885	1,547,885	-	15.53 %	4,984,032	N	N	N

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

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

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

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

(Continued)

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

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

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

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

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

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

(In Thousands of NTD)

Name of Holder	Category and Name of Security	Relationship with Issued Company	Account	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	MEITA Industrial Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	1,351,164	135,300	3.12 %	135,300	
The Company	YUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	112,574	830	1.25 %	830	
The Company	FUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	86,625	1,920	1.67 %	1,920	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	5,000,000	44,080	3.91 %	44,080	
The Company	DEVELOPMENT Venture Capital Co., Ltd.	The Company is the legal person	Non-current financial assets at FVOCI	5,200,000	33,935	4.00 %	33,935	
The Company	Pacific Electric Wire & Cable Co., Ltd.	-	Current financial assets at FVTPL	74,242	-	0.01 %	-	
Sunflower Investment	YungTay Engineering Co., Ltd.	-	Current financial assets at FVTPL	400,000	25,320	0.10 %	25,320	
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	-	2.51 %	-	

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

(v) Information on the acquisition of real estate exceeding NT$300 million or 20% of the share capital:

(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			
The Company	21 pieces of land located between No. 235-217 and No. 243-2, Houlongzi Section, West District, Taichung City	September 11, 2019	2,294,620	229,460	Natural persons	Unrelated party	-	-	-	-	The appraisal reports and market price	To optimize the use of assets of the Company by expanding its land for future development	-

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

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

(In Thousands of NTD)

Name of Company	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)	
Suzhou CMS	CMI	Subsidiaries	Sale	869,736	34.22 %	120~180 days	-	-	1,501,899	71.27%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	1,066,829	35.48 %	120~180 days	-	-	1,583,389	55.46%	

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

(Continued)

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

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

(In Thousands of NTD/In CNY)

Name of Company	Counter-party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad debts
					Amount	Action Taken		
CMI	CMB (H.K.)	Parent company	Accounts receivable due from related parties, other 230,198	-	-	-	-	-
CMW (C.I.)	CMW (Tianjin)	Parent company	Accounts receivable due from related parties, other 684,514	-	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 2,155,667	-	-	-	-	-
CMP (H.K.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 363,099	-	-	-	-	-
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 1,583,389	0.91	-	-	CNY 27,099,081	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 289,250	-	-	-	-	-
Tianjin CMT	CMW (Tianjin)	Affiliates	Accounts receivable due from related parties, other 195,750	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 217,500	-	-	-	-	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,501,899	0.80	-	-	CNY 24,866,892	-

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	63,038	60~90 days	0.60%
0	China Metal Products	CMJ	1	Operating revenue	14,494	90 days	0.14%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	1,066,829	120~180 days	10.15%
3	Suzhou CMS	CMI	2	Operating revenue	869,736	120~180 days	8.27%
4	Suzhou CMB	CMB (H.K.)	2	Operating revenue	57,036	120~180 days	0.54%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	65,946	120~180 days	0.63%
4	Suzhou CMB	CMI	2	Operating revenue	19,252	120~180 days	0.18%
6	National Management	China Metal Products	2	Operating revenue	47,623	OA 25 days	0.45%
11	CMAI	CMW(C.I.)	3	Operating revenue	19,027	90~120 days	0.18%
5	CMAI N.A.	CMW(C.I.)	3	Operating revenue	24,452	90~120 days	0.23%
5	CMAI N.A.	CMAI	2	Operating revenue	29,746	90~120 days	0.28%
8	CMW(C.I.)	CMAI	3	Operating revenue	16,357	120~180 days	0.16%
0	China Metal Products	Atrans Precision	1	Accounts receivable due from related parties	28,130	60~90 days	0.07%
1	CMW (Tianjin)	CMW (C.I.)	2	Accounts receivable due from related parties	1,583,389	120~180 days	3.97%
2	Tianjin CMT	CMI	2	Accounts receivable due from related parties	289,250	120~180 days	0.73%
2	Tianjin CMT	CMW (Tianjin)	3	Accounts receivable due from related parties	35,986	120~180 days	0.09%
3	Suzhou CMS	CMI	2	Accounts receivable due from related parties	1,501,899	120~180 days	3.77%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related parties	46,233	120~180 days	0.12%
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related parties	54,891	120~180 days	0.14%
4	Suzhou CMB	CMI	2	Accounts receivable due from related parties	18,528	120~180 days	0.05%
5	CMAI N.A.	CMAI	2	Accounts receivable due from related parties	15,206	90~120 days	0.04%

(Continued)

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

No. (Note 1)	Name of Company	Name of Counter-party	Nature of Relationship (Note 2)	Intercompany Transactions (Note 3)			
				Account	Amount	Trading Terms	Percentage of the Total Consolidated Revenue or Total Assets (Note 4)
2	Tianjin CMT	CMW (Tianjin)	3	Other receivables due from related parties	195,750	-	0.49%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,334	-	0.03%
2	Tianjin CMT	Suzhou CMB	3	Other receivables due from related parties	217,500	-	0.55%
7	CMI	CMB (H.K.)	1	Other receivables due from related parties	230,198	-	0.58%
8	CMW (C.I.)	CMW (Tianjin)	1	Other receivables due from related parties	684,514	-	1.72%
8	CMW (C.I.)	CMI	2	Other receivables due from related parties	2,155,667	-	5.41%
10	CMP (H.K.)	CMI	2	Other receivables due from related parties	363,099	-	0.91%
12	CHINGENG Land Development	Keng-Hsin Urban Renewal	2	Other receivables due from related parties	20,948	-	0.05%
12	CHINGENG Land Development	PUJEN Land Development	2	Other receivables due from related parties	20,948	-	0.05%
11	CMAI	CMAI N.A.	1	Other receivables due from related parties	19,694	-	0.05%
13	FAR HSING(SAMOA)	Atrans Precision	2	Other receivables due from related parties	31,040	-	0.08%
9	CMB (H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	26,767	-	0.07%

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

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

Note 2: Relationship is classified into three types:

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

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

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

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

(b) Information on investees:

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

(In Thousands of NTD/In USD and CNY)

Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of September 30, 2019			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
The Company	UEA	British Virgin Islands	Investing in CMI	865,286	865,286	667,820	100.00 %	6,883,372	475,960	475,960	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,000	99,000	67,006,291	99.00 %	872,973	4,662	4,615	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	236,780	236,780	25,149,502	70 47 %	407,367	50,021	35,250	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	64,420	25,022	20,851	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	71,644	71,644	2,820,000	94 00 %	203,449	1,875	1,762	Subsidiaries
The Company	Pu Sheng Construction	Taiwan	Residents, commercial buildings and factories leasing and developing	30	30	3,000	30.00 %	10,129	2	1	Subsidiaries
The Company	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	2,003,067	2,003,067	158,877,643	56.65 %	3,912,282	(9,004)	(4,764)	Subsidiaries

(Continued)

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

Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of September 30, 2019			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
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)	(496)	-	Investees accounted for using equity method
The Company	The Hotel National	Taiwan	International tourist hotel services and other hotel business approved by the Ministry of Transportation and Communications	1,304,549	1,304,549	31,200,000	100.00 %	795,095	(34,982)	(36,400)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	14,971	18	18	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	975,000	975,000	97,500,000	50.00 %	329,107	(34,450)	(27,020)	Joint ventures accounted for using equity method
The Company	Shangrila Tourism	Taiwan	Amusement park and hotel services	359,470	359,470	18,131,840	80.00 %	204,505	(20,624)	(15,607)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	47,424	3,353	1,411	Joint ventures accounted for using equity method
Sunflower Investment	PUJEN Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	280,768	280,768	42,269,213	15.07 %	1,005,618	(9,004)	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,837	76,878	4,737,380	13.27 %	76,039	50,021	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Amida Trustlink Assets	Taiwan	Real estate developing, leasing and financial claims acquiring from financial institutions	-	-	5,951,619	12.50 %	(7,726)	(496)	Exempt from disclosure	Investees accounted for using equity method
Sunflower Investment	ADVANCISION (CAYMAN)	Cayman Islands	Investing and cast iron product retailing	29,154	29,154	1,871,288	4.46 %	32,514	1,370	Exempt from disclosure	Investee accounted for using equity method
UEA	CMI	Cayman Islands	Investing in CMI (BVI) and cast iron product retailing	USD 136,536,250	USD 136,536,250	823,281,475	82.55 %	USD 269,477,679	USD 20,124,913	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 1,094,765,572	CNY 65,938,394	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 1,678,007,508	CNY 81,593,044	Exempt from disclosure	Subsidiaries of CMI
CMI	CMB (H.K.)	Hong Kong	Investing in Suzhou CMS	USD 85,820,000	USD 85,820,000	82,000,000	100.00 %	CNY 580,231,656	CNY (366,749)	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 1,097,695,654	CNY 65,938,394	Exempt from disclosure	Subsidiaries of CMI(BVI)
CMAI	CMAI Holding	USA	Investing	USD 8,328,644	USD 8,328,644	8,328,644	100.00 %	USD 2,384,444	USD (343,853)	Exempt from disclosure	Subsidiaries of CMAI
CMAI Holding	Pilot	USA	Assets leasing	USD 8,328,644	USD 8,328,644	8,328,644	100.00 %	USD 2,384,444	USD (343,853)	Exempt from disclosure	Subsidiaries of CMAI (Holding)
Pilot	CMAI N.A.	USA	Vehicle parts retailing	USD 7,792,972	USD 7,792,972	7,792,972	100.00 %	USD 1,652,954	USD (425,148)	Exempt from disclosure	Subsidiaries of Pilot
Atrans Precision	FAR HSING (SAMOA)	SAMOA	Investing	USD 4,922,055	USD 4,922,055	4,922,055	100.00 %	161,700	USD 9,911	Exempt from disclosure	Subsidiaries of Atrans Precision
Atrans Precision	Acore Material	Taiwan	Mechanical equipment, electronic parts and other equipment manufacturing	31,000	31,000	775,000	21.23 %	-	(10,317)	Exempt from disclosure	Investees of Atrans Precision accounted for using equity method
FAR HSING (SAMOA)	ADVANCISION (CAYMAN)	Cayman Islands	Investing and cast iron product retailing	USD 4,959,029	USD 4,959,029	9,068,414	21.59 %	USD 4,089,509	USD 44,135	Exempt from disclosure	Investees of FAR HSING (SAMOA) accounted for using equity method
PUJEN Land Development	Pu Sheng Construction	Taiwan	Residents, commercial buildings and factories leasing and developing	20	20	2,000	20.00 %	6,753	2	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 %	309,419	(35,461)	Exempt from disclosure	Investees of PUJEN Land Development accounted for using equity method
PUJEN Land Development	CHINGENG Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	72,500	82,500	7,250,000	50.00 %	69,484	(10)	Exempt from disclosure	Subsidiaries of PUJEN Land Development

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

Name of Investor	Name of Investee	Location	Main Businesses	Original Investment Amount		Balance as of September 30, 2019			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value			
PUJEN Land Development	PUJEN CHENGMEI Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	59,500	59,500	5,950,000	70.00 %	46,777	(1,006)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUCHIA Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	35,000	35,000	3,500,000	50.00 %	28,047	36	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	Shangrila Tourism	Taiwan	Amusement park and hotel services	89,867	89,867	4,532,960	20.00 %	51,125	(20,624)	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 %	5,058	(35)	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	3,000	405,000	36.82 %	3,269	1,713	Exempt from disclosure	Investees of PUJEN Land Development accounted for using equity method

(c) Information on investment in Mainland China:

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

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

Name of Investee	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2019	Net Income (Losses) of the Investee	Percentage of Ownership	Investment Income (Losses) (Notes 2,3)	Book Value (Note 3)	Accumulated Remittance of Earnings in Current Period (Note 5)
					Outflow	Inflow						
Tianjin CMT	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	931,200 (USD 30,000)	2	388,238	-	-	388,238	(55) (CNY (12))	82.55%	(46) (CNY (10))	1,123,891 (CNY 258,366)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	744,960 (USD 24,000)	2	423,406	-	-	423,406	293,859 (CNY65,013)	82.55%	242,497 (CNY53,650)	3,285,683 (CNY 755,329)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,545,280 (USD 82,000)	2	-	-	-	-	13,361 (CNY2,956)	82.55%	11,029 (CNY 2,440)	2,692,538 (CNY 618,974)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	993,280 (USD 32,000)	2	-	-	-	-	288,207 (CNY63,763)	82.55%	242,822 (CNY53,722)	4,172,988 (CNY959,308)	-
CMH	Vehicle parts, farm wagon parts, industrial wagon parts household appliances parts and E&M as-casting and molds developing, manufacturing, selling and after sales services	341,036 (USD 10,987)	2	-	-	-	-	(559) (CNY(124))	82.55%	(461) (CNY(102))	329,169 (CNY75,671)	-
Qinxin Trade	Vehicle parts retailing	4,346 (USD 140)	2	-	-	-	-	145 (USD5)	94.00%	136 (USD4)	4,425 (USD 143)	-
Qingdao Sourcing Specialists	Cast iron product retailing	3,104 (USD 100)	2	-	-	-	-	10,733 (JPY37,700)	83.33%	8,944 (JPY 31,416)	30,759 (JPY106,876)	-

(Continued)

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

(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of September 30, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
811,644	6,475,596 (USD 208,621)	-

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

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

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

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

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

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

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

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

(iii) Significant transactions: None.

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

(14) Segment information:

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

	Metal Manufacturing Segment	Steel Product Segment (Discontinued)	Real Estate Development Segment	Lifestyle Hospitality Segment	Reconciliation and Elimination	Total
For the Three Months Ended September 30, 2019						
Revenue from external customers	$ 2,892,582	-	886	174,101	-	3,067,569
Intersegment revenues	798,260	-	3,819	19,793	(821,872)	-
Total revenue	**$ 3,690,842**	**-**	**4,705**	**193,894**	**(821,872)**	**3,067,569**
Reportable segment profit or loss	**$ 289,372**	**-**	**(138,920)**	**(46,804)**	**12,005**	**115,653**
For the Three Months Ended September 30, 2018						
Revenue from external customers	$ 3,303,574	-	2,429,907	172,422	-	5,905,903
Intersegment revenues	791,088	-	28	16,397	(807,513)	-
Total revenue	**$ 4,094,662**	**-**	**2,429,935**	**188,819**	**(807,513)**	**5,905,903**
Reportable segment profit or loss	**$ 297,011**	**70**	**968,482**	**(40,167)**	**(124,398)**	**1,100,998**
For the Nine Months Ended September 30, 2019						
Revenue from external customers	$ 8,932,782	-	1,039,213	540,355	-	10,512,350
Intersegment revenues	2,303,193	-	3,877	57,824	(2,364,894)	-
Total revenue	**$ 11,235,975**	**-**	**1,043,090**	**598,179**	**(2,364,894)**	**10,512,350**
Reportable segment profit or loss	**$ 762,932**	**-**	**36,677**	**(100,898)**	**36,168**	**734,879**
For the Nine Months Ended September 30, 2018						
Revenue from external customers	$ 9,843,348	23,496	2,750,184	547,697	-	13,164,725
Intersegment revenues	2,659,504	-	86	50,114	(2,709,704)	-
Total revenue	**$ 12,502,852**	**23,496**	**2,750,270**	**597,811**	**(2,709,704)**	**13,164,725**
Reportable segment profit or loss	**$ 990,320**	**371,690**	**867,289**	**(83,629)**	**(90,075)**	**2,055,595**

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

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