Stock Code:1532

CHINA METAL PRODUCTS CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

with Independent Auditors' Report
For the Years Ended December 31, 2019 and 2018

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The independent auditor' s 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 auditor's 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. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9～12
(4) Summary of significant accounting policies	13～37
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	37～39
(6) Explanation of significant accounts	39～79
(7) Related-party transactions	79～85
(8) Pledged assets	86
(9) Significant commitments and contingencies	86～89
(10) Losses due to major disasters	89
(11) Subsequent events	89
(12) Other	89～90
(13) Other disclosures	
(a) Information on significant transactions	91～94
(b) Information on investees	94～95
(c) Information on investment in Mainland China	96
(14) Segment information	97～98

Representation Letter

The entities that are required to be included in the combined financial statements of China Metal Products Co., Ltd. as of and for the year ended December 31, 2019 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, China Metal Products Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: China Metal Products Co., Ltd.
Chairman: Ting Fung, Lin
Date: March 30, 2020

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of China Metal Products Co., Ltd. and its subsidiaries ("CMP Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated balance sheets of CMP Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), IFRIC Interpretations ("IFRIC"), and SIC Interpretations ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of CMP Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Other Matter

China Metal Products Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unqualified opinion.

Key Audit Matters

Based on our professional judgment, key audit matters pertain to the most important matters in the audit of consolidated financial statements for the year ended December 31, 2019 of CMP Group. Those matters have been addressed in our audit opinion on the said consolidated financial statements and during the formation of our audit opinion. However, we do not express an opinion on these matters individually. The key audit matters that, in our professional judgment, should be communicated are as follows:

1. Revenue recognition

   For the revenue recognition account policy, please refer to Note4(r); for the details of the revenue recognition during the years, please refer to Note 6(y).

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.

Description of key audit matter:

The revenue recognition of CMP Group's product selling is the timing of the transfer of control varied by the individual terms of the sales agreement, which is mainly at the time when the goods are loading to the export ship and to the determined shipping point. The recognition of revenue is also varied by the terms of acceptance and return of goods in the sale contracts between CMP Group and the clients who are large vehicle parts suppliers and manufacturers. CMP Group evaluates the terms of the sale contracts individually to determine the timing of revenue recognition.

There is risk of misstatement when the timing of revenue recognition is earlier than the transfers of control. The revenue from cast iron products selling is recognized when customers collect the goods from the shipping warehouse (the transfer of control). CMP Group's revenue recognition is based on the regarding documents or other information provided by custodian of the shipping warehouse. Due to the shipping warehouse is located in Atlanta, USA, the providing schedule and contents of information from the custodian usually involves human factors. It may result in inappropriate revenue recognition or inconsistent inventory record. Therefore, the revenue recognition is considered as one of the key audit matters.

Corresponding audit procedure:

Our main audit procedures for the above key audit matters include: understanding and evaluating the design, operation and implantation of the effectiveness of internal control on revenue recognition; understanding the major types of revenue, contract terms and transaction terms to determine the appropriateness timing of revenue recognition, also sampling the major customers and reviewing the contracts and sales orders to evaluate the revenue recognition; sampling the transaction records of sales around the balance sheet date and obtaining the transaction documents (i.e. delivery order signed by the recipient, bill of lading, documents from the warehouse custodian) to evaluate the appropriateness timing of revenue recognition; comparing the actual sales return and discount after the financial reporting date with the estimated allowance for sales return and discount on the financial reporting date and the previous financial reporting period to evaluate the reasonableness of the estimation; evaluating whether the recognition period of inventory and cost of goods sold is appropriate; performing inventory observation and checking the inventory quantity with the records.

2. Allowance for accounts receivable

For the estimation of allowance for bad debt accounting policy, please refer to Note 4(g); for the significant assumptions and judgments, and major sources of estimation uncertainty of the loss allowance of accounts receivable, please refer to Note 5; for the details of the loss allowance of accounts receivable during the years, please refer to Note 6(d).

Description of key audit matter:

The loss allowance of accounts receivable for CMP Group is based on the management's judgments of the estimation of the expected credit loss which comprised of the credit reliability of the customers, the current market, forward-looking estimation and customer-specific terms. The estimation involves subjective judgment. The balance of accounts receivable is significant and the current economic and environment risk increase the risk of recovering. Therefore, the estimation of accounts receivable loss allowance is considered as one of the key audit matters.

Corresponding audit procedure:

Our main audit procedures for the above key audit matters include: understanding and evaluating the design, operation and implementation of the effectiveness of internal control on management' s credit control of customers, recovery of the receivables and the estimations of allowance for receivables; evaluating the appropriateness of the accounting policies regarding the allowance for receivables, sampling sales invoices and comparing them with other transaction documents to check the accuracy of receivable aging; understanding and recalculating the rolling rates of overdue accounts receivable and expected loss rates to evaluate whether the management estimation of the loss allowance is considered the customers' industry status, the receivables overdue status, forward-looking estimation and payment records; sampling the receivables for cash collecting after the balance sheet date.

3. Litigation provision assessment

For the accounting policy of litigation provision assessment, please refer to the Note 4(q) Provisions; for the accounting estimate and uncertain hypothesis, please refer to Note 5; for the details of estimated litigation, please refer to Note 6(s).

Description of key audit matter:

Sunflower Investment Co., Ltd. had sought administrative remedies for the administrative penalties arose from enterprise income tax, value-added tax, and undistributed earning tax of the Daguangsan non-performing receivable case, which the total amount of tax and penalties amounted to $564,452 thousand. As of the reporting date, CMP Group has paid $46,174 thousand and estimated the regarding litigation provision at $236,052 thousand.

The estimation of litigation contingent liabilities is based on the management's assessment of the result of litigation, which is likely to be unfavorable to CMP Group. However, there are significant uncertainties in the litigation. Therefore, the litigation provision estimation is considered as one of the key audit matters.

Corresponding audit procedure:

Our main audit procedures for the above key audit matters include: interviewing CMP Group's management to understand the method of assessment; obtaining management's major litigation memorandum and its provision assessment documents, and reviewing the latest court verdict documents of the major litigation to assess the reasonableness of their estimates; obtaining auditors' legal confirmation letters from external lawyers to verify the progress of pending litigation; assessing whether CMP Group's pending litigation cases and contingent liabilities have been properly disclosed.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing CMP Group' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CMP Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee or supervisors) are responsible for overseeing CMP Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CMP Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CMP Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CMP Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within CMP Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 30, 2020

Notes to Readers

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

The independent auditor's audit 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 auditor's audit report and consolidated financial statements, the Chinese version shall prevail.

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Notes 6(a) and (ac))	$ 3,700,547	9	3,896,690	10
1110	Current financial assets at fair value through profit or loss (Notes 6(b) and (ac))	51,440	-	2,960	-
1170	Notes and accounts receivable, net (Notes 6(d), (y) and (ac))	3,903,549	9	4,306,821	11
1180	Accounts receivable due from related parties, net (Notes 6(ac) and 7)	515	-	1,276	-
1200	Other receivables (Note 6 (ac))	47,180	-	81,054	-
1210	Other receivables due from related parties (Notes 6(ac) and 7)	28,160	-	15,948	-
130X	Inventories (Notes 6(e), 8 and 9(a))	17,686,807	41	14,291,572	38
1410	Prepayments (Note 9(a))	268,535	1	271,283	1
1470	Other current assets	243,827	1	196,979	1
1476	Other current financial assets (Notes 6(d), (ac), 7, 8 and 9(a))	1,078,864	2	760,460	2
1480	Incremental costs of obtaining contracts	156,104	-	106,202	-
	Total current assets	27,165,528	63	23,931,245	63
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(c) and (ac))	216,065	1	207,818	1
1550	Investments accounted for using equity method (Note 6(g))	853,073	2	864,157	2
1600	Property, plant and equipment (Notes 6(j), 8 and 9(a))	9,589,959	22	10,280,411	27
1755	Right-of-use assets (Note 6(k))	2,422,158	6	-	-
1760	Investment property, net (Notes 6(l) and 8)	639,573	2	604,257	2
1780	Intangible assets (Note 6(m))	415,890	1	451,287	1
1840	Deferred tax assets (Note 6(v))	32,234	-	28,092	-
1900	Other non-current assets (Notes 6(j), (n) and 9(a))	905,188	2	957,905	2
1975	Non-current net defined benefit asset (Note 6(u))	7,643	-	-	-
1980	Other non-current financial assets (Notes 6(o), (ac), 7 and 9(a))	680,391	1	682,985	2
	Total non-current assets	15,762,174	37	14,076,912	37
	Total assets	**$ 42,927,702**	**100**	**38,008,157**	**100**

	Liabilities and equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities:				
2100	Short-term borrowings (Notes 6(p) and (ac))	$ 8,168,354	19	6,620,573	17
2130	Current contract liabilities (Notes 6(y) and 9(a))	1,388,953	4	547,626	1
2170	Notes and accounts payable (Note 6(ac))	2,598,484	6	2,536,699	7
2180	Accounts payable due to related parties (Notes 6(ac) and 7)	29,717	-	19,921	-
2200	Other payables (Note 6(ac))	837,271	2	1,073,350	3
2220	Other payables to related parties (Notes 6(ac) and 7)	13,491	-	10,109	-
2230	Current income tax liabilities	113,999	-	56,813	-
2280	Current lease liabilities (Notes 6(r) and (ac))	190,521	-	-	-
2322	Long-term borrowings, current portion (Notes 6(q) and (ac))	2,533,247	6	1,062,662	3
2360	Current net defined benefit liability (Note 6(u))	-	-	1,389	-
2399	Other current liabilities (Notes 6(s) and (u))	156,465	-	123,241	-
	Total current liabilities	16,030,502	37	12,052,383	31
	Non-Current liabilities:				
2540	Long-term borrowings (Notes 6(q) and (ac))	8,161,069	19	7,963,236	21
2570	Deferred tax liabilities (Note 6(v))	628,060	1	646,449	2
2580	Non-current lease liabilities (Notes 6(r) and (ac))	1,991,672	5	-	-
2600	Other non-current liabilities (Notes 6(s) and 7)	319,118	1	329,581	1
2640	Non-current net defined benefit liability (Note 6(u))	55,190	-	73,343	-
	Total non-current liabilities	11,155,109	26	9,012,609	24
	Total liabilities	27,185,611	63	21,064,992	55
	Equity attributable to owners of parent (Note 6(w)):				
3100	Share capital	3,852,521	9	3,852,521	10
3200	Capital surplus	1,523,104	4	1,525,666	4
3300	Retained earnings	6,569,681	15	7,159,640	19
3400	Other equity	(56,109)	-	206,070	1
	Total equity attributable to owners of parent:	11,889,197	28	12,743,897	34
36XX	Non-controlling interests (Note 6(i))	3,852,894	9	4,199,268	11
	Total equity	15,742,091	37	16,943,165	45
	Total liabilities and equity	**$ 42,927,702**	**100**	**38,008,157**	**100**

See accompanying notes to consolidated financial statements.

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenues (Notes 6(y) and 7)**	$ 13,770,124	100	18,085,535	100
5000	**Operating costs (Note 6(e) and 7)**	(10,526,020)	(76)	(13,067,317)	(73)
	Gross profit from operations	3,244,104	24	5,018,218	27
	Operating expenses (Note 7):				
6100	Selling expenses	(601,388)	(4)	(812,196)	(4)
6200	Administrative expenses	(1,604,384)	(12)	(1,737,754)	(10)
6300	Research and development expenses	(9,399)	-	(14,248)	-
6450	Expected credit loss (Note 6(d))	(4,884)	-	(493)	-
	Total operating expenses	(2,220,055)	(16)	(2,564,691)	(14)
6500	**Net other income and expenses (Note 6(aa))**	10,470	-	6,360	-
	Net operating income	1,034,519	8	2,459,887	13
	Non-operating income and expenses:				
7010	Other income (Notes 6(ab) and 7)	196,048	1	196,787	1
7020	Other gains and losses (Notes 6(f) and (ab))	(45,529)	-	65,731	-
7050	Finance costs (Note 6(ab))	(269,236)	(2)	(264,757)	(1)
7375	Share of loss of associates and joint ventures accounted for using equity method (Note 6(g))	(27,768)	-	(50,653)	-
	Total non-operating income and expenses	(146,485)	(1)	(52,892)	-
	Profit from continuing operations before tax	888,034	7	2,406,995	13
7950	**Less: Tax expense (Note 6(v))**	(226,350)	(2)	(386,424)	(2)
8000	**Profit from continuing operations**	661,684	5	2,020,571	11
8100	**Profit from discontinued operations (Notes 6(f) and 12(d))**	-	-	360,970	2
8200	**Net profit**	661,684	5	2,381,541	13
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(u))	1,814	-	(17,744)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income (Notes 6(w) and (ac))	17,861	-	16,309	-
	Total items that may not be reclassified subsequently to profit or loss	19,675	-	(1,435)	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation of foreign financial statements (Note 6(w))	(342,848)	(3)	(297,551)	(1)
	Total items that may be reclassified subsequently to profit or loss	(342,848)	(3)	(297,551)	(1)
8300	**Other comprehensive income (after tax)**	(323,173)	(3)	(298,986)	(1)
8500	**Comprehensive income**	**$ 338,511**	**2**	**2,082,555**	**12**
	Net profit, attributable to:				
8610	Owners of parent	$ 508,727	4	1,835,572	10
8620	Non-controlling interests	152,957	1	545,969	3
		$ 661,684	**5**	**2,381,541**	**13**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 248,734	2	1,578,480	9
8720	Non-controlling interests	89,777	-	504,075	3
		$ 338,511	**2**	**2,082,555**	**12**
	Earnings per share (Note 6(x))				
	Basic earnings per share				
9710	From continuing operations	$	1.32		3.82
9720	From discontinued operations	-			0.94
		$	**1.32**		**4.76**
	Diluted earnings per share				
9810	From continuing operations	$	1.32		3.81
9820	From discontinued operations	-			0.94
		$	**1.32**		**4.75**

See accompanying notes to consolidated financial statements.

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 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	-	-	-	-	77,177	-	53,470	(187)	130,460	36,434	166,894
Balance on January 1, 2018, after adjustments	3,852,521	1,522,961	1,511,647	49,081	4,394,538	392,282	53,470	-	11,776,500	3,959,842	15,736,342
Profit for the year ended December 31, 2018	-	-	-	-	1,835,572	-	-	-	1,835,572	545,969	2,381,541
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	(17,410)	(255,991)	16,309	-	(257,092)	(41,894)	(298,986)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	1,818,162	(255,991)	16,309	-	1,578,480	504,075	2,082,555
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	-	426	-	-	(35,910)	-	-	-	(35,484)	28,133	(7,351)
Changes in equity of associates and joint ventures accounted for using equity method	-	2,279	-	-	-	-	-	-	2,279	3,036	5,315
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(135,183)	(135,183)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(160,635)	(160,635)
Balance on December 31, 2018	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 year ended December 31, 2019	-	-	-	-	508,727	-	-	-	508,727	152,957	661,684
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	2,186	(280,040)	17,861	-	(259,993)	(63,180)	(323,173)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	510,913	(280,040)	17,861	-	248,734	89,777	338,511
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	-	(2,562)	-	-	(2,401)	-	-	-	(4,963)	40	(4,923)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(10,958)	(10,958)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(424,901)	(424,901)
Balance on December 31, 2019	**$ 3,852,521**	**1,523,104**	**1,756,147**	**49,081**	**4,764,453**	**(143,749)**	**87,640**	**-**	**11,889,197**	**3,852,894**	**15,742,091**

See accompanying notes to consolidated financial statements.

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities:		
Profit from continuing operations before tax	$ 888,034	2,406,995
Profit from discontinued operations before tax	-	372,045
Profit before tax	888,034	2,779,040
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,005,397	793,288
Amortization expense	28,281	41,962
Expected credit loss	4,884	493
Net gain on financial assets or liabilities at fair value through profit or loss	(528)	(14,321)
Interest expense	269,236	264,757
Interest income	(57,615)	(62,179)
Dividend income	(28,196)	(38,980)
Share of loss of associates and joint ventures accounted for using equity method	27,768	50,653
Loss on disposal of property, plant and equipment	5,363	11,711
Property, plant and equipment transferred to expenses	152	196
Impairment loss on property, plant and equipment	447	1,891
Gain on disposal of discontinued operations and non-current assets held for sale	-	(372,758)
Increase in deferred gain	(214)	(268)
Reversal of employee benefit liabilities	-	(5,673)
Other losses	44,700	452
Other income	(2,660)	(1,300)
Total adjustments to reconcile profit	1,297,015	669,924
Changes in operating assets and liabilities:		
Changes in operating assets:		
Current financial assets at fair value through profit or loss	(47,952)	42,422
Notes and accounts receivable, net	268,654	255,758
Accounts receivable due from related parties, net	320,599	(115,362)
Other receivables	14,829	7,587
Inventories	(2,751,409)	659,770
Prepayments	(26,038)	260,468
Other current assets	(45,015)	(175,010)
Other financial assets	(365,778)	70,138
Incremental costs of obtaining contracts	(49,902)	115,624
Total changes in operating assets	(2,682,012)	1,121,395
Changes in operating liabilities:		
Notes and accounts payable (including related parties), net	(107,415)	463,907
Other payables	(201,544)	97,449
Current contract liabilities	833,854	(1,036,103)
Other current liabilities	(29,235)	(26,258)
Other non-current liabilities	-	3,136
Total changes in operating liabilities	495,660	(497,869)
Total changes in operating assets and liabilities	(2,186,352)	623,526
Total adjustments	(889,337)	1,293,450
Cash (outflow) inflow generated from operations	(1,303)	4,072,490
Interest received	44,509	47,047
Dividends received	28,240	39,612
Interest paid	(315,059)	(320,442)
Income taxes paid	(162,299)	(474,569)
Net cash flows (used in) generated from operating activities	(405,912)	3,364,138
Cash flows from investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	9,614	1,947
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	13,911
Acquisition of investments accounted for using equity method	(20,843)	-
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	-	653,575
Acquisition of property, plant and equipment	(846,088)	(789,077)
Proceeds from disposal of property, plant and equipment	18,988	19,775
Acquisition of intangible assets	(3,212)	(6,782)
Decrease in other financial assets	45,441	348,110
Increase in other non-current assets	(542,839)	(396,021)
Net cash flows from loss of control of subsidiary	-	(7,210)
Net cash flows used in investing activities	(1,338,939)	(123,266)
Cash flows from financing activities:		
Increase in short-term borrowings	5,799,840	5,360,771
Decrease in short-term borrowings	(4,216,132)	(6,599,184)
(Decrease) increase in short-term notes and bills payable	(224,734)	219,754
Proceeds from long-term borrowings	7,753,647	4,622,476
Repayments of long-term borrowings	(5,829,982)	(5,680,775)
Increase in other non-current liabilities	1,229	-
Cash dividends paid	(1,040,181)	(577,878)
Payments of lease liabilities	(190,129)	-
Cash dividends paid to non-controlling interests	(424,901)	(160,635)
Change in non-controlling interests	(10,958)	(135,183)
Net cash flows generated from (used in) financing activities	1,617,699	(2,950,654)
Effect of exchange rate changes on cash and cash equivalents	(68,991)	(23,540)
Net (decrease) increase in cash and cash equivalents	(196,143)	266,678
Cash and cash equivalents at beginning of year	3,896,690	3,630,012
Cash and cash equivalents at end of year	$ 3,700,547	3,896,690

See accompanying notes to consolidated financial statements.

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

CHINA METAL PRODUCTS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 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 issue by the Board of Directors on March 30, 2020.

(3) New standards, amendments and interpretations adopted

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

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

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 Rule 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 IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

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 IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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)

(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.

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The accounting policies have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise specified in Note 3.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as" the Regulations") and the IFRSs, IASs, IFRIC and SIC endorsed by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit liabilities (assets) are recognized as the fair value of the plan assets less the present value of the defined obligation, which is limited as explained in Note 4(s).

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollar, which is the Company's functional currency. All financial information presented in New Taiwan dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. The Group controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group' s share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

(ii) List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership December 31, 2019	Percentage Ownership December 31, 2018	Note
The Company	United Elite Agents Limited (UEA)	Investing	100.00 %	100.00 %	-
The Company and Sunflower Investment	Atrans Precision Industries Co., Ltd. (Atrans Precision)	Vehicle parts processing	83.74 %	83.58 %	-
The Company	Sunflower Investment Co., Ltd. (Sunflower Investment)	Investing	99.00 %	99.00 %	-
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 %	-
The Company	CHINA METAL AUTOMOTIVE INTERNATIONAL CO., LTD. (CMAI)	Vehicle parts retailing	94.00 %	94.00 %	-
The Company	CMJ CO., LTD. (CMJ) (Note 1)	Cast iron product retailing	83.33 %	83.33 %	-
The Company	National Management Co., Ltd. (National Management)	Management and consulting services	100.00 %	100.00 %	-
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 %	-
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 %	-
The company and PUJEN Land Development	Shangrila Tourism Co., Ltd. (Shangrila Tourism)	Amusement park and hotel services	100.00 %	100.00 %	-
UEA	China Metal International Holdings Inc. (CMI)	Investing and cast iron product retailing	82.55 %	82.55 %	-
CMI	China Metal International (BVI) Limited (CMI (BVI))	Investing	100.00 %	100.00 %	-
CMI	CMW (Cayman Islands) Co., Ltd. (CMW (C.I.))	Investing	100.00 %	100.00 %	-
CMI	CMB (H.K.) Co., Ltd. (CMB (H.K.))	Investing	100.00 %	100.00 %	-

(Continued)

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

Investor	Name of Subsidiary	Principal Activity	Percentage Ownership December 31, 2019	Percentage Ownership December 31, 2018	Note
CMB (H.K.)	Suzhou CMB Machinery Co., Ltd. (Suzhou CMB)	Cast iron product designing, manufacturing and retailing	100.00 %	100.00 %	-
CMI (BVI)	CMP (H.K.) Industry Co., Ltd. (CMP (H.K.))	Investing	100.00 %	100.00 %	-
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 %	-
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 %	-
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 %	-
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 3
CMJ	Qingdao Sourcing Specialists Trading Co., Ltd. (Qingdao Sourcing Specialists)	Cast iron product retailing	100.00 %	100.00 %	-
Atrans Precision	FAR HSING (SAMOA) ENTERPRISE CO., LTD. (FAR HSING (SAMOA))	Investing	100.00 %	100.00 %	-
Atrans Precision	Acore Material Technology Co., Ltd. (Acore Material)	Mechanical equipment, electronic parts and other equipment manufacturing	- %	- %	Note 2
PUJEN Land Development	CHINGENG Land Development Co., Ltd. (CHINGENG Land Development)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	-
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 %	-
PUJEN Land Development	PUCHIA Land Development Co., Ltd. (PUCHIA Land Development)	Residents, commercial buildings and factories leasing and developing	50.00 %	50.00 %	-
CMAI	Qinxin Trade Co., Ltd. (Qinxin Trade)	Vehicle parts retailing	100.00 %	100.00 %	-
CMAI	CMAI Holding, Inc. (CMAI Holding)	Investing	100.00 %	100.00 %	-
CMAI Holding	Pilot Drive LLC (Pilot)	Assets leasing	100.00 %	100.00 %	-
Pilot	CMAI INDUSTRIES INC (CMAI N.A.)	Vehicle parts retailing	100.00 %	100.00 %	-

Note 1: The former name was "CHINA METAL JAPAN COMPANY LIMITED".

Note 2: 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 3: Set up in the 4th quarter of 2018.

(Continued)

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

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of each subsequent reporting period (hereinafter referred to as the reporting date) are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the translation.

Exchange differences are generally recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- An investment in equity securities designated as at fair value through other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the New Taiwan dollar at average rate. Exchange differences are recognized in other comprehensive income and presented in the foreign currency translation differences in equity.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely to occur in the foreseeable future, exchange differences arising from such monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

Considering the current trend in economic environment, CMP (H.K.), CMW (C.I.), CMB (H.K.), CMI (BVI) and CMI, the subsidiaries, changed the functional currency from USD to CNY in 2018. In accordance to IAS21 "The Effects of Changes in Foreign Exchange Rates", the above mentioned subsidiaries recognized the amount under prospective method from the beginning of the year changed.

(e) Classification of current and non-current assets and liabilities

The major business activities are iron hardware manufacturing and casting, residents and commercial buildings developing, leasing and selling, international hotel servicing and department store retailing. Except for the developing, leasing and selling residents and commercial building business, which the operating cycle is over one year and the regarding accounts are classified by its operating cycle, the entity shall classify an asset as current when:

(i) It is expected to be realized the asset, or intended to be sold or consumed, during the normal operating cycle ;

(ii) It is held primarily for the purpose of trading ;

(iii) It is expected to be realized within twelve months after the reporting period ; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under following criteria, and all other liabilities are classified as non-current. The entity shall classify a liability as current when:

(i) It is expected to be settled within the Group's normal operating cycle ;

(ii) It is held primarily for the purpose of trading ;

(iii) It is due to be settled within twelve months after the reporting period ; or

(iv) The Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits meet aforementioned definitions that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash and cash equivalents.

(g) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

Financial assets which are trade as regular purchases or sales are recognized and derecognized on a trade date basis.

On initial recognition, financial assets are classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the initial recognition amount deduct the cumulative amortization using the effective interest method and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets) and debt investments measured at FVOCI.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The time deposits held by the Group was determined as low credit risk since the trading and performing parties are the financial institutions above the investment grade.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default;
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership, or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

When the Group enters into transactions whereby it transfers assets but retains either all or substantially all of the risks and rewards of the assets, the transferred assets are not derecognized from statement of balance sheet.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity instruments

Debt or equity instruments issued by the Group are classified as financial liabilities or equity instruments in accordance with the substance of the contractual agreement.

2) Equity instrument

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued is recognized as the amount of consideration received less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified under FVTPL if it is recognized as held-for-trading, derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or expires. When the terms of a financial liability are modified and the cash flows of the modified liability are substantially different, the Group derecognizes the original financial liability and recognized a new financial liability at fair value based on the modified terms.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis only when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

6) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of a loss it incurs because a specified debtor fails to pay on due date in accordance with the original or modified terms of a debt instrument.

At initial recognition, a financial guarantee contracts not designated as financial liabilities at fair value through profit or loss by the Group is recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at the higher of (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. The weighted average costing method is adopted for inventory costing and the difference between standard cost and actual cost is allocated proportionately to finished goods and work in progress.

Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period.

(i) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Being classified as held for sale, the assets should be available for immediate sale and highly probable within 12 months. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group' s accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale are intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business that either has been disposed, or is classifies as held for sale, and

1) represents a separate major line of business or geographic area of operations;

2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

3) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or join control over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group' s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Joint Arrangements

Joint arrangement is the arrangement of two or multiple parties with joint controls over a delegated entity. Joint arrangement includes joint operation and joint venture, its traits are as follows:

(i) The participants are bound by a contractual arrangement; and

(ii) The contractual arrangement gives two or more of the parties joint control of the arrangement.

IFRS 11"Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities that significantly affect the return of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint ventures) in which the Group has rights to the net assets of the arrangement , rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard. Please refer to Note 4(i) for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(l) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(m) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Buildings	2~60 years
2)	Machinery	3~20 years
3)	Transportation equipment	3~10 years
4)	Office and other equipment	2~25 years
5)	Leasehold improvement	1~39 years

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

When changing the usage purpose of self-use properties, the self-use properties shall be reclassified to investment properties.

(n) Leases

Policy 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

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

3) the customer 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 customer has the right to operate the asset; or

– the relevant decisions about how and for what purpose the asset is used are predetermined and:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(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, including in-substance 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 an option to purchase the underlying asset, 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.

If an arrangement contains lease and non-lease components, 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.

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.

Policy applicable before January 1, 2019

(i) Lessor

Leased asset under finance lease is recognized on a net basis as lease receivable. Initial direct costs incurred in negotiating and arranging an operating lease is added to the net investment of the leased asset. Finance income is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the receivable.

Lease income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognized as income in the period when the lease adjustments are confirmed.

(ii) Lessee

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value and the present of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are accounted for operating leases and the lease assets are not recognized in the Group's consolidated balance sheets.

Payments made under operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognized as expense in the periods in which they are incurred.

Recognition of income arising from a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognized immediately. If the sales price is below fair value, any profit or loss shall be recognized immediately except that if the loss is compensated for by future lease payments at below-market price, it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sales price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and the fair value shall be recognized immediately.

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease, which involves the following two criteria：

1) The fulfillment of the arrangement is dependent on the use of a specific asset or assets；and

2) The arrangement contains a right to use the asset.

At inception or on reassessment of the arrangement, if an arrangement contains a lease, that lease is classified as a finance lease or an operating lease.

The Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payment reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Group's incremental borrowing rate. If the Group concludes for an operating lease that it is impracticable to separate the payment reliably, then treat all payments under the arrangement as lease payments, and disclose the situation accordingly.

(o) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	3~10 years
2)	Customer relationship	10 years
3)	Patent	8~9 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(p) Impairment of nonfinancial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Provisions

A provision (includes warranties, financial security contract and contingencies from legal law suits) is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and an outflow of economic benefits is possibly required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(r) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

The Group grants its main customers the right to return the product within certain period. Therefore, the Group reduces its revenue by the amount of expected returns and discounts, and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns and discounts at the time of sale. Also, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns and discounts.

2) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer and the transfer of properties to the customer is complete. If the Group only meets one of the two criteria at the reporting date, the revenue is recognized as well.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is, therefore not adjusted for the effects of a significant financing component. For pre-selling properties, the consideration is usually received by installment during the period from contract inception until the transfer of properties to the customer. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

3) Customer loyalty program

The Group operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

4) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. For those contracts which are over one year, the effects of the transaction prices for the time value of money are not significant after the assessment.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(t) Income taxes

Income taxes comprise both current taxes and deferred taxes. Except for expenses that are related to business combinations, expenses recognized in equity or other comprehensive income directly, and other related expenses, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(u) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest' s proportionate share of the acquiree' s identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group' s net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group' s financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(v) Earnings per share

The Group discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements in conformity with the IFRSs 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 management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding acting as a principal or as an agent on commission

In respect of commissions, the Group concludes that the following indicators provide further evidence that it does not control the specified goods before they are transferred to the customer, and therefore it acts as an agent.

- The Group does not obtain the ownership of the goods and does not obligate to the sale of the goods.
- The revenue is received by the Group, but the credit risk of the goods is undertaken by the supplier.
- The Group cannot vary the selling prices set by the supplier.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The information on impairment loss, please refer to Note 6(d).

(b) Inventory valuation

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to Note 6(e) for further description of the valuation of inventories.

(c) Impairment of goodwill

The assessment of impairment of goodwill is based on the estimated growth rate, gross profit margin and income under cash basis, which requires the Group's management to determine the valuation method, major assumption and to calculate the equity value. In addition, impairment of goodwill depends on the Group to make subjective judgments which involves highly estimation uncertainty. Please refer to Note 6(m) for the impairment of goodwill.

(d) Recognition and measurement of provisions and contingent liabilities

Provision for unsettled litigation and claims is recognized when it is probable that it will result in an outflow of the Group's resources and the amount can be reasonably estimated. Since the ultimate resolution of litigation and claims cannot be predicted with certainty, the final outcome or the actual cash outflow may be materially different from the estimated liability. Please refer to Note 6(s) for further description of provisions and contingent liabilities.

(e) Measurement of defined benefit obligations

Accrued pension liabilities (assets) and resulting pension expenses under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase rate, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. Refer to Note 6(u) for further description of the actuarial assumptions and sensitivity analysis.

The Group's accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value. If there is market observable inputs, it will be considered as fair value.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to notes listed below for assumptions used in measuring fair value.

(i) Note 6(ac), Financial instruments

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 8,361	11,826
Cash in banks	2,164,951	2,300,291
Time deposits	1,527,235	1,584,573
Cash and cash equivalents	**$ 3,700,547**	**3,896,690**

The Group disclosed the sensitivity analysis of of the financial assets in Note 6(ac).

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

	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss		
Stocks listed on domestic markets	**$ 51,440**	**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(ab) for the recognized gains or losses.

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

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

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

	December 31, 2019	December 31, 2018
Equity investments at fair value through other comprehensive income		
Stocks unlisted on domestic markets—MEITA Industrial Co., Ltd.	$ 135,300	128,063
Stocks unlisted on domestic markets—YUHUA Venture Capital Co., Ltd.	830	1,473
Stocks unlisted on domestic markets—FUHUA Venture Capital Co., Ltd.	1,920	2,868
Stocks unlisted on domestic markets—GUANGYUAN Investment Co., Ltd.	44,080	40,308
Stocks unlisted on domestic markets—DEVELOPMENT Venture Capital Co., Ltd.	33,935	35,106
Total	**$ 216,065**	**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 2019 and 2018. Therefore, the accumulated income and loss was not transferred in equity.

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

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

(d) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable from operating activities	$ 425,013	252,172
Accounts receivable-measured as amortized cost	3,504,541	4,076,523
Subtotal	3,929,554	4,328,695
Less: Loss allowance	26,005	21,874
Total	**$ 3,903,549**	**4,306,821**

(Continued)

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 including macroeconomics and relative industries information. The loss allowance provision is determined as follows:

	December 31, 2019		
	Gross Carrying Amount	Weighted Average Loss Rate	Loss Allowance Provision
Current	$ 3,720,432	0%	-
1 to 30 days past due	137,451	0%	-
31 to 90 days past due	17,700	0%	-
91 to 120 days past due	5,770	0%~8.87%	310
121 days to a year past due	40,459	17.13~52.79%	17,953
Over a year past due	7,742	100%	7,742
	$ 3,929,554		**26,005**

	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**

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

	For the Years Ended December 31	
	2019	2018
Balance on January 1	$ 21,874	79,202
Impairment losses recognized	4,884	470
Amounts written off	(90)	(57,506)
Foreign exchange losses	(663)	(292)
Balance on December 31	**$ 26,005**	**21,874**

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. The Group derecognized the above accounts receivables, for meeting the requirements of derecognition of financial assets as transferring substantially all of the risks and rewards of their ownership, and not having any continuing involvement in them.

As of December 31, 2019 and 2018, the information on the sale of non-recourse receivables is as follows:

	December 31, 2018					
Purchaser	Derecognized Amount	Advanced Amount		Amount Recognized in Other Receivables	Range of Interest Rate	Other Significant Transferring Terms
		Unpaid	Paid			
Entie Commercial Bank	$ 21,306	61,440	-	-	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, the Group's factoring receivables amounted to $21,306 thousand. The aforementioned factoring amounts included the retained amount arising from business disputes and unpaid advance payments, which amounted to $21,306 thousand under other current financial assets, as of December 31, 2018.

(e) Inventories

	December 31, 2019	December 31, 2018
Raw materials	$ 129,856	141,654
Work in process	272,337	156,961
Semi-finished goods	144,254	202,095
Finished goods	876,524	933,550
Merchandise	69,151	65,758
Land held for development	6,032,491	3,956,001
Properties and land held for sale	3,798,608	4,594,464
Construction-in-progress	5,906,061	3,910,113
Prepayments for land	121,228	10,788
Other inventories	336,297	320,188
	$ 17,686,807	14,291,572

For the years ended December 31, 2019 and 2018, the cost of goods sold and expenses amounted to $10,526,020 thousand and $13,067,317 thousand, respectively. For the years ended December 31, 2019 and 2018, the loss for inventory obsolescence from the inventories write-down and the reversal gain from the sale of the beginning inventories amounted to $493 thousand and $20,215 thousand, respectively.

For the information on inventories pledged as collateral, as of December 31, 2019 and 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 2th quarter of 2018 and 1st and 4th quarter of 2017. The Group sold out all of the equipment in Tianjin, China, during 2018, which arose the disposal loss $2,999 thousand.

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 $375,757 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 year ended December 31, 2018. For the information on 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:

	December 31, 2019	December 31, 2018
Associates	$ 472,260	458,920
Joint ventures	380,813	405,237
	$ 853,073	**864,157**

(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 years ended December 31, 2019 and 2018, the unrealized investment losses amounted to $314 thousand and $299 thousand, respectively; and the accumulated unrealized investment losses, as of December 31, 2019 and 2018, amounted to $57,047 thousand and $56,733 thousand, respectively.

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

	December 31, 2019	December 31, 2018
Carry amount of individually insignificant associates' equity	**$ 472,260**	**458,920**

	For the Years Ended December 31	
	2019	2018
Attributable to the Group:		
Net loss	$ (1,179)	(26,679)
Other comprehensive income	-	-
Comprehensive income	**$ (1,179)**	**(26,679)**

(Continued)

(ii) Joint ventures

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

	December 31, 2019	December 31, 2018
Carry amount of individually insignificant joint ventures' equity	$ 380,813	405,237

	For the Years Ended December 31	
	2019	2018
Attributable to the Group:		
Net loss	$ (26,589)	(23,974)
Other comprehensive income	-	-
Comprehensive income	$ (26,589)	(23,974)

(iii) Pledge to secure

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

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

(i) Acquisition of subsidiary

During the year of 2018, Sunflower Investment invested PUJEN Land Development in cash by the amount of $17,444 thousand, which increased the equity investment of the Group from 71.47% to 71.72%.

During the year of 2019 and 2018, Sunflower Investment invested Atrans Precision in cash by the amounts of $958 thousand and $76,878 thousand, respectively, which increased the equity investment of the Group from 83.58% to 83.74% and from 70.47% to 83.58%, respectively.

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

	For the Years Ended December 31		
	2019	2018	
	Atrans Precision	PUJEN Land Development	Atrans Precision
Book value of acquisition of non-controlling interests	$ 913	17,833	76,915
Cash paid to non-controlling interests	(958)	(17,444)	(76,878)
Capital surplus	$ (45)	389	37

The capital surplus resulting from changes in ownership is not sufficient as of December 31, 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.

(i) Subsidiaries with material non-controlling interests

Subsidiary	Major Operation Location／Registered Country	Proportion of Non-controlling Interests' Ownership and Voting Rights	
		December 31, 2019	December 31, 2018
CMI	H.K./Cayman Islands	17.45 %	17.45 %

The following information regarding the aforementioned subsidiaries has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustments made during the acquisition, and relevant difference in accounting principles between the Company and its subsidiaries as of acquisition date. Intra-group transactions are not eliminated in this information.

(i) The financial information on CMI and its subsidiaries is summarized as follows:

	December 31, 2019	December 31, 2018
Current assets	$ 7,282,042	7,475,137
Non-current assets	5,910,362	5,746,270
Current liabilities	(2,958,017)	(2,795,563)
Non-current liabilities	(448,196)	(201,761)
Net assets	**$ 9,786,191**	**10,224,083**
Non-controlling interest	**$ 1,706,214**	**1,782,598**

	For the Years Ended December 31	
	2019	2018
Operating revenues	**$ 9,383,600**	**10,785,587**
Profit	$ 837,304	1,090,041
Other comprehensive income	(110,439)	(243,078)
Comprehensive income	**$ 726,865**	**846,963**
Profit attributable to non-controlling interests	**$ 146,146**	**190,260**
Comprehensive income attributable to non-controlling interests	**$ 126,870**	**147,843**

(Continued)

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

	For the Years Ended December 31	
	2019	2018
Net cash generated from operating activities	$ 2,168,725	1,776,392
Net cash used in investing activities	(1,100,645)	(418,541)
Net cash used in financing activities	(715,465)	(1,098,654)
Effect of exchange rate changes on cash and cash equivalents	(57,104)	15,219
Net increase in cash and cash equivalents	**$ 295,511**	**274,416**
Cash dividends paid to non-controlling interests	**$ 161,246**	**102,010**

(j) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2019 and 2018 are 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	-	3,262	154,322	9,586	923	28,475	26,178	624,817	847,563
Disposals	-	(10,404)	(222,743)	(6,493)	(9,675)	(10,599)	(22,855)	-	(282,769)
Reclassification	(641,978)	(3,190)	639,493	8,860	2,299	13,286	16,930	(426,739)	(391,039)
Influence from exchange rates	(201)	(84,531)	(292,470)	(2,065)	(1,275)	(7,290)	(14,270)	(16,889)	(418,991)
Balance on December 31, 2019	**$ 3,106,656**	**3,361,551**	**9,176,092**	**122,759**	**56,945**	**199,768**	**849,881**	**543,517**	**17,417,169**
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	2,651	10,220	214,896	12,182	4,710	72,063	71,696	444,222	832,640
Disposals	(5,690)	(60,530)	(228,260)	(23,158)	(2,780)	(44,124)	(42,477)	-	(407,019)
Reclassification	332,738	12,410	(7,895)	(89,644)	(1,440)	-	186,977	(429,225)	3,921
Loss control of subsidiaries	-	(3,750)	(57,378)	(988)	-	-	(1,109)	-	(63,225)
Influence from exchange rates	262	(50,360)	(174,254)	(1,142)	(777)	(3,391)	(8,599)	(6,496)	(244,757)
Balance on December 31, 2018	**$ 3,748,835**	**3,456,414**	**8,897,490**	**112,871**	**64,673**	**175,896**	**843,898**	**362,328**	**17,662,405**
Accumulated depreciation and impairment losses:									
Balance on January 1, 2019	$ -	1,268,502	5,376,957	82,927	49,251	70,864	533,493	-	7,381,994
Depreciation	-	106,512	532,684	14,252	5,835	51,761	74,972	-	786,016
Impairment loss	-	-	447	-	-	-	-	-	447
Disposals	-	(10,244)	(201,349)	(6,294)	(8,938)	(10,599)	(20,994)	-	(258,418)
Reclassification	-	(7,952)	147,662	6,944	(17)	-	(2,099)	-	144,538
Influence from exchange rates	-	(29,249)	(181,970)	(1,727)	(1,029)	(3,959)	(9,433)	-	(227,367)
Balance on December 31, 2019	**$ -**	**1,327,569**	**5,674,431**	**96,102**	**45,102**	**108,067**	**575,939**	**-**	**7,827,210**
Balance on January 1, 2018	$ -	1,231,336	5,562,744	178,222	48,411	74,259	394,126	-	7,489,098
Depreciation	-	121,461	531,983	11,910	4,973	42,134	74,131	-	786,592
Impairment loss	-	-	1,626	-	-	-	265	-	1,891
Disposals	-	(60,465)	(205,129)	(23,067)	(2,691)	(44,124)	(40,057)	-	(375,533)
Reclassification	-	(6,069)	(395,498)	(82,811)	(859)	-	110,748	-	(374,489)
Loss control of subsidiaries	-	(996)	(12,019)	(404)	-	-	(352)	-	(13,771)
Influence from exchange rates	-	(16,765)	(106,750)	(923)	(583)	(1,405)	(5,368)	-	(131,794)
Balance on December 31, 2018	**$ -**	**1,268,502**	**5,376,957**	**82,927**	**49,251**	**70,864**	**533,493**	**-**	**7,381,994**

(Continued)

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

	Land	Buildings	Machinery	Office Equipment	Transportation Equipment	Leasehold Improvement	Other Equipment	Prepayments for Equipment and Construction in Progress	Total
Carrying value:									
Balance on December 31, 2019	$ 3,106,656	2,033,982	3,501,661	26,657	11,843	91,701	273,942	543,517	9,589,959
Balance on December 31, 2018	$ 3,748,835	2,187,912	3,520,533	29,944	15,422	105,032	310,405	362,328	10,280,411
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

(i) As of December 31, 2019 and 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.

(ii) For the efficient usage and operation of assets, the Group resolved to sale the equipment in Tianjin, China and the land, factory, and equipment of the steel product department in Pingzhen, Taoyuan, in the 2nd quarter of 2018, and the 1st and 4th quarter of 2017. For the information regarding the asset measured at lower of carrying amount and fair value less cost to sell reclassified to non-current assets held for sale, please refer to Note 6(f).

(iii) 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 regarding the land mentioned above, which is presented in the line item of other non- current assets, is as follows:

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

(k) 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	-	2,749	-	2,272	72	-	5,093
Reclassification	3,192	(672)	(3,192)	93	579	-	-
Reduction for expiration	(5,822)	-	-	-	(48)	-	(5,870)
Influence from exchange rates	(12,446)	1,479	(1,742)	955	(21)	-	(11,775)
Balance on December 31, 2019	$ 1,002,435	2,397,748	54,032	25,475	2,240	122,607	3,604,537

(Continued)

	Land	Buildings	Machinery	Transportation Equipment	Office Equipment	Other Equipment	Total
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	23,681	161,795	15,733	8,382	579	3,521	213,691
Transferred to construction cost	-	833	-	-	-	-	833
Reclassification	-	(77)	-	-	77	-	-
Reduction for expiration	(5,822)	-	-	-	(48)	-	(5,870)
Influence from exchange rates	(2,828)	248	(816)	169	(7)	-	(3,234)
Balance on December 31, 2019	$ 130,437	999,972	24,730	15,221	1,022	10,997	1,182,379
Carrying value:							
Balance on December 31, 2019	$ 871,998	1,397,776	29,302	10,254	1,218	111,610	2,422,158

The Group leases offices, buildings, development land, equipment and company cars under the finance lease for the year ended December 31, 2018, please refer to Note 6(t).

(l) Investment property

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

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

The movements in the investment property is as follows:

	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 December 31, 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 December 31, 2018	**$ 528,019**	**113,617**	**641,636**
Depreciation and impairment loss:			
Balance on January 1, 2019	$ -	37,379	37,379
Depreciation	-	5,690	5,690
Balance on December 31, 2019	**$ -**	**43,069**	**43,069**

(Continued)

	Owned Property		
	Land	Buildings	Total
Balance on January 1, 2018	$ -	55,476	55,476
Depreciation	-	6,696	6,696
Reclassification to property, plant and equipment	-	(24,793)	(24,793)
Balance on December 31, 2018	$ -	37,379	37,379
Carrying value:			
Balance on December 31, 2019	$ 545,783	93,790	639,573
Balance on December 31, 2018	$ 528,019	76,238	604,257
Balance at January 1, 2018	$ 820,742	50,335	871,077
Fair value:			
Balance on December 31, 2019			$ 1,146,653
Balance on December 31, 2018			$ 1,006,666
Balance on January 1, 2018			$ 938,704

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(t) for the regarding information.

Information on depreciation for the years ended December 31, 2019 and 2018 is discussed in Note 12(c), and for the information on rental revenue and other direct operating expense, please refer to Note 6(t).

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

(m) 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	-	-	-	3,212	3,212
Reclassification	-	-	-	4,983	4,983
Influence from exchange rates	(11,712)	(2,322)	(8,383)	(101)	(22,518)
Balance on December 31, 2019	$ 393,630	62,652	226,177	32,427	714,886

(Continued)

	Goodwill	Patent	Client Relationship	Computer Software	Total
Balance on January 1, 2018	$ 405,697	66,207	239,007	28,750	739,661
Acquisitions	-	-	-	6,782	6,782
Reclassification	-	-	-	585	585
Disposal	-	-	-	(11,784)	(11,784)
Influence from exchange rates	(355)	(1,233)	(4,447)	-	(6,035)
Balance on December 31, 2018	**$ 405,342**	**64,974**	**234,560**	**24,333**	**729,209**
Accumulated amortization and impairment loss:					
Balance on January 1, 2019	$ -	64,974	203,022	9,926	277,922
Amortization	-	-	23,457	4,824	28,281
Reclassification	-	-	-	3,311	3,311
Influence from exchange rates	-	(2,322)	(8,095)	(101)	(10,518)
Balance on December 31, 2019	**$ -**	**62,652**	**218,384**	**17,960**	**298,996**
Balance on January 1, 2018	$ -	60,958	182,970	17,397	261,325
Amortization	-	5,254	23,924	4,216	33,394
Disposal	-	-	-	(11,687)	(11,687)
Influence from exchange rates	-	(1,238)	(3,872)	-	(5,110)
Balance on December 31, 2018	**$ -**	**64,974**	**203,022**	**9,926**	**277,922**
Carrying value:					
Balance on December 31, 2019	**$ 393,630**	**-**	**7,793**	**14,467**	**415,890**
Balance on December 31, 2018	**$ 405,342**	**-**	**31,538**	**14,407**	**451,287**
Balance on January 1, 2018	**$ 405,697**	**5,249**	**56,037**	**11,353**	**478,336**

The Group conducts impairment assessment on goodwill at least once a year on the reporting date. The goodwill on December 31, 2019 and 2018 arose from the subsidiaries UEA and CMI, which held 100% equity of CMW (C.I.) as a long-term investment. The original investment amount of long-term equity investment amounted to US $75,157 thousand. The Company used the discounted cash flow method of the income method under CMW (C.I.) operating income for evaluation method, and used free cash flows as the criterion for measuring the recoverable cash flow of goodwill. The recoverable amounts on December 31, 2019 and 2018, amounted to US $134,460 thousand and US $142,816 thousand, were both higher than the book value of the equity investment on the evaluation date, which were resulting in no impairment loss. These recoverable amounts were estimated by using discounted cash flows, which were classified as Level 3 for using significant unobservable inputs.

The discount rate is based on the industry-weighted average cost of capital. The discount rates for the years of 2019 and 2018 were 14.35% and 14.74%, respectively. The cash flow estimates were based on the five-year financial budget suggested by the management, and were extrapolated to subsequent years with a flat growth rate of 6% and 6.86%, respectively, and a maintained profit rate of 24~26% in the years of 2019 and 2018. The values of the aforementioned key assumptions are the management's assessment indicators of the future trends of the relevant industry, while taking into account of historical information from internal and external sources.

(Continued)

(n) 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.

		Payment for Long-term Land Lease
Costs:		
Balance on January 1, 2018	$	396,625
Additions		74,487
Influence from exchange rates		(7,588)
Balance on December 31, 2018	$	**463,524**
Accumulated amortization:		
Balance on January 1, 2018	$	71,886
Amortization		8,568
Influence from exchange rates		(1,620)
Balance on December 31, 2018	$	**78,834**
Carrying value:		
Balance on January 1, 2018	$	**324,739**
Balance on December 31, 2018	$	**384,690**

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

(o) Other non-current financial assets

		December 31, 2019	December 31, 2018
Debt obligation receivable—The Splendor Hospitality International Co., Ltd.	$	575,000	575,000
Debt obligation receivable—Chin Ling Steel Co., Ltd. —non-guaranteed		23,250	23,250
Less: Accumulated impairment—Debt obligation receivable —Chin Ling Steel Co., Ltd.		(23,250)	(23,250)
Refundable deposits		105,391	107,985
	$	**680,391**	**682,985**

(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:

	December 31, 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)

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

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

(p) Short-term borrowings

	December 31, 2019	December 31, 2018
Unsecured bank borrowings	$ 1,638,974	892,507
Secured bank borrowings	6,299,662	5,293,613
Notes and bills payable	229,718	434,453
Total	**$ 8,168,354**	**6,620,573**
Unused credit limit	**$ 6,206,252**	**4,416,251**
Range of interest rates	**0.90%~2.84%**	**0.91%~3.50%**

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

(q) Long-term borrowings

The details and terms of the long-term borrowings are as follows:

	December 31, 2019			
	Currency	Range of Interest Rates	Term	Amount
Unsecured bank borrowings	NTD, USD	1.12%~2.81%	2020~2021	$ 2,449,877
Secured bank borrowings	NTD, HKD, USD	1.00%~4.03%	2020~2031	8,244,478
Less: Current portion				(2,533,247)
Unamortized long-term borrowings costs				(39)
Total				**$ 8,161,069**
Unused credit limit				**$ 792,170**

	December 31, 2018			
	Currency	Range of Interest Rates	Term	Amount
Unsecured bank borrowings	NTD, USD	1.13%~2.63%	2019~2020	$ 2,261,183
Secured bank borrowings	NTD, HKD	1.00%~3.75%	2019~2031	6,764,916
Less: Current portion				(1,062,662)
Unamortized long-term borrowings costs				(201)
Total				**$ 7,963,236**
Unused credit limit				**$ 2,088,619**

(i) Collateral for bank borrowings

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

(Continued)

(ii) 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 December 31, 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, 2019 and 2018, the Group were in compliance with the above borrowing covenants.

(r) Lease liabilities

The details of the lease liabilities is as follows:

	December 31, 2019
Current	$ 190,521
Non-current	$ 1,991,672

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

The amounts recognized in profit or loss are as follows:

	For the Year Ended December 31
	2019
Interest on lease liabilities	$ 30,039
Expenses relating to leases short-term assets	$ 21,672

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

	For the Year Ended December 31
	2019
Total cash outflow for leases	$ 241,840

(i) Real estate leases

As of December 31, 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.

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

(s) Provisions

	December 31, 2019	December 31, 2018
Current:		
Warranties	$ 246	50
Legal	43,100	-
Subtotal	43,346	50
Non-current:		
Financial guarantee contracts	44,756	55,958
Legal	236,052	236,052
Subtotal	280,808	292,010
Total	**$ 324,154**	**292,060**

(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 on 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.

(t) Operating leases

(i) Lessee

As of December 31, 2018, the future minimum lease payments of the non-cancellable operating lease is as follows:

	December 31, 2018
Less than five years	$ 1,094,658
More than five years	1,817,220
	$ 2,911,878

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 year ended December 31, 2018, the operating lease expenses amounted to $232,188 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(l) for the regarding information on investment properties.

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

	December 31, 2019
Less than one year	$ 10,678
One to two years	355
Two to three years	-
Three to four years	-
Four to five years	-
More than five years	-
Total undiscounted lease payments	$ 11,033

As of December 31, 2018, the receivables from future minimum lease payments of the non-cancellable leases is as follows:

	December 31, 2018
Less than one year	$ 10,154
One to five years	2,576
	$ 12,730

For the years ended December 31, 2019 and 2018, rental revenues from investment properties amounted to $11,926 thousand and $9,775 thousand, respectively. The equipment and maintenance costs arising from the investment properties (recognized under "Operating costs") are as follows:

	For the Years Ended December 31	
	2019	2018
Lease-out property	$ 11	11

(u) Employee benefits

(i) Defined benefit plans

The reconciliation of fair value of defined benefit plans and plan assets are as follows:

	December 31, 2019	December 31, 2018
Present value of defined benefit obligation	$ 139,752	153,452
Fair value of plan assets	(92,205)	(78,720)
Net defined benefit liabilities	$ 47,547	74,732

Employee benefit liabilities are listed as follows:

	December 31, 2019	December 31, 2018
Short-term paid leave liabilities and other liabilities (recognized under other current liabilities)	$ 20,503	33,089

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Group sets aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Group's contributions to the pension funds were deposited with Bank of Taiwan, which amounted to $92,205 thousand on the reporting date. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2019 and 2018 are as follows:

	For the Years Ended December 31	
	2019	2018
Defined benefit obligations on January 1	$ 153,452	168,484
Current service costs and interest	4,112	5,232
Remeasurements of the net defined benefit liability		
—Return on plan assets (not including current interest cost)	(1,648)	1,608
—Actuarial gains from changes in demographic assumptions	(333)	-
—Actuarial gains from changes in financial assumption	2,861	3,189
Benefits paid by the plan	(18,692)	(25,061)
Defined benefit obligation on December 31	$ 139,752	153,452

3) Movements of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2019 and 2018 are as follows:

	For the Years Ended December 31	
	2019	2018
Fair value of plan assets on January 1	$ 78,720	78,697
Interest revenue	957	1,130
Remeasurements of the net defined benefit liability		
—Return on plan assets (not including current interest cost)	2,711	2,102
Contributed amount	23,515	14,118
Contribution from employer	-	887
Benefits paid by the plan	(13,698)	(18,214)
Fair value of plan asset on December 31	**$ 92,205**	**78,720**

4) Changes in the effect of the asset ceilings: None.

5) Expenses recognized in profit and loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2019 and 2018 are as follows:

	For the Years Ended December 31	
	2019	2018
Current service cost	$ 1,172	1,370
Net interest on net defined benefit liability	634	971
	$ 1,806	**2,341**

6) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2019 and 2018, are as follows:

	For the Years Ended December 31	
	2019	2018
Cumulative amount on January 1	$ 61,614	43,870
Recognized during the year	(1,814)	17,744
Cumulative amount on December 31	**$ 59,800**	**61,614**

7) Actuarial assumptions

The key actuarial assumptions at the reporting date are as follows:

	2019.12.31	2018.12.31
Discount rate	0.075%~1.000%	1.000%~1.375%
Future salary increase rate	1%~3%	1%~3%

Based on the actuarial report, the Group is expected to make a contribution payment of $16,474 thousand to the defined benefit plans for the one year period after the reporting date of 2019.

The weighted average duration of the defined benefit plans is between 8.72 to 13.82 years.

8) Sensitivity analysis

As of December 31, 2019 and 2018, the changes in the principal actuarial assumptions that will impact on the present value of defined benefit obligation are as follows:

	Impact on Present Value of Defined Benefit Obligations	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2019		
Discount rate	$ (2,486)	2,581
Future salary increase rate	3,650	(3,431)
December 31, 2018		
Discount rate	(2,908)	3,013
Future salary increase rate	4,438	(4,132)

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Group contributes an amount at the rate of the employees' monthly wages to the Labor Pension personal account with the Bureau of Labor Insurance and Council of Labor Affairs in R.O.C. and relative social insurance institutions in accordance with the provisions of the Labor Pension Act and pension regulations in other business area. The Group's contributions to the Bureau of Labor Insurance for the employees' pension benefits, as well as to the labor and social security bureau, require no further payment of additional legal or constructive obligations.

The cost of the pension contributions to the Bureau of Labor Insurance for the years ended December 31, 2019 and 2018 amounted to $83,944 thousand and $75,531 thousand, respectively.

As of December 31, 2019 and 2018, the Group' s employee benefits retirement expenses amounted to $228 thousand and $387 thousand, respectively.

(v) Income tax

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

(ii) The income tax expense for the years ended December 31, 2019 and 2018 are as follows:

	For the Years Ended December 31	
	2019	2018
Current income tax expense		
Current period incurred	$ 191,066	265,155
Land value increment taxes	31,824	101,243
Surtax on undistributed earnings	49,943	-
Adjustment for prior periods	(23,952)	(4,097)
	248,881	362,301
Deferred tax (benefit) expense	(22,531)	24,123
Income tax expense (not including tax expense arose from disposal of discontinued operation)	**$ 226,350**	**386,424**
Income tax expense from continuing operations	$ 226,350	386,424
Income tax expense from discontinued operation	-	11,075
	$ 226,350	**397,499**

Income tax on pre-tax financial income was reconciled with income tax expense for the years ended December 31, 2019 and 2018 as follows:

	For the Years Ended December 31	
	2019	2018
Profit before income tax	$ 888,034	2,406,995
Income tax expense at domestic statutory tax rate	177,607	481,399
Difference of the applicable tax rate between the parent company and its subsidiaries	(16,034)	32,906
Investment gain (loss) accounted for using equity method	5,554	(10,131)
Domestic investment income under Article 42 of Income Tax Act	(5,639)	(7,644)
Land tax exemption	(44,454)	(329,355)
Difference between financial and taxable filing income	6,029	14,426
Gain on valuation of financial asset	(106)	(2,864)
Changes in tax rates	-	19,742
Land value increment tax	31,823	112,318
Surtax on undistributed earnings	49,943	-
Prior underestimate income tax	(23,952)	(4,097)
Others	45,579	90,799
Income tax expense	**$ 226,350**	**397,499**

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The unrecognized deferred tax assets are as follows:

	December 31, 2019	December 31, 2018
Deductible temporary differences	$ 7,979	10,959
Tax losses	154,789	148,722
	$ 162,768	**159,681**

The ROC Income Tax Act allows the carry forward of net losses, as assessed by the tax authorities, to offset against taxable income. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize as temporary difference.

As of December 31, 2019, the Group had not recognized the prior years' loss carryfowards as deferred tax assets, and the expiry years' thereof are as follows:

Unused Balance	Expiry Year
$ 85,501	2020
46,240	2021
126,894	2022
52,273	2023
61,625	2024
56,072	2025
62,565	2026
58,639	2027
9,311	2028
218,217	After 2029
$ 777,337	

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2019 and 2018 are as follows:

	For the Years Ended December 31	
	2019	2018
Deferred tax assets:		
Balance on January 1	$ 28,092	28,222
(Debit) Credit on income statement	4,142	(130)
Balance on December 31	**$ 32,234**	**28,092**

	For the Years Ended December 31	
	2019	2018
Deferred tax liabilities:		
Balance on January 1	$ 646,449	622,456
Debit (Credit) on income statement	(18,389)	23,993
Balance on December 31	**$ 628,060**	**646,449**

(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.

(w) Share capital and other equity

(i) Ordinary shares

As of December 31, 2019 and 2018, the authorized capital of the Company consisted of 4,000,000 thousand shares, with par value of $10 per share. The outstanding shares amounted to $3,852,521 thousand and the capital that arose from the shares had all been retrieved.

The reconciliation of the outstanding shares for the years ended December 31, 2019 and 2018 is as follows:

(In thousands of shares)

	For the Years Ended December 31	
	2019	2018
December 31 (the same as beginning balance)	385,252	385,252

(ii) Capital surplus

The components of the capital surplus are as follows:

	December 31, 2019	December 31, 2018
From issuance of share capital	$ 626,110	626,110
Employee stock option of subsidiaries	33,352	33,352
From conversion of convertible bonds	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	143	2,279
	$ 1,523,104	1,525,666

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) 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.

(Continued)

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) Legal reserve

When a company incurs no loss for the year, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied the exemptions at the first-time adoption of IFRSs, and increased its retained earnings by $49,081 thousand, which resulted from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and the fair value of investment property being used as the cost on initial recognitions at the transition date. In accordance with Permit No.1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reverse equals to the contra account of other shareholders' equity is appropriated from current and prior period earnings. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of December 31, 2019 and 2018, the Company recognized the special reserve related to all IFRSs adjustments amounted to $49,081 thousand. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) 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

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

(iv) 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	-	-	-	152,957	152,957
Exchange differences on foreign operations	(280,040)	-	-	(62,808)	(342,848)
Unrealized gain on financial assets measured at FVOCI	-	17,861	-	-	17,861
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	40	40
Changes in non-controlling interest	-	-	-	(10,958)	(10,958)
Cash dividends paid to non-controlling interests	-	-	-	(424,901)	(424,901)
Others	-	-	-	(372)	(372)
Balance on December 31, 2019	**$ (143,749)**	**87,640**	-	**3,852,894**	**3,796,785**
Balance on January 1, 2018	$ 392,282	-	187	3,923,408	4,315,877
Effects of retrospective application	-	53,470	(187)	36,434	89,717
Balance on January 1, 2018, after adjustments	392,282	53,470	-	3,959,842	4,405,594
Profit attributable to non-controlling interests	-	-	-	545,969	545,969
Exchange differences on foreign operations	(255,991)	-	-	(41,560)	(297,551)
Unrealized gain on financial assets measured at FVOCI	-	16,309	-	-	16,309
Difference between consideration and carrying amount of subsidiaries disposed of	-	-	-	28,133	28,133
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	3,036	3,036
Changes in non-controlling interest	-	-	-	(135,183)	(135,183)
Cash dividends paid to non-controlling interests	-	-	-	(160,635)	(160,635)
Others	-	-	-	(334)	(334)
Balance on December 31, 2018	**$ 136,291**	**69,779**	-	**4,199,268**	**4,405,338**

(x) Earnings per share

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

	For the Years Ended December 31	
	2019	2018
Basic earnings per share		
Profit from continuing operation attributable to the Company	$ 508,727	1,474,602
Profit from discontinued operation attributable to the Company	-	360,970
Profit attributable to owners of the parent	**$ 508,727**	**1,835,572**
Weighted average number of ordinary shares	385,252	385,252
Basic earnings per share		
Profit from continuing operation	$ 1.32	3.82
Profit from discontinued operation	-	0.94
	$ 1.32	**4.76**

(Continued)

	For the Years Ended December 31	
	2019	2018
Diluted earnings per share		
Profit from continuing operation attributable to the Company	$ 508,727	1,474,602
Profit from discontinuing operation attributable to the Company	-	360,970
Profit attributable to owners of the parent (after the adjustment of diluted ordinary shares)	**$ 508,727**	**1,835,572**
Weighted average number of ordinary shares	385,252	385,252
Effect of potential diluted ordinary shares		
Employee stock option	813	1,495
Weighted average number of ordinary shares (after the adjustment of diluted ordinary shares)	386,065	386,747
Diluted earnings per share		
Profit from continuing operation	$ 1.32	3.81
Profit from discontinued operation	-	0.94
	$ 1.32	**4.75**

(y) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the Years Ended December 31, 2019			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	$ 422,387	1,281,836	728,409	2,432,632
United States	2,324,725	-	-	2,324,725
Japan	1,602,769	-	-	1,602,769
China	6,732,088	-	-	6,732,088
Europe	279,413	-	-	279,413
South America	23,168	-	-	23,168
Others	375,329	-	-	375,329
	$ 11,759,879	**1,281,836**	**728,409**	**13,770,124**
Major product/service lines:				
Iron casting hardware	$ 11,688,745	-	-	11,688,745
Construction	-	1,268,086	-	1,268,086
Counter commissions	-	-	345,182	345,182
Others	71,134	13,750	383,227	468,111
	$ 11,759,879	**1,281,836**	**728,409**	**13,770,124**

	For the Years Ended December 31, 2018			
	Metal Manufacturing Segment	Real Estate Development Segment	Lifestyle Hospitality Segment	Total
Major geographic markets:				
Taiwan	$ 538,103	4,156,083	753,975	5,448,161
United States	2,948,453	-	-	2,948,453
Japan	1,325,469	-	-	1,325,469
China	7,564,525	-	-	7,564,525
Europe	328,542	-	-	328,542
South America	14,803	-	-	14,803
Others	455,582	-	-	455,582
	$ 13,175,477	**4,156,083**	**753,975**	**18,085,535**
Major product/service lines:				
Iron casting hardware	$ 13,121,057	-	-	13,121,057
Construction	-	4,092,389	-	4,092,389
Counter commissions	-	-	337,214	337,214
Others	54,420	63,694	416,761	534,875
	$ 13,175,477	**4,156,083**	**753,975**	**18,085,535**

For the years ended December 31, 2018 the operating revenue from steel products of discontinued operation in Taiwan amounted to $23,496 thousand.

(ii) Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Notes and accounts receivable	$ 3,929,554	4,328,695	4,726,520
Less: Loss allowance	(26,005)	(21,874)	(79,202)
Total	**$ 3,903,549**	**4,306,821**	**4,647,318**
Contract assets	**$ -**	**-**	**-**
Contract liabilities–Advance real estate receipts	**$ 1,346,583**	**502,930**	**1,532,362**
Contract liabilities–Advance receipts	**$ 42,370**	**44,696**	**-**

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

The amount of revenue recognized for years ended December 31, 2019 and 2018, that were included in the contract liabilities balance at the beginning of the period were $592,051 thousand and $1,113,131 thousand, respestively.

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.

(z) 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 years ended December 31, 2019 and 2018, appropriated employees' compensation by $15,662 thousand and $52,340 thousand, respectively, and appropriated remuneration of directors by $15,060 thousand and $50,327 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 years ended December 31, 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.

(aa) Net other income and expenses

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

	For the Years Ended December 31	
	2019	2018
Rental revenue	$ 10,470	6,360

(ab) Non-operating income and expenses

(i) Other income

The information on other income is listed as follows:

	For the Years Ended December 31	
	2019	2018
Interest income		
Interest income from bank deposits	$ 44,204	47,046
Interest income from financial assets measured at amortized cost	13,411	15,133
Total interest income	57,615	62,179
Dividend income	28,196	38,980
Others	110,237	95,628
Total other income	**$ 196,048**	**196,787**

(ii) Other gains and losses

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

	For the Years Ended December 31	
	2019	2018
Losses on disposal of property, plant and equipment	$ (5,363)	(11,711)
Losses on disposal of non-current asset held for sale	-	(2,999)
Foreign exchange gains	5,738	68,694
Gains on financial assets at FVTPL	528	14,321
Impairment loss on property, plant and equipment	(447)	(1,891)
Other losses	(45,985)	(683)
Net amount of other gains and losses	**$ (45,529)**	**65,731**

(iii) Finance costs

The information on interest costs is listed as follows:

	For the Years Ended December 31	
	2019	2018
Bank borrowing interest expense	$ 237,725	263,369
Lease liability interest expense	30,039	-
Bank borrowing costs	1,472	1,388
Net amount of finance costs	**$ 269,236**	**264,757**

For the years ended December 31, 2019 and 2018, the capitalized interest costs amounted to $47,550 thousand and $53,180 thousand, respectively.

(ac) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

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

3) Credit risks of receivables and debt securities

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

All of these financial assets mentioned above are considered to be low risk, therefore, the impairment provision recognized during the period was limited to 12 months expected losses. For the allowance of impairment on financial assets for the years ended December 31, 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
December 31, 2019						
Non-derivative financial liabilities						
Bank borrowings	$ 19,546,749	2,685,966	4,771,158	4,103,271	7,917,829	68,525
Lease liabilities	2,459,427	109,857	107,755	209,687	585,500	1,446,628
Notes and accounts payables (including related parties)	2,628,201	2,628,201	-	-	-	-
Other payables (including related parties)	668,331	668,331	-	-	-	-
	$ 25,302,708	6,092,355	4,878,913	4,312,958	8,503,329	1,515,153
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)	796,281	796,281	-	-	-	-
	$ 20,029,276	6,381,115	2,110,393	6,045,199	5,395,124	97,445

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

(Continued)

(iii) Currency risk

1) Exposure of foreign currency risk

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

	December 31, 2019			December 31, 2018		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD:NTD	$ 25,467	29.98	763,486	39,633	30.72	1,217,524
USD:CNY	33,943	6.96	1,017,620	95,929	6.87	2,946,939
USD:JPY	639	108.62	19,163	553	110.42	16,994
EUR:NTD	2,354	33.59	79,064	596	35.20	20,975
EUR:CNY	2,258	7.79	75,842	1,834	7.87	64,567
JPY:NTD	93,893	0.28	25,914	95,615	0.28	26,600
JPY:CNY	33,989	0.06	9,381	24,849	0.06	6,913
HKD:USD	9,752	0.13	37,546	6,357	0.13	24,918
Financial liabilities						
Monetary items						
USD:CNY	109,837	6.96	3,292,900	117,735	6.87	3,616,810
EUR:CNY	8,618	7.79	289,492	975	7.87	34,330
HKD:USD	390,880	0.13	1,504,888	502,560	0.13	1,970,035

2) 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 December 31, 2019 and 2018 would have increased (decreased) the after-tax net income for the years ended December 31, 2019 and 2018 by $24,474 thousand and $10,366 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 years ended December 31, 2019 and 2018, the foreign exchange gains (losses), including both realized and unrealized, amounted to $5,738 thousand and $68,694 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 $119,683 thousand and $117,625 thousand for the years ended December 31, 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 Years Ended December 31			
	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	5,144	20,782	296
Decrease 10%	$ (21,607)	(5,144)	(20,782)	(296)

(vi) Fair value of financial instruments

1) Fair value hierarchy

The Group measured its 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:

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	$ 51,440	51,440	-	-	51,440
Non-current financial assets at FVOCI	$ 216,065	-	-	216,065	216,065
Financial assets measured at amortized cost	$ 9,437,822	-	-	-	-
Financial liabilities measured at amortized cost	$ 24,341,395	-	-	-	-

(Continued)

	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	$ 9,719,943	-	-	-	-
Financial liabilities measured at amortized cost	$ 18,999,372	-	-	-	-

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.

(Continued)

3) Transfers between Level 1 and Level 2

There were no transfers in either direction for the years ended December 31, 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	17,861
Capital reduction	(9,614)
Balance on December 31, 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 December 31, 2018	$ 207,818

The total gains or losses is listed under "unrealized gain on financial assets at FVOCI". The information regarding assets held as of December 31, 2019 and 2018 is as follows:

	For the Years Ended December 31	
	2019	2018
Total gains or losses		
Recognized as other comprehensive income (which is listed under "unrealized gain on financial assets of FVOCI")	$ 17,861	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.

Quantified information regarding significant unobservable inputs are as follows:

Item	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at FVOCI equity investments without active market	Dividend discount model	·Average expected future dividend income of 5 years (As of December 31, 2019 was $0~$30,176 thousand ; December 31, 2018, was $0~31,752 thousand, respectively.)	·The estimated fair value would increase, if the 5-year average expected future dividend income is increased.
		·Weighted average capital cost (As of December 31, 2019 and December 31, 2018, were 3.45% 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 December 31, 2019 and December 31, 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
December 31, 2019				
Financial assets at FVOCI				
Equity investments without an active market	3.45 %	1%	8,103	(7,693)
December 31, 2018				
Financial assets at FVOCI				
Equity investments without an active market	5.79 %	1%	7,567	(7,193)

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.

(Continued)

(ad) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's exposure information, objectives, policies and processes for measuring and managing the above mentioned risks

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group has assigned the manager of the relating department for assessing, controlling and monitoring the strategic, financial and operating risks. The manager reports risk status to the management and regularly reports to the Board of Directors on its activities.

(iii) Credit risk

Credit risk means the potential loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

1) Accounts and other receivables

The exposure of the credit risk depends on each customer. The Group assesses the customers' credit risk based on their basic information, which comprises of the default risk in their industry and country. For the years ended December 31, 2019 and 2018, there were no geographical concentration of credit risk.

The Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The allowance for bad debts is reflected the losses incurred in the accounts and other receivables, which are mainly comprised of specific loss from significant individual exposure and incurred, but unidentified portfolio loss from group assets. The assessment of portfolio loss is based on the historical statistics of payment.

2) Investments

The exposure to credit risk for the bank deposits and financial instruments is measured and monitored by the Group' s finance department. The Group only deals with counterparties with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Group has assessed the counterparties' credit rating when invested in financial assets measured at cost, therefore, it does not expect any significant credit risk.

3) Guarantees

As of December 31, 2019 and 2018, please refer to Note 7 and 13(a)(ii) for the details of financial guarantees for subsidiaries and joint venture provided by the Group.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group' s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the USD, HKD, EUR, JPY and CNY.

The Group held the accounts receivable denominated in foreign currencies other than the respective functional currencies of the Group entities. The exchange gain or loss from the exchange rates change can be offsetted by exchange gain or loss from short-term loan denominated in foreign currencies, which would mitigate the exposure of currency risk.

The borrowing interest is denominated by the principal' s currency. The borrowing currencies are the same as the Group' s operating cash flows which mainly are NTD, USD and HKD.

Other monetary assets and liabilities denominated in foreign currencies are using the current exchange rates to maintain the net currency risk at the acceptable level.

The Group and its subsidiaries did not engage in hedging for their investments.

2) Interest rate risk

The Group uses the floating interest rates for the long-term and short-term loans which the effective interest rates float with the market change. The Group' s financial department is measuring and monitoring the market change.

3) Other market price risk

The Group does not enter into a contract, except for the expected use and sales. The contract is not under the net settlement basis.

(ae) Capital management

The objectives of the Board' s policy are to maintain an optimal capital structure to keep the investors, creditors, the market faith, and the future operation.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

As of December 31, 2019, the Group's capital management strategy is consistent with the prior year as of December 31, 2018. The Group's debt-to-equity ratio at the end of the reporting period as of December 31, 2019 and 2018, is as follows:

	December 31, 2019	December 31, 2018
Total liabilities	$ 27,185,611	21,064,992
Less: Cash and cash equivalents	(3,700,547)	(3,896,690)
Net debt	23,485,064	17,168,302
Total equity	15,742,091	16,943,165
Total capital	**$ 39,227,155**	**34,111,467**
Debt-to-capital ratio	**59.87 %**	**50.33 %**

(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
Fantasystory Inc.	Associate of subsidiaries
Fuzhou Aprec Mechanical and Electrical Co., Ltd. (Fuzhou Aprec)	Subsidiaries of subsidiaries' associates
Advancision Corporation (Advancision)	Subsidiaries of subsidiaries' associates
Chain-Yuan Investment Co., Ltd. (Chain-Yuan Investment)	Other related parties
San Lien Technology Corp. (San Lien Technology)	Other related parties
Kemitek Industrial Corp. (Kemitek Industrial)	Other related parties
CMP PUJEN Foundation for Arts and Culture (Foundation)	Other related parties
San Lien Educational Foundation (San Lien Foundation)	Other related parties
Pu Yuan Construction Co., Ltd. (Pu Yuan Construction)	Other related parties
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
Gee Lien Resource Development Corp.	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 Fung, Lin	Key Management

(Continued)

(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 For the years ended December 31		Notes and accouts receivables	
	2019	2018	December 31, 2019	December 31, 2018
Associates	$ 3,613	2,840	498	1,252
Joint ventures	7	363	-	12
Other related parties	270	3,304	17	12
	$ 3,890	6,507	515	1,276

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

(ii) Purchases from related parties

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

	Purchases For the years ended December 31		Notes and accouts payable	
	2019	2018	December 31, 2019	December 31, 2018
Associates	$ 82,018	82,462	29,434	19,921
Other related parties	2,688	-	2,823	-
	$ 84,706	82,462	32,257	19,921

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

(iii) Leases

1) Rental expenses

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

	Rental Expenses For the Years Ended December 31	
	2019	2018
Associates	$ 12	48
Other related parties:		
Mr. Ming Shiann, Ho	2,312	2,432
Others	79	517
	$ 2,403	2,997

(Continued)

	Guarantee Deposit Paid (Recognized under other current and non-current financial assets)	
	December 31, 2019	December 31, 2018
Other related parties	$ 443	452

2) Rental revenues

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

	Rental Revenues For the Years Ended December 31	
	2019	2018
Associates:		
Beyond Fitness	$ 1,825	1,440
Acore Material Technology	-	1,532
Others	311	604
Other related parties:		
Foundation	1,342	2,279
Others	60	-
	$ 3,538	5,855

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

(iv) Providing services to related party

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

	Service Revenues For the Years Ended December 31	
	2019	2018
Associates	$ 905	874
Joint ventures	5,943	5,545
	$ 6,848	6,419

(Continued)

(v) Non-performing receivables

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

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

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

(vi) Guarantees and endorsements

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

	Borrowing Limits	
	December 31, 2019	December 31, 2018
Joint ventures:		
The Splendor Hospitality	$ 1,900,000	2,000,000
Others	45,680	62,500
	$ 1,945,680	2,062,500

	Actual Usage Amount	
	December 31, 2019	December 31, 2018
Joint ventures:		
The Splendor Hospitality	$ 1,640,000	1,674,500
Others	45,680	55,681
	$ 1,685,680	1,730,181

(vii) Guarantee for bank borrowings

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

(viii) Property transaction

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

	For the Years Ended December 31	
	2019	2018
Other related parties	$ 1,315	32,675
Key management	-	1,293
	$ 1,315	**33,968**

(ix) Other transactions

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

	Donation	
	For the Years Ended December 31	
	2019	2018
Other related parties:		
Foundation	**$ 12,535**	**6,660**

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

	Management service expenses	
	For the Years Ended December 31	
	2019	2018
Other related party:		
Foundations	**$ 600**	**15,810**

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

	Other expenses	
	For the Years Ended December 31	
	2019	2018
Associates	$ 5	40
Joint ventures	83	372
Other related parties	84	2,472
	$ 172	**2,884**

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

	Interest Revenues For the Years Ended December 31	
	2019	2018
Joint ventures:	$ 13,066	14,737
The Splendor Hospitality		
Others	345	396
	$ 13,411	**15,133**

5) Other receivables and advance payments from related parties

	Other Receivables (including advance payments)	
	December 31, 2019	December 31, 2018
Associates:		
Keng-Hsin Urban Renewal	$ 27,773	14,660
Others	53	711
Joint ventures	96	137
Other related parties	238	440
	$ 28,160	**15,948**

6) Other payables and advance receipts from related parties

	Other Payables (including advance receipts)	
	December 31, 2019	December 31, 2018
Associates	$ 12,062	9,835
Joint ventures	97	69
Other related parties	1,307	205
Key Management	25	-
	$ 13,491	**10,109**

(d) Key management transactions

The compensation of key management is as follows:

	For the Years Ended December 31	
	2019	2018
Short-term employee benefits	$ 106,400	165,463
Post-employment benefits	6,104	2,112
	$ 112,504	**167,575**

(Continued)

(8) Pledged assets

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

Pledged Assets	Object	December 31, 2019	December 31, 2018
Land (including other non-current assets)	The credit limits of long-term and short-term bank borrowings	$ 1,272,637	1,412,348
Buildings	〃	334,528	422,107
Investment properties	〃	817,923	604,257
Inventories—Land held for development	〃	5,865,338	3,892,953
Inventories—Construction in progress	〃	2,850,050	2,406,303
Inventories—Buildings and land held for sale	The credit limits of short-term borrowings	3,776,433	4,520,258
Other current financial assets	Bank acceptance bills	27,636	55,584
〃	Trusts	606,649	243,319
		$ 15,551,194	13,557,129

(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:

	December 31, 2019	December 31, 2018
Unused standby letters of credit	$ -	627

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

	December 31, 2019	December 31, 2018
Total contract price	$ 5,153,812	2,544,415
Total amounts paid under contracts (Note)	$ 1,331,255	824,843

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

(Continued)

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

	December 31, 2019	December 31, 2018
Total contract price	$ 10,032,583	4,337,978
Total amounts received under contracts (recognized under current contract liabilities)	$ 1,340,994	502,930

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

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

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

	December 31, 2019	December 31, 2018
Security deposits of joint construction projects (recognized under other current and non-current financial assets)	$ 283,614	196,894

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

	December 31, 2019	December 31, 2018
Security deposits (recognized under other current and non-current financial assets)	$ 97,311	97,449

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

	December 31, 2019	December 31, 2018
Total contract price	$ 279,342	219,342
Total amounts paid under contracts (recognized under inventories—prepayments for land)	$ 121,229	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 December 31, 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 January1, 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 December 31, 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.
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(s).

Litigant	Issue	Current Status
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. Considering the risk of losing the lawsuit, the Company assessed the aforementioned possible losses based on the conservative principle to estimate the contingent liabilities. For the details of regarding contingencies, please refer to Note 6 (s).

(10) Losses due to major disasters: None.

(11) Subsequent events:

Due to the outbreak of COVID-19 in the beginning of 2020, the China operation business environment still remained uncertain. However, there were no significant influences on the operation. Since the global situation is changing, the assessment of the impact is not probable. The Group will continue to monitor the situation and give assessment of the impact of those changes.

(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. However, the SFIPC was dissatisfied with the High Court's decision on June 26, 2018 and filed an appeal to the Supreme Court, the appeal was handed back over to the High Court for reconsideration on August 22, 2019, which is in trial in the Tainan Branch of Taiwan High Court. On February 28, 2020, both parties agreed to temporarily suspend the case mentioned above.

(b) The SFIPC filed a lawsuit against the Company, its directors and supervisors, and certain employees of the Group. On March 27, 2019, the Supreme Court vacated the adjudication on February 13, 2018 and remanded it to the Taiwan High Court. On January 2, 2020, Taiwan High Court dismissed the appeal filed by the SFIPC for the second time. On February 5, 2020, the SFIPC filed an appeal to the Supreme Court against the aforementioned conviction, wherein the Company appointed lawyers to file for a plea regarding the matter.

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

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

By function / By item	For the Years Ended December 31					
	2019			2018		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salary	715,419	571,696	1,287,115	777,779	567,841	1,345,620
Labor and health insurance	62,104	49,441	111,545	72,742	35,567	108,309
Pension	50,739	35,239	85,978	55,398	22,861	78,259
Remuneration of directors	-	45,961	45,961	-	90,010	90,010
Others	71,548	45,387	116,935	77,216	47,990	125,206
Depreciation	706,971	298,426	1,005,397	692,711	100,577	793,288
Amortization	1,571	26,710	28,281	1,301	40,661	41,962

(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 out 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 Years Ended December 31
	2018
Results from operating activities:	
Revenues	$ 23,496
Costs	(21,878)
Operating expenses	(6,081)
Other income and expenses	28
Operating loss	(4,435)
Non-operating income and expenses	723
Income tax expense	-
Loss	(3,712)
Gain on disposal of non-current assets held for sale	
Gain on disposal of non-current assets held for sale	375,757
Tax expense from disposal of non-current assets held for sale	(11,075)
Profit	**$ 360,970**
Basic earnings per share	**$ 0.94**
Diluted earnings per share	**$ 0.94**
Cash flows from discontinued operation:	
Net cash generated from operating activities	$ 14,189
Net cash generated from investing activities	616,225
Net cash used in financing activities	(146)
Net cash inflow	**$ 630,268**

(Continued)

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

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions for the years ended December 31, 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	215,500	215,500	0.75%	2	-	Operation requirements	-		-	332,070	442,760
1	Tianjin CMT	CMW (Tianjin)	Accounts receivable due from related parties	Yes	207,000	193,950	193,950	0.75%	2	-	Operation requirements	-		-	332,070	442,760
2	FAR HSING (SAMOA)	Atrans Precision	Accounts receivable due from related parties	Yes	31,600	29,980	29,980	1.00%	2	-	Operation requirements	-		-	48,960	65,280

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	4,755,678	220,000	110,000	59,500	-	0.93 %	5,944,598	Y	N	N
0	The Company	The Hotel National	1	4,755,678	100,000	100,000	50,000	-	0.84 %	5,944,598	Y	N	N
0	The Company	Shangrila Tourism	1	4,755,678	702,500	652,500	422,500	-	5.49 %	5,944,598	Y	N	N
0	The Company	The Splendor Hospitality	2	4,755,678	2,100,000	1,900,000	1,640,000	-	15.98 %	5,944,598	N	N	N
0	The Company	CMAAN Health	2	4,755,678	95,680	45,680	45,680	-	0.38 %	5,944,598	N	N	N
1	CMAI N.A.	Pilot	4	55,024	59,900	56,829	53,285	-	103.28 %	55,024 (Note 6)	N	N	N
2	CMI	UEA	3	3,914,476	1,975,061	1,504,888	1,504,888	-	15.38 %	4,893,095	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%.

Note 6: The amount that CMAI N.A. guaranteed and endorsed for Pilot exceeded the maximum amount. The Group has developed and executed the improvement plan.

(iii) Securities held as of December 31, 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				Highest Percentage of Ownership (%)	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	3.12 %	
The Company	YUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	112,574	830	1.25 %	830	1.25 %	
The Company	FUHUA Venture Capital Co., Ltd.	-	Non-current financial assets at FVOCI	86,625	1,920	1.67 %	1,920	1.67 %	
The Company	GUANGYUAN Investment Co., Ltd.	-	Non-current financial assets at FVOCI	5,000,000	44,080	3.91 %	44,080	3.91 %	
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	4.00 %	
The Company	Pacific Electric Wire & Cable Co., Ltd.	-	Current financial assets at FVTPL	81,666	-	0.01 %	-	0.01 %	
Sunflower Investment	YungTay Engineering Co., Ltd.	-	Current financial assets at FVTPL	800,000	51,440	0.19 %	51,440	0.19 %	
Sunflower Investment	i1. COM, INC.	-	Non-current financial assets at FVOCI	100,000	-	0.52 %	-	0.52 %	
The Hotel National	Century National Technology Co., Ltd.	-	Non-current financial assets at FVOCI	35,600	-	2.34 %	-	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	Fully paid-up	Natural persons	-	-	-	-	-	The appraisal reports and market price	To optimize the use of assets of the Company by expanding its land for future development.	None

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

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

(In Thousands of NTD)

Name of Company	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	Percentage of Total Purchases/Sales	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable)	
Suzhou CMS	CMI	Subsidiaries	Sale	1,105,831	33.14 %	120~180 days	-	-	1,313,103	66.86%	
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Sale	1,405,596	34.50 %	120~180 days	-	-	1,519,314	53.77%	

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 208,194	-	-	-	-	-
CMW (C.I.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 2,212,435	-	-	-	CNY 2,800,000	-
CMW (C.I.)	CMW (Tianjin)	Parent company	Accounts receivable due from related parties, other 419,620	-	-	-	-	-
CMP (H.K.)	CMI	Subsidiaries	Accounts receivable due from related parties, other 357,905	-	-	-	-	-
CMW (Tianjin)	CMW (C.I.)	Subsidiaries	Accounts receivable due from related parties 1,519,314	0.92	-	-	CNY 57,411,454	-
Tianjin CMT	CMI	Subsidiaries	Accounts receivable due from related parties 283,036	-	-	-	-	-
Tianjin CMT	CMW (Tianjin)	Affiliates	Accounts receivable due from related parties, other 195,950	-	-	-	-	-
Tianjin CMT	Suzhou CMB	Affiliates	Accounts receivable due from related parties, other 215,500	-	-	-	-	-
Suzhou CMS	CMI	Subsidiaries	Accounts receivable due from related parties 1,313,103	0.81	-	-	CNY 71,869,133	-

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	72,918	60~90 days	0.53%
0	China Metal Products	CMJ	1	Operating revenue	18,166	90 days	0.13%
1	CMW (Tianjin)	CMW (C.I.)	2	Operating revenue	1,405,596	120~180 days	10.21%
3	Suzhou CMS	CMI	2	Operating revenue	1,105,831	120~180 days	8.03%
4	Suzhou CMB	CMB (H.K.)	2	Operating revenue	76,121	120~180 days	0.55%
4	Suzhou CMB	Suzhou CMS	3	Operating revenue	81,486	120~180 days	0.59%
4	Suzhou CMB	CMI	2	Operating revenue	30,956	120~180 days	0.22%
6	National Management	China Metal Products	2	Operating revenue	65,218	OA 25 days	0.47%
11	CMAI	CMW(C.I.)	3	Operating revenue	20,640	90~120 days	0.15%
5	CMAI N.A.	CMW(C.I.)	3	Operating revenue	30,281	90~120 days	0.22%
5	CMAI N.A.	CMAI	2	Operating revenue	43,860	90~120 days	0.32%
8	CMW(C.I.)	CMAI	3	Operating revenue	22,526	120~180 days	0.16%
8	CMW(C.I.)	CMW (Tianjin)	1	Operating revenue	141,015	120~180 days	1.02%
15	The Hotel National	PUJEN Land Development	1	Operating revenue	10,859	60~90 days	0.08%
0	China Metal Products	Atrans Precision	1	Accounts receivable due from related party	18,550	60~90 days	0.04%
1	CMW (Tianjin)	CMW (C.I.)	2	Accounts receivable due from related party	1,519,314	120~180 days	3.54%
2	Tianjin CMT	CMI	2	Accounts receivable due from related party	283,036	120~180 days	0.66%
2	Tianjin CMT	CMW (Tianjin)	3	Accounts receivable due from related party	35,655	120~180 days	0.08%
3	Suzhou CMS	CMI	2	Accounts receivable due from related party	1,313,103	120~180 days	3.06%
4	Suzhou CMB	Suzhou CMS	3	Accounts receivable due from related party	17,737	120~180 days	0.04%
4	Suzhou CMB	CMB (H.K.)	2	Accounts receivable due from related party	34,641	120~180 days	0.08%
4	Suzhou CMB	CMI	2	Accounts receivable due from related party	18,083	120~180 days	0.04%
2	Tianjin CMT	CMW (Tianjin)	3	Other receivables due from related parties	193,950	-	0.45%
2	Tianjin CMT	Suzhou CMS	3	Other receivables due from related parties	11,229	-	0.03%
2	Tianjin CMT	Suzhou CMB	3	Other receivables due from related parties	215,500	-	0.50%
7	CMI	CMB (H.K.)	1	Other receivables due from related parties	208,194	-	0.48%
8	CMW (C.I.)	CMW (Tianjin)	1	Other receivables due from related parties	419,620	-	0.98%
8	CMW (C.I.)	CMI	2	Other receivables due from related parties	2,212,435	-	5.15%

(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)
10	CMP (H.K.)	CMI	2	Other receivables due from related parties	357,905	-	0.83%
12	CHINGENG Land Development	PUJEN Land Development	2	Other receivables due from related parties	27,712	-	0.06%
14	PUJEN Land Development	CHINGENG Land Development	1	Other receivables due from related parties	12,168	-	0.03%
13	FAR HSING (SAMOA)	Atrans Precision	2	Other receivables due from related parties	29,980	-	0.07%
9	CMB (H.K.)	Suzhou CMB	1	Other long-term receivables due from related parties	26,159		0.06%

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

1. Parent company - 0.

2. Subsidiaries – In sequence from 1.

Note 2: Relationship is classified into three types:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

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

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

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

(b) Information on investees:

The following is the information on investees for the year ended December 31, 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 December 31, 2019			Highest Percentage of Ownership During the Period	Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				December 31, 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 %	6,773,893	100.00 %	638,526	638,526	Subsidiaries
The Company	Sunflower Investment	Taiwan	Investing	99,000	99,000	67,006,291	99.00 %	867,468	99.00 %	367	363	Subsidiaries
The Company	Atrans Precision	Taiwan	Vehicle parts processing	236,780	236,780	25,149,502	70.47 %	406,647	70.47 %	49,126	34,620	Subsidiaries
The Company	CMJ	Japan	Cast iron product retailing	4,887	4,887	500	83.33 %	64,243	83.33 %	26,890	22,408	Subsidiaries
The Company	CMAI	Hong Kong	Vehicle parts retailing	71,644	71,644	2,820,000	94.00 %	196,500	94.00 %	1,750	1,645	Subsidiaries
The Company	Pu Sheng Construction	Taiwan	Residents, commercial buildings and factories leasing and developing	30	30	3,000	30.00 %	9,983	30.00 %	(488)	(146)	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 %	3,911,930	56.65 %	(9,226)	(4,852)	Subsidiaries
The Company	Amida Trustlink Assets	Taiwan	Real estate developing, leasing and financial claims acquiring from financial institutions	44,576	44,576	16,763,726	35.21 %	(21,760)	35.21 %	(659)	-	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 %	787,160	100.00 %	(42,239)	(44,130)	Subsidiaries
The Company	National Management	Taiwan	Management and consulting services	10,000	10,000	1,000,000	100.00 %	15,769	100.00 %	815	815	Subsidiaries
The Company	The Splendor Hospitality	Taiwan	International tourist hotel services	975,000	975,000	97,500,000	50.00 %	328,832	50.00 %	(28,830)	(27,481)	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 %	202,670	80.00 %	(23,427)	(17,552)	Subsidiaries
The Company	CMAAN Health	Taiwan	Management and consulting services	50,000	50,000	5,000,000	50.00 %	46,851	50.00 %	2,368	838	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 %	1,005,425	15.07 %	(9,226)	Exempt from disclosure	Subsidiaries of the Company
Sunflower Investment	Atrans Precision	Taiwan	Vehicle parts processing	77,836	76,878	4,737,380	13.27 %	75,904	13.27 %	49,126	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)	12.50 %	(659)	Exempt from disclosure	Investees accounted for using equity method

(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 December 31, 2019			Highest Percentage of Ownership During the Period	Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				December 31, 2019	December 31, 2018	Shares	Percentage of Ownership	Carrying Value				
Sunflower Investment	ADVANCISION (CAYMAN)	Taiwan	Investing and cast iron product retailing	29,154	29,154	1,871,288	4 46 %	31,333	4 46 %	1,000	Exempt from disclosure	Investee accounted for using equity method
Sunflower investment	Fantasystory Inc.	Taiwan	Interior design, landscape design, and urban renewal	19,793	-	1,743	19 80 %	19,593	19 80 %	(1,818)	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 273,842,576	82 55 %	USD 27,088,436	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 %	CNY1,118,109,192	100 00 %	CNY 89,032,559	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 %	CNY1,689,616,085	100.00 %	CNY 94,513,552	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 585,620,222	100.00 %	CNY 4,988,779	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 %	CNY1,120,789,818	100 00 %	CNY 89,032,559	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 2,587,571	100.00 %	USD (140,726)	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 2,587,571	100 00 %	USD (140,726)	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 1,835,368	100 00 %	USD (242,735)	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 %	163,201	100 00 %	USD 484	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 %	-	21 23 %	(10,522)	Exempt from disclosure	Associates of Atrans Precision
FAR HSING (SAMOA)	ADVANCISION (CAYMAN)	Cayman Islands	Investing and cast iron product retailing	USD 4,959,029	USD 4,959,029	9,068,414	21 59 %	USD 4,315,680	21 59 %	USD 33,518	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 %	6,655	20 00 %	(488)	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 %	318,013	30 00 %	(6,812)	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 %	69,490	50.00 %	2	Exempt from disclosure	Subsidiaries of PUJEN Land Development
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 %	40,896	70 00 %	(9,408)	Exempt from disclosure	Subsidiaries of PUJEN Land Development
PUJEN Land Development	PUCHIA Land Development	Taiwan	Residents, commercial buildings and factories leasing and developing	35,000	35,000	3,500,000	50.00 %	27,902	50.00 %	(253)	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 %	50,667	20.00 %	(23,427)	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 %	5,130	50 00 %	109	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 %	3,424	37.50 %	2,135	Exempt from disclosure	Investees of PUJEN Land Development accounted for using equity method

(Continued)

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

(c) Information on investment in Mainland China:

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

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

Name of Investee	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Losses) of the Investee	Percentage of Ownership	Highest 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	899,400 (USD 30,000)	2	388,238	-	-	388,238	(6,958) (CNY(1,557))	82.55%	82.55%	(5,744) (CNY(1,285))	1,106,900 (CNY256,821)	82,542
Suzhou CMS	Cast iron products, machine parts and vehicle parts designing, developing, manufacturing and selling	719,520 (USD 24,000)	2	423,406	-	-	423,406	402,729 (CNY90,096)	82.55%	82.55%	332,343 (CNY74,350)	3,363,545 (CNY 780,405)	14,601
Suzhou CMB	Cast iron product designing, manufacturing and retailing	2,458,360 (USD 82,000)	2	-	-	-	-	35,979 (CNY8,049)	82.55%	82.55%	29,701 (CNY 6,644)	2,689,730 (CNY 624,067)	-
CMW (Tianjin)	Vehicle parts, E&M as-casting and finished product developing, manufacturing and selling	959,360 (USD 32,000)	2	-	-	-	-	378,751 (CNY84,732)	82.55%	82.55%	316,099 (CNY70,716)	4,223,342 (CNY979,894)	-
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	586,559 (USD 19,565)	2	-	-	-	-	(876) (CNY(196))	82.55%	82.55%	(724) (CNY(162))	584,430 (CNY135,599)	-
Qinxin Trade	Vehicle parts retailing	4,197 (USD 140)	2	-	-	-	-	159 (USD5)	94.00%	94.00%	150 (USD5)	4,400 (USD 147)	-
Qingdao Sourcing Specialists	Cast iron product retailing	2,998 (USD 100)	2	-	-	-	-	11,697 (JPY41,230)	83.33%	83.33%	9,747 (JPY 34,357)	31,527 (JPY114,226)	-

(ii) Limitation on investment in Mainland China:

(In Thousands of NTD and USD)

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on Investment (Note 4)
811,644	6,254,457 (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, with the valid period from March 10, 2017 to March 9, 2020. The restriction on the cumulative investment amount or proportion in China is not applicable.

Note 5: As of December 31, 2019, the company had obtained a surplus of $2,213,997 thousand (USD71,955 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.

(Continued)

(14) Segment information:

(a) General information

The Group divides its business into four reportable segments, which comprised of Metal Manufacturing, Steel Product (discontinued), Real Estate Development, and Lifestyle Hospitality segments. Metal Manufacturing Segment focuses on the casting, manufacturing and selling of cast iron products; Steel Product Segment focuses on selling and manufacturing of steel bars; Real Estate Development Segment focuses on the developing and selling of residents and commercial buildings; Lifestyle Hospitality Segment focus on retailing, amusement park and hotel operating.

The disclosed information is strategic business segments of the Group which provide different products and services. As each of the strategic business segment requires varied techniques and marketing strategies, they should be managed respectively.

(b) Reportable segments' profit or loss, assets, liabilities and their measurement and reconciliation

The Group's operating segments' accounting policies are similar to the ones described in Note 4 "Significant accounting policies". The Group's operating segments' profit or loss is based on operating income before taxes, which is also the basis of performance assessment of the segments. The transactions between the Group's segments are considered as trading with third parties, and are measured at fair value.

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

	For the Year Ended December 31, 2019					
	Metal Manufacturing Segment	Steel Product Segment (Discontinued)	Real Estate Development Segment	Lifestyle Hospitality Segment	Reconciliation and Elimination	Total
Revenue:						
Revenue from external customers	$ 11,759,879	-	1,281,836	728,409	-	13,770,124
Intersegment revenues	2,982,784	-	5,169	78,554	(3,066,507)	-
Interest income	27,068	-	294	995	29,258	57,615
Total revenue	$ 14,769,731	-	1,287,299	807,958	(3,037,249)	13,827,739
Interest expenses	$ (90,863)	-	(75,420)	(42,677)	(60,276)	(269,236)
Depreciation and amortization	$ (773,719)	-	(26,993)	(215,794)	(17,172)	(1,033,678)
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ (26,419)	-	(1,349)	-	-	(27,768)
Impairment of assets	(447)	-	-	-	-	(447)
Reportable segment profit or loss	**$ 1,005,173**	-	**32,434**	**(89,852)**	**(59,721)**	**888,034**
Assets：						
Investments accounted for using equity method	$ 483,306	-	369,767	-	-	853,073
Non-current asset capital expenditure	$ (813,856)	-	(1,688)	(28,383)	(5,373)	(849,300)
Reportable segment assets (Note)	$ -	-	-	-	-	-
Reportable segment liabilities (Note)	$ -	-	-	-	-	-

(Continued)

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

	For the Year Ended December 31, 2018					
	Metal Manufacturing Segment	Steel Product Segment (Discontinued)	Real Estate Development Segment	Lifestyle Hospitality Segment	Reconciliation and Elimination	Total
Revenue:						
Revenue from external customers	$ 13,175,477	23,496	4,156,083	753,975	-	18,109,031
Intersegment revenues	3,547,951	-	114	67,621	(3,615,686)	-
Interest income	25,865	-	473	1,070	34,771	62,179
Total revenue	$ 16,749,293	23,496	4,156,670	822,666	(3,580,915)	18,171,210
Interest expenses	$ (100,800)	-	(94,478)	(22,427)	(47,052)	(264,757)
Depreciation and amortization	$ (762,820)	(420)	(14,248)	(51,546)	(6,216)	(835,250)
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ (43,707)	-	(6,946)	-	-	(50,653)
Impairment of assets	(1,891)	-	-	-	-	(1,891)
Reportable segment profit or loss	**$ 1,255,069**	**372,045**	**1,438,726**	**(104,579)**	**(182,221)**	**2,779,040**
Assets：						
Investments accounted for using equity method	$ 512,692	-	351,465	-	-	864,157
Non-current asset capital expenditure	$ (661,358)	(878)	(4,533)	(121,089)	(8,001)	(795,859)
Reportable segment assets (Note)	$ -	-	-	-	-	-
Reportable segment liabilities (Note)	$ -	-	-	-	-	-

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

(c) The information of product and service

The segmentation of the Group's reportable segments is based on their product and service. The information regarding external customer transactions is disclosed in the table above.

(d) Geographic information

In presenting information on the basis of geography, segment assets are categorized based on the geographical location of the assets. The geographical information for the years ended December 31, 2019 and 2018 is as follows:

	For the Years Ended December 31	
Geographical information	**2019**	**2018**
Non-current assets:		
Taiwan	$ 7,842,117	6,306,825
United States	82,725	87,327
Japan	205	443
China	5,659,682	5,401,264
Others	388,039	498,001
Total	**$ 13,972,768**	**12,293,860**

(e) Information on major customers

	For the Years Ended December 31	
	2019	**2018**
Customer A from metal manufacturing segment	**$ 1,892,597**	**1,787,081**