

Ta Chen Stainless Pipe Co., Ltd.

**Standalone Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ta Chen Stainless Pipe Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Ta Chen Stainless Pipe Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2021 and 2020, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2021 and 2020, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's standalone financial statements for the year ended December 31, 2021 is described as follows:

Assessment of Net Realizable Value of Inventories

As of December 31, 2021, inventories of the Company amounted to NT\$3,146,580 thousand, accounting for 5% of the Company's total assets. Due to the drastic fluctuations in the prices of inventories in the stainless steel industry, assessment of the net realizable value of inventories, which involved accounting estimates, also the results of the assessment has a significant impact on the inventories and operating costs, hence, the assessment of the net realizable value of inventories has been identified as a key audit matter. For the relevant accounting policies and other detailed information, refer to Notes 4(e), 5, and 10 to the accompanying standalone financial statements.

The main audit procedures performed in respect of the above-mentioned key audit matter are as follows:

1. We evaluated the appropriateness of the inventory valuation method applied by management and obtained an understanding of the design and implementation of the relevant internal controls related to inventory valuation.
2. We tested the table of net realizable value of inventory on a sample basis, including confirmation of the sales price and supporting documents. We also performed recalculations to evaluate the appropriateness of the net realizable value and the value written-off.

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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Company's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 standalone financial statements.

As part of an audit in accordance with the 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 standalone 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 the Company'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 the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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 the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the 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 standalone financial statements for the year ended December 31, 2021 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 audits resulting in this independent auditors' report are Chi-Chen Li and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 25, 2022

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone financial position, financial performance and cash flows in accordance with 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 standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail.

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 3,142,767	5	\$ 2,073,576	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	64,427	-	89,554	-
Financial assets at amortized cost - current (Notes 4, 11 and 30)	5,063,334	8	971,822	2
Notes receivable (Notes 4 and 9)	3,879	-	7,732	-
Accounts receivable, net (Notes 4, 9 and 21)	349,606	1	120,881	1
Accounts receivable from related parties (Notes 9, 21 and 29)	6,552,085	11	2,919,373	6
Other receivables	76,860	-	31,275	-
Other receivables from related parties (Note 29)	62,825	-	5,121	-
Current tax asset (Note 4)	-	-	588	-
Inventories (Notes 4, 5 and 10)	3,146,580	5	1,944,823	4
Prepayments (Note 15)	629,438	1	100,434	-
Total current assets	19,091,801	31	8,265,179	18
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	75,872	-	16,353	-
Financial assets at amortized cost - non-current (Notes 4, 11, 29 and 30)	258,534	-	358,487	1
Investment accounted for using the equity method (Notes 4, 12, 25 and 30)	37,974,632	61	34,664,518	74
Property, plant and equipment (Notes 4, 13 and 30)	3,389,724	6	3,243,281	7
Right-of-use assets (Notes 4 and 14)	42,040	-	52,755	-
Deferred tax assets (Notes 4 and 23)	508,368	1	302,830	-
Prepayment for investments (Notes 12)	623,653	1	-	-
Net defined benefit assets - non-current (Notes 4 and 19)	66,053	-	56,723	-
Other non-current assets - others	84,558	-	59,475	-
Total non-current assets	43,023,434	69	38,754,422	82
TOTAL	\$ 62,115,235	100	\$ 47,019,601	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 30)	\$ 5,619,598	9	\$ 4,397,956	9
Short-term bills payable (Note 16)	79,990	-	1,179,205	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	74	-	1,636	-
Financial liabilities for hedging - current (Notes 4 and 28)	1,204	-	51,779	-
Notes payable (Note 17)	74,720	-	62,642	-
Accounts payable (Note 17)	406,994	1	122,355	-
Accounts payable to related parties (Note 29)	8,576	-	12,110	-
Other payables (Note 18)	969,101	2	196,025	1
Other payables to related parties (Note 29)	694,250	1	-	-
Current tax liabilities (Notes 4 and 23)	503,680	1	-	-
Lease liabilities - current (Notes 4 and 14)	11,435	-	13,282	-
Current portion of long-term borrowings (Notes 16 and 30)	1,337,330	2	3,401,640	7
Other current liabilities (Note 18)	14,919	-	12,105	-
Total current liabilities	9,721,871	16	9,450,735	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 30)	3,323,608	5	9,039,997	19
Deferred tax liabilities (Notes 4 and 23)	13,372	-	11,345	-
Lease liabilities - non-current (Notes 4 and 14)	31,174	-	39,789	-
Total non-current liabilities	3,368,154	5	9,091,131	19
Total liabilities	13,090,025	21	18,541,866	39
EQUITY (Note 20)				
Ordinary shares	20,084,659	32	16,584,659	35
Capital surplus	22,993,816	37	12,354,362	26
Retained earnings				
Legal reserve	2,058,958	3	2,058,958	5
Special reserve	2,108,136	3	1,487,080	3
Unappropriated earnings	9,668,399	16	621,056	1
Total retained earnings	13,835,493	22	4,167,094	9
Other equity	(3,883,805)	(6)	(3,495,519)	(7)
Treasury shares	(4,004,953)	(6)	(1,132,861)	(2)
Total equity	49,025,210	79	28,477,735	61
TOTAL	\$ 62,115,235	100	\$ 47,019,601	100

The accompanying notes are an integral part of the standalone financial statements.

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 29)	\$ 15,232,827	100	\$ 6,237,417	100
OPERATING COSTS (Notes 10, 19, 22 and 29)	<u>9,656,604</u>	<u>63</u>	<u>5,495,173</u>	<u>88</u>
GROSS PROFIT	5,576,223	37	742,244	12
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(2,327,693)	(15)	(224,089)	(4)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>224,089</u>	<u>1</u>	<u>303,029</u>	<u>5</u>
REALIZED GROSS PROFIT	<u>3,472,619</u>	<u>23</u>	<u>821,184</u>	<u>13</u>
OPERATING EXPENSES (Notes 19, 22 and 29)				
Selling and marketing expenses	168,837	1	119,873	2
General and administrative expenses	<u>1,700,842</u>	<u>11</u>	<u>408,110</u>	<u>7</u>
Total operating expenses	<u>1,869,679</u>	<u>12</u>	<u>527,983</u>	<u>9</u>
OTHER OPERATING INCOME AND EXPENSES (Note 22)	<u>(2,279)</u>	<u>-</u>	<u>(6,055)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>1,600,661</u>	<u>11</u>	<u>287,146</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 29)				
Interest income	3,682	-	7,988	-
Other income	10,660	-	7,688	-
Other gains and losses	(170,457)	(1)	43,426	1
Finance costs	(266,663)	(2)	(360,526)	(6)
Expected credit loss	(16,928)	-	(12,869)	-
Share of profit or loss of subsidiaries	<u>8,831,281</u>	<u>58</u>	<u>(575,008)</u>	<u>(9)</u>
Total non-operating income and expenses	<u>8,391,575</u>	<u>55</u>	<u>(889,301)</u>	<u>(14)</u>
PROFIT (LOSS) BEFORE INCOME TAX FOR THE YEAR	9,992,236	66	(602,155)	(10)
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 23)	<u>319,319</u>	<u>2</u>	<u>(28,734)</u>	<u>(1)</u>

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Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
NET PROFIT (LOSS) FOR THE YEAR	\$ 9,672,917	64	\$ (573,421)	(9)
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(8,870)	-	15,252	-
Share of other equity of subsidiaries	30,469	-	(3,642)	-
Income tax expense (benefit) relating to items that will not be reclassified subsequently	1,774	-	(3,050)	-
	<u>23,373</u>	<u>-</u>	<u>8,560</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(942,732)	(6)	(1,420,491)	(23)
Gain (loss) on hedging instruments not subject to basis adjustment	18,212	-	(18,468)	-
Share of the other comprehensive loss of subsidiaries	513,562	3	(698,394)	(11)
Income tax expense (benefit) relating to items that may be reclassified subsequently to profit or loss	(3,643)	-	3,694	-
	<u>(414,601)</u>	<u>(3)</u>	<u>(2,133,659)</u>	<u>(34)</u>
Other comprehensive loss for the year, net of income tax	<u>(391,228)</u>	<u>(3)</u>	<u>(2,125,099)</u>	<u>(34)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ <u>9,281,689</u>	<u>61</u>	\$ <u>(2,698,520)</u>	<u>(43)</u>
EARNINGS (LOSS) PER SHARE (New Taiwan dollars; Note 24)				
Basic	\$ <u>5.76</u>		\$ <u>(0.44)</u>	
Diluted	\$ <u>5.74</u>		\$ <u>(0.44)</u>	

The accompanying notes are an integral part of the standalone financial statements.

(Concluded)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Retained Earnings					Other Equity						Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity	Treasury Shares		
BALANCE AT JANUARY 1, 2020	\$ 12,337,901	\$ 9,523,679	\$ 1,876,880	\$ 186,470	\$ 3,980,588	\$ (974,583)	\$ 515	\$ (379,532)	\$ (1,353,600)	\$ (890,760)	\$ 25,661,158	
Appropriation of 2019 earnings (Note 20)												
Legal reserve	-	-	182,078	-	(182,078)	-	-	-	-	-	-	
Special reserve	-	-	-	1,300,610	(1,300,610)	-	-	-	-	-	-	
Cash dividends distributed by the Company - NT\$0.85 per share	-	-	-	-	(1,048,722)	-	-	-	-	-	(1,048,722)	
Share dividends distributed by the Company - NT\$0.2 per share	246,758	-	-	-	(246,758)	-	-	-	-	-	-	
Issuance of share dividends from capital surplus	-	(185,069)	-	-	-	-	-	-	-	-	(185,069)	
Net profit for the year ended December 31, 2020	-	-	-	-	(573,421)	-	-	-	-	-	(573,421)	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax (Note 20)	-	-	-	-	16,820	(1,552,823)	(8,260)	(580,836)	(2,141,919)	-	(2,125,099)	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(556,601)	(1,552,823)	(8,260)	(580,836)	(2,141,919)	-	(2,698,520)	
Issuance of ordinary shares for cash	4,000,000	3,200,000	-	-	-	-	-	-	-	-	7,200,000	
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(356,681)	(356,681)	
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	(36,198)	-	-	-	-	-	-	-	114,580	78,382	
Cash dividends distributed by subsidiaries	-	22,345	-	-	-	-	-	-	-	-	22,345	
Changes in percentage of ownership interests in subsidiaries	-	179,491	-	-	(24,763)	-	-	-	-	-	154,728	
Difference between consideration and carrying amount of subsidiaries acquired	-	(369,594)	-	-	-	-	-	-	-	-	(369,594)	
Share-based payments (Note 20)	-	19,708	-	-	-	-	-	-	-	-	19,708	
BALANCE AT DECEMBER 31, 2020	16,584,659	12,354,362	2,058,958	1,487,080	621,056	(2,527,406)	(7,745)	(960,368)	(3,495,519)	(1,132,861)	28,477,735	
Appropriation of 2020 earnings (Note 20)												
Special reserve	-	-	-	621,056	(621,056)	-	-	-	-	-	-	
Issuance of share dividends from capital surplus	-	(1,326,772)	-	-	-	-	-	-	-	-	(1,326,772)	
Net gain for the year ended December 31, 2021	-	-	-	-	9,672,917	-	-	-	-	-	9,672,917	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax (Note 20)	-	-	-	-	(2,942)	(1,078,913)	26,315	664,312	(388,286)	-	(391,228)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	9,669,975	(1,078,913)	26,315	664,312	(388,286)	-	9,281,689	
Issuance of ordinary shares for cash	3,500,000	11,550,000	-	-	-	-	-	-	-	-	15,050,000	
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(2,961,803)	(2,961,803)	
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	130,903	-	-	-	-	-	-	-	89,711	220,614	
Cash dividends distributed by subsidiaries	-	22,051	-	-	-	-	-	-	-	-	22,051	
Changes in percentage of ownership interests in subsidiaries	-	33,480	-	-	(1,576)	-	-	-	-	-	31,904	
Difference between consideration and carrying amount of subsidiaries acquired	-	(45,245)	-	-	-	-	-	-	-	-	(45,245)	
Share-based payments (Note 20)	-	275,037	-	-	-	-	-	-	-	-	275,037	
BALANCE AT DECEMBER 31, 2021	\$ 20,084,659	\$ 22,993,816	\$ 2,058,958	\$ 2,108,136	\$ 9,668,399	\$ (3,606,319)	\$ 18,570	\$ (296,056)	\$ (3,883,805)	\$ (4,004,953)	\$ 49,025,210	

The accompanying notes are an integral part of the standalone financial statements.

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 9,992,236	\$ (602,155)
Adjustments for:		
Depreciation expenses	207,841	212,733
Amortization expense	605	709
Expected credit loss	16,928	12,869
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	53,641	(28,478)
Finance costs	266,663	360,526
Interest income	(3,682)	(7,988)
Dividend income	(836)	(302)
Compensation costs of employee share options	275,037	19,708
Share of (profit) loss of subsidiaries	(8,831,281)	575,008
Loss on disposal of property, plant and equipment	2,279	6,055
Gain on disposal of associate accounted for using the equity method	(12,197)	-
Impairment loss on non-financial assets	56,862	-
Unrealized gain on the transactions with subsidiaries	2,327,693	224,089
Realized gain on transactions with subsidiaries	(224,089)	(303,029)
Net (gain) loss on foreign currency exchange	(62,202)	24,162
Changes in operating assets and liabilities		
Financial assets for hedging	18,056	(17,364)
Notes receivable	3,853	(4,404)
Accounts receivable	(228,746)	51,733
Accounts receivable - related parties	(3,558,469)	(864,738)
Other receivables	(115,392)	(15,887)
Inventories	(1,200,211)	96,596
Prepayments	(554,106)	56,904
Net defined benefit assets	(18,200)	(18,013)
Financial liabilities for hedging	(50,575)	34,928
Notes payable	13,397	(15,911)
Accounts payable	284,699	(5,105)
Accounts payable - related parties	(3,534)	(29,995)
Other payables	1,485,164	(105,807)
Other current liabilities	2,814	(9,051)
Cash generated from (used in) operations	144,248	(352,207)
Income tax paid	(20,440)	(75,078)
Net cash generated from (used in) operating activities	<u>123,808</u>	<u>(427,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(59,519)	-
Purchase of financial assets at amortized cost	(3,990,069)	-
Proceeds from sale of financial assets measured at cost	-	43,530
Purchase of financial assets at fair value through profit or loss	(112,092)	(79,081)
Proceeds from sale of financial assets at fair value through profit or loss	82,016	104,927
Acquisition of investments accounted for using the equity method	(264,585)	(2,732,965)

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Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Increase in prepayments for investments	\$ (623,653)	\$ -
Payments for property, plant and equipment	(369,698)	(183,597)
Proceeds from disposal of property, plant and equipment	379	5,030
Increase in refundable deposits	(11,702)	(400)
Decrease in refundable deposits	10,548	21,850
Increase in other non-current assets	-	(1,230)
Increase in prepayments for equipment	(38,239)	(12,778)
Other dividends received	836	302
Interest received	3,682	7,996
Dividends received from subsidiaries	<u>563,164</u>	<u>530,031</u>
Net cash used in investing activities	<u>(4,808,932)</u>	<u>(2,296,385)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	27,847,922	28,533,530
Repayments of short-term borrowings	(26,638,636)	(31,906,867)
Proceeds from short-term bills payable	6,114,045	7,041,279
Repayments of short-term bills payable	(7,220,000)	(7,000,000)
Proceeds from long-term borrowings	4,095,635	6,031,040
Repayments of long-term borrowings	(11,884,004)	(6,239,371)
Repayment of the principal portion of lease liabilities	(14,530)	(17,319)
Dividends paid	(1,326,772)	(1,233,791)
Proceeds from issue of ordinary shares	15,050,000	7,200,000
Interest paid	<u>(269,345)</u>	<u>(332,678)</u>
Net cash generated from financing activities	<u>5,754,315</u>	<u>2,075,823</u>
NET INCREASE (DECREASE) IN CASH	1,069,191	(647,847)
CASH AT THE BEGINNING OF THE YEAR	<u>2,073,576</u>	<u>2,721,423</u>
CASH AT THE END OF THE YEAR	<u>\$ 3,142,767</u>	<u>\$ 2,073,576</u>

The accompanying notes are an integral part of the standalone financial statements.

(Concluded)

Ta Chen Stainless Pipe Co., Ltd.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Ta Chen Stainless Pipe Co., Ltd. (the “Company”) was incorporated in November 1986. The Company is engaged in the manufacturing, processing and selling of stainless steel pipes and stainless steel pipe fittings, sale of stainless steel plates as well as the manufacturing and sale of venetian blinds.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since October 1996.

The standalone financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company’s board of directors and authorized for issue on March 25, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the standalone financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are 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); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the standalone financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in the standalone financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are recognized in profit or loss for the period except for exchange difference arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated using the exchange rate at the date of the transaction.

For the purposes of presenting the standalone financial statements, the investments of the Company's foreign operations (including subsidiaries in other countries or those that use currencies that are different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials (including raw materials in transit), supplies, finished goods, merchandise, work-in-process, etc. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of

subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

Profits or losses resulting from downstream transactions are eliminated in full only in the standalone financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the standalone financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate and joint venture. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant, and equipment

Property, plant and equipment are measured at cost less recognized accumulated depreciation and recognized accumulated impairment loss.

Property, plant, and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment and right-of-use assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, accounts receivable at amortized cost, notes receivable, other receivables, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company evaluates expected credit losses on financial assets at amortized cost (including trade receivables) at the end of each reporting period.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company

measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liabilities for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, metal prices and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

k. Hedge accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

1) Fair value hedges

Changes in the designated fair value of derivatives that qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged assets or liabilities attributed to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that is designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

1. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of stainless steel pipes, stainless steel fittings, stainless steel plates, and venetian blinds. Sales of the aforementioned goods are recognized as revenue when the terms of trading are met or the goods are received by the buyers since the significant risks and rewards of ownership of the goods are transferred to the buyers and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, The Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, The Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all borrowing costs are recognized in profit or loss in the year in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment arrangements - employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

The grant by the Company of its equity instruments to the employees of a subsidiary under equity-settled share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Write-down of inventory

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value was based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH

	December 31	
	2021	2020
Cash on hand	\$ 300	\$ 300
Checking accounts and demand deposits	<u>3,142,467</u>	<u>2,073,276</u>
	<u>\$ 3,142,767</u>	<u>\$ 2,073,576</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Metal price swap contracts (a)	\$ -	\$ 56,078
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>64,427</u>	<u>33,476</u>
	<u>\$ 64,427</u>	<u>\$ 89,554</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts (b)	<u>\$ 74</u>	<u>\$ 1,636</u>

- a. At the end of the reporting period, outstanding metal price swap contracts not under hedge accounting were as follows:

December 31, 2020

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price swaps	USD 6,852	4,375	USD 1,551 ~ 1,586	2021.01-2021.02

- b. At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

December 31, 2021

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
USD 10,000	2022.03	0.29%	Libor 3 months

December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
USD 40,000	2021.12-2022.03	0.17%-0.5%	Libor 1-3 months

The net gain (loss) attributable to the above derivative contracts in 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Foreign exchange swap contracts	\$ -	\$ (2,793)
Mutual funds	875	3,047
Interest rate swap contracts	(149)	(1,660)
Metal price swap contracts	(1,096)	197,105
Foreign exchange forward contracts	<u>7,042</u>	<u>668</u>
	<u>\$ 6,672</u>	<u>\$ 196,367</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2021	2020
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 75,872</u>	<u>\$ 16,353</u>

These investments in equity instruments at FVTOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of

holding these investments for long-term purposes.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 3,879	\$ 7,732
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 3,879</u>	<u>\$ 7,732</u>
Notes receivable - operating	<u>\$ 3,879</u>	<u>\$ 7,732</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 6,903,921	\$ 3,042,665
Less: Allowance for impairment loss	<u>(2,230)</u>	<u>(2,411)</u>
	<u>\$ 6,901,691</u>	<u>\$ 3,040,254</u>

The average credit period of the sale of goods was 30-180 days. No interest was charged on accounts receivable. The allowance for impairment loss was recognized based on estimated irrecoverable amounts determined by reference to the accounts' aging analysis, past default experience with the respective customers and analysis of those customers' current financial positions.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information or its own trading records to rate its customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status for notes receivable and the provision for loss allowance based on invoice date for accounts receivable are not further distinguished according to the Company's different customer base.

The Company writes off an account receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following tables detail the loss allowance of notes receivable and accounts receivable based on the Company's provision matrix:

Notes Receivable

December 31, 2021

	Not Past Due
Expected credit loss rate	0%
Gross carrying amount	\$ 3,879
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 3,879</u>

December 31, 2020

	Not Past Due
Expected credit loss rate	0%
Gross carrying amount	\$ 7,732
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 7,732</u>

Account Receivable (including related parties)

December 31, 2021

	<u>No indication of default of debtor</u>				Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	
Expected credit loss rate	0%	0%	0%	0% ~ 70%	
Gross carrying amount	\$ 2,385,574	\$ 1,587,995	\$ 1,749,125	\$ 1,181,227	\$ 6,903,921
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,230)</u>	<u>(2,230)</u>
Amortized cost	<u>\$ 2,385,574</u>	<u>\$ 1,587,995</u>	<u>\$ 1,749,125</u>	<u>\$ 1,178,997</u>	<u>\$ 6,901,691</u>

December 31, 2020

	<u>No indication of default of debtor</u>				Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	
Expected credit loss rate	0%	0%	0%	0% ~ 70%	
Gross carrying amount	\$ 679,945	\$ 289,389	\$ 331,481	\$ 1,741,850	\$ 3,042,665
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,411)</u>	<u>(2,411)</u>
Amortized cost	<u>\$ 679,945</u>	<u>\$ 289,389</u>	<u>\$ 331,481</u>	<u>\$ 1,739,439</u>	<u>\$ 3,040,254</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 2,411	\$ 2,411
Less: Amounts written off	<u>(181)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,230</u>	<u>\$ 2,411</u>

10. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 696,912	\$ 500,251
Merchandise	279,823	22,056
Work in progress	700,230	498,589
Raw materials	1,456,585	912,850
Materials	7,931	5,326
Raw materials in transit	<u>5,099</u>	<u>5,751</u>
	<u>\$ 3,146,580</u>	<u>\$ 1,944,823</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$9,656,604 thousand and \$5,495,173 thousand, respectively, including loss on inventory of NT\$18,897 thousand and NT\$0, respectively.

11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Pledged time deposits	\$ 2,486,675	\$ 387,977
Pledged demand deposits (reserve account)	<u>2,576,659</u>	<u>583,845</u>
	<u>\$ 5,063,334</u>	<u>\$ 971,822</u>
<u>Non-current</u>		
Pledged time deposits	\$ 20,000	\$ 20,000
Pledged demand deposits (reserve account)	223,025	324,468
Refundable deposits	<u>15,509</u>	<u>14,019</u>
	<u>\$ 258,534</u>	<u>\$ 358,487</u>

- a. As of December 31, 2021 and 2020, the interest rates of time deposits (including both time deposits with original maturities of more than three months and pledged time deposits) were 0.01% - 2.1% p.a. and 0.07% - 2.74% p.a., respectively.
- b. Refer to Note 30 for information related to financial assets at amortized cost pledged as collateral.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND PREPAYMENT FOR INVESTMENTS

	December 31	
	2021	2020
Investments in subsidiaries	\$ 37,974,632	\$ 34,534,963
Investments in associates	<u>-</u>	<u>129,555</u>
	<u>\$ 37,974,632</u>	<u>\$ 34,664,518</u>

a. Investments in subsidiaries

	December 31			
	2021		2020	
	Amount	Percentage of Ownership (Note 1)	Amount	Percentage of Ownership (Note 1)
Ta Chen International, Inc. (“TCP”)	\$ 32,614,117	100%	\$ 27,189,529	100%
Ta Chen (B.V.I.) Holdings Ltd. (“Ta Chen BVI”)	1,762,704	100%	1,833,617	100%
Brighton-Best International (Taiwan) Inc. (“BBI-TW”)	3,122,164	39.09%	5,264,398	39.08%
Yinrong (Shanghai) Investment Management Limited	6,022	100%	6,022	100%
Wei Mei Roller Blind Co., Ltd. (Note 2)	29,861	100%	566	100%
Ta Chen (Hong Kong) Limited (“TCHK”)	225,034	100%	240,831	100%
Lung Mei Cloth Co., Ltd. (Note 3)	164,774	69.17%	-	-
Ta Chen Interior Design Co., Ltd. (Note 4)	49,956	100%	-	-
	<u>\$ 37,974,632</u>		<u>\$ 34,534,963</u>	

Note 1: The proportion of ownership and voting rights of the subsidiaries as of the balance sheet date.

Note 2: The subsidiary has been renamed from “Pyramid Stainless Steel Co., Ltd.” to its current name on September 1, 2022.

Note 3: The Company originally held 48.75% of the shares of Lung Mei Cloth Co., Ltd. and further acquired 20.42% of the shares from non-related parties on April 1, 2022; as its total shareholding percentage of Lung Mei Cloth Co., Ltd. is 69.17%, it is deemed as a subsidiary of the Company. Please refer to Note 25 for the related information of acquired shares of Lung Mei Cloth Co., Ltd.

Note 4: Established in September 2022.

The Company has the practical ability to control BBI-TW and deems it a subsidiary.

Refer to Tables 7 and 8 for details of the subsidiaries directly and indirectly held by the Company.

b. Investments in associates

Associate that is not individually material

	December 31	
	2021	2020
Associate that is not individually material		
Lung Mei Cloth Co., Ltd.	\$ <u> -</u>	\$ <u> 129,555</u>

Lung Mei Cloth Co., Ltd. was deemed as a subsidiary on April 1, 2022.

Aggregate information of associates that are not individually material

	For the Three months Ended March 31, 2021	For the Year Ended December 31, 2020
The Company share of:		
Net profit for the year	\$ 9,462	\$ 3,291
Other comprehensive income	<u> -</u>	<u> -</u>
Total comprehensive income for the year	\$ <u> 9,462</u>	\$ <u> 3,291</u>

c. Prepayment for investments

The Company participated in the subscription of the ordinary shares of TY STEEL CO., LTD. and acquired 38.43% of the shares; the registration was completed in January 2022.

13. PROPERTY, PLANT AND EQUIPMENT

- a. Refer to Table 10 for the movements of property, plant and equipment in 2021 and 2020.
- b. As of December 31, 2021 and 2020, the Company held farmland (included in land) of which the proprietary rights were registered in the name of others. The Company has acquired the declaration regarding the unconditional transfer of ownership from the owner, Robert Hsieh.
- c. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	2-50 years
Buildings	
Main buildings	10 -50 years
Motorized power equipment	5-10 years
Engineering systems	2-25 years
Machinery and equipment	2-25 years
Electrical equipment	2-20 years
Transportation equipment	2-5 years
Office equipment	2-10 years
Molding equipment	2-10 years
Leasehold improvements	2-25 years
Other equipment	2-15 years

- d. Refer to Note 30 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

- e. Due to the freehold nature of the equipment of the valve factories' in the stainless steel and aluminum segment, the estimated future cash flows expected to arise from the related equipment decreased. The Company carried out a review of the recoverable amount of the related equipment and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of \$37,965 thousand for the year ended December 31, 2021.

The Company determined the recoverable amounts of the relevant assets on the basis of their fair values less costs of disposal. The fair values used in determining the recoverable amounts were categorized as Level 3 measurements.

14. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 38,886	\$ 48,937
Buildings	<u>3,154</u>	<u>3,818</u>
	<u>\$ 42,040</u>	<u>\$ 52,755</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 3,322</u>	<u>\$ 43,669</u>
Depreciation charge for right-of-use assets		
Land	\$ 11,089	\$ 11,054
Buildings	2,948	2,654
Transportation equipment	<u>-</u>	<u>3,167</u>
	<u>\$ 14,037</u>	<u>\$ 16,875</u>

- b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 11,435</u>	<u>\$ 13,282</u>
Non-current	<u>\$ 31,174</u>	<u>\$ 39,789</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	1.55%-1.58%	1.55%
Buildings	1.55%-1.67%	1.55%
Transportation equipment	-	1.55%

c. Material leasing activities and terms

The Company leases land and buildings for the use of plants, warehouses and dormitories. The ranges of lease terms for right-of-use assets were as follows:

Land	3 to 50 years
Buildings	1.5 to 3 years
Transportation equipment	3 years

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 29,030	\$ 22,844
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 252	\$ 220
Total cash outflow for leases	\$ (44,558)	\$ (40,998)

The Company's leases of certain plant and office equipment qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2021	2020
Prepayments		
Prepaid materials	\$ 547,567	\$ 72,760
Prepaid rents	-	7,072
Prepaid insurance	7,643	7,654
Other prepayments	74,228	12,948
	<u>\$ 629,438</u>	<u>\$ 100,434</u>

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
<u>Secured borrowings</u>		
Revolving bank borrowings	\$ 2,222,398	\$ 3,093,774
Borrowings of usance L/C	3,397,200	1,304,182
	<u>\$ 5,619,598</u>	<u>\$ 4,397,956</u>

The interest rates of short-term borrowings at the end of the reporting period were as follows:

	December 31	
	2021	2020
Revolving bank borrowings	0.9%-2.5%	0.49%-2.75%
Borrowings of usance L/C	0.8%-1.15%	0.86%-1.2%

As for the borrowings of usance L/C and revolving bank borrowings as of December 31, 2021 and 2020, the Company had signed cross-currency swap contracts with financial institutions. The amount of hedged loans for interest rate and exchange rate risks was \$265,728 thousand (US\$9,600 thousand) and \$654,186 thousand (US\$22,970 thousand) as of December 31, 2021 and 2020, respectively. Refer to Note 28.

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	\$ 80,000	\$ 1,180,000
Less: Unamortized discounts on bills payable	<u>10</u>	<u>795</u>
	<u>\$ 79,990</u>	<u>\$ 1,179,205</u>

Outstanding short-term bills payable were as follows:

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
China Bills	<u>\$ 80,000</u>	<u>\$ 10</u>	<u>\$ 79,990</u>	Note 1	None

Note 1: The range of interest rates was 0.5% per annum.

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
China Bills	\$ 180,000	\$ 28	\$ 179,972	Note 2	None
Grand Bills	200,000	74	199,926	Note 2	None
Taiwan Bills	200,000	76	199,924	Note 2	None
International Bills	100,000	182	99,818	Note 2	None
Dah Chung Bills	150,000	152	149,848	Note 2	None
Mega Bills	100,000	8	99,992	Note 2	None
Cooperative Bills	150,000	161	149,839	Note 2	None
Ta Ching Bills	<u>100,000</u>	<u>114</u>	<u>99,886</u>	Note 2	None
	<u>\$1,180,000</u>	<u>\$ 795</u>	<u>\$1,179,205</u>		

Note 2: The range of interest rates was 0.4-0.89% per annum.

c. Long-term borrowings

	December 31	
	2021	2020
<u>The Company</u>		
1) Syndicated bank loan - 2018		
a) Loan (A) medium-term and long-term secured borrowings	\$ 3,740,000	\$ 6,222,500
b) Loan (B) medium-term and long-term secured borrowings	-	1,100,000
c) Loan (D) medium-term and long-term secured borrowings (commercial paper)	-	699,789
2) Unsecured loan		
Due from May 2021 to February 2034, interest rates at 0.95% p.a. and 0.95%-1.83% p.a. as of December 31, 2021 and 2020, respectively.	300,000	2,783,190
3) Secured loan		
Due from April 2022 to December 2023, interest rates at 1.2%-1.4% p.a. and 1.15%-1.4% p.a. as of December 31, 2021 and 2020, respectively.	<u>635,000</u>	<u>1,657,889</u>
	4,675,000	12,463,368
Less: Unamortized arrangement fees of long-term borrowings	<u>14,062</u>	<u>21,731</u>
	4,660,938	12,441,637
Less: Current portions	<u>1,337,330</u>	<u>3,401,640</u>
Long-term borrowings	<u>\$ 3,323,608</u>	<u>\$ 9,039,997</u>

The main purposes of the syndicated loan and medium-term and long-term loans are to enhance operating revolving funds and arrange for capital expenditures in accordance with the long-term financial plans of the Company. The details are as follows:

The Company entered into a syndicated loan agreement (credit facility of up to \$12.5 billion with a syndicate of banks in October 2018 (due in October 2023)).

The credit line and credit used as of December 31, 2021 and 2020 were as follows:

	Credit Line (In Thousands)	Credit Used		Duration Period	Interest Rate
		2021	2020		
Loan (A)	\$ 6,550,000	\$ 3,740,000	\$ 6,222,500	Within 5 years from the first drawdown date until the maturity date, inclusive of a grace period of 24 months.	1.8% and 2.1% as of December 31, 2021 and 2020, respectively
Loan (B)	1,880,000	-	1,100,000	Within 5 years from the first drawdown date until the maturity date.	2% as of December 31, 2020
Loan (C)	3,370,000	-	-	Within 5 years from the first drawdown date until the maturity date.	-
Loan (D)	700,000	-	700,000	Within 1 years from the first drawdown date until the maturity date. Under the syndicated loan agreement, Loan (D) is renewable.	0.5%-1.262% as of December 31, 2020
	<u>\$12,500,000</u>	<u>\$ 3,740,000</u>	<u>\$ 8,022,500</u>		

Repayment terms were as follows:

Loan (A): Within 24 months from the first drawdown date until the maturity date, repayable in seven semiannual installments. The first two installments each repays 5% of the unsettled balance of principal; the third to sixth installments each repays 10% of the unsettled balance of principal; and the seventh installment repays 50% of the unsettled balance of principal (all the outstanding principal remained).

Loan (B) and Loan (C): The loan must be repaid on the maturity date, mentioned in the drawdown notice; otherwise, the payment shall be made in accordance with the syndicated loan agreement.

Loan (D): From the first drawdown date until the maturity date, the loan is allowed to be used on a revolving basis. The commercial paper is renewable under the syndicated loan agreement with the proceeds from the newly issued commercial paper repaying the originally issued.

Under the syndicated loan agreement, the land, buildings and other facilities were pledged as collateral.

The syndicated loan agreement contains certain financial covenants as follows:

- 1) Current ratio: At least 120%
- 2) Debt ratio: No more than 290%
- 3) Interest coverage ratio: At least 2 times
- 4) Tangible net worth: At least \$13.5 billion

All of the liabilities and interest expenses attributed to the application of IFRS 16 are excluded from the computation of debt ratio and interest coverage ratio above.

The Company is required to comply with those financial covenants in each of its annual audited financial statements and semi-annual reviewed financial statements.

As of and for the year ended December 31, 2021, the Company had complied with the above requirements.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable</u>		
Operating	\$ 50,958	\$ 33,171
Non-operating	<u>23,762</u>	<u>29,471</u>
	<u>\$ 74,720</u>	<u>\$ 62,642</u>

The non-operating notes payable listed above were used for purchasing property, plant, and equipment.

Accounts payable

Accounts payable resulted from operating activities. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	December 31	
	2021	2020
Other payables		
Salaries and incentive bonus	\$ 508,846	\$ 54,330
Remuneration of directors	48,088	-
Employees' compensation	310,526	59,662
Interest payables	10,231	17,838
Labor and health insurance payables	12,525	10,583
Utilities payables	5,180	4,223
Accrued expenses	61,025	36,709
Payables for annual leave	<u>12,680</u>	<u>12,680</u>
	<u>\$ 969,101</u>	<u>\$ 196,025</u>
Other current liabilities		
Advance receipts	\$ 10,754	\$ 9,439
Receipts under custody	<u>4,165</u>	<u>2,666</u>
	<u>\$ 14,919</u>	<u>\$ 12,105</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes contributions, equal to 15% of total monthly salaries, to a pension fund, for which the contributions are deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 313,773	\$ 315,231
Fair value of plan assets	<u>(379,826)</u>	<u>(371,954)</u>
Net defined benefit assets	<u>\$ (66,053)</u>	<u>\$ (56,723)</u>

Movements of net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	\$ 322,418	\$ (345,876)	\$ (23,458)
Service cost			
Current service cost	4,654	-	4,654
Net interest expense (income)	<u>2,417</u>	<u>(2,684)</u>	<u>(267)</u>
Recognized in profit or loss	<u>7,071</u>	<u>(2,684)</u>	<u>4,387</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,100)	(11,100)
Actuarial loss - changes in demographic assumptions	566	-	566
Actuarial loss - changes in financial assumptions	7,160	-	7,160
Actuarial gain - experience adjustments	(11,878)	-	(11,878)
Recognized in other comprehensive income	<u>(4,152)</u>	<u>(11,100)</u>	<u>(15,252)</u>
Contributions from the employer	<u>-</u>	<u>(22,400)</u>	<u>(22,400)</u>
Benefits paid	<u>(10,106)</u>	<u>10,106</u>	<u>-</u>
Balance at December 31, 2020	<u>315,231</u>	<u>(371,954)</u>	<u>(56,723)</u>
Service cost			
Current service cost	3,841	-	3,841
Net interest expense (income)	<u>1,576</u>	<u>(1,917)</u>	<u>(341)</u>
Recognized in profit or loss	<u>5,417</u>	<u>(1,917)</u>	<u>3,500</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,632)	(4,632)
Actuarial loss - changes in demographic assumptions	7,947	-	7,947
Actuarial gain - changes in financial assumptions	(3,468)	-	(3,468)
Actuarial loss - experience adjustments	<u>9,023</u>	<u>-</u>	<u>9,023</u>
Recognized in other comprehensive income	<u>13,502</u>	<u>(4,632)</u>	<u>8,870</u>
Contributions from the employer	<u>-</u>	<u>(21,700)</u>	<u>(21,700)</u>
Benefits paid	<u>(20,377)</u>	<u>20,377</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 313,773</u>	<u>\$ (379,826)</u>	<u>\$ (66,053)</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 2,305	\$ 2,987
Selling and marketing expenses	273	320
General and administrative expenses	<u>922</u>	<u>1,080</u>
	<u>\$ 3,500</u>	<u>\$ 4,387</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and, debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.625%	0.50%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions were to occur and all other assumptions were to remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	\$ (6,919)	\$ (7,161)
0.25% decrease	\$ 7,163	\$ 7,419
Expected rate of salary increase/decrease		
0.25% increase	\$ 6,945	\$ 7,183
0.25% decrease	\$ (6,744)	\$ (6,970)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plans for the next year	\$ 18,946	\$ 16,305
Average duration of the defined benefit obligation	9.1 years	9.3 years

20. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	2,200,000	1,800,000
Shares authorized	\$ 22,000,000	\$ 18,000,000
Number of shares issued and fully paid (in thousands)		
Ordinary shares	2,008,466	1,658,466
Shares issued		
Ordinary shares	\$ 20,084,659	\$ 16,584,659

On July 23, 2021, the Company's board of directors resolved to issue 350,000 thousand ordinary shares with a par value of \$10, for a tentative consideration of \$43 per share.

The portion of shares reserved for employees' subscription has been recognized as salary expense of \$158,642 thousand based on the fair value of the stock options, which was also included in capital surplus – employee stock options. The capital increase in cash had been approved by the Securities and Futures Bureau of the FSC on August 17, 2021, the board of directors determined the base date of the capital increase as October 25, 2021, and the registration for the change had been completed.

In June 2020, the shareholders resolved in their meeting to issue 24,676 thousand ordinary shares with a par value of NT\$10 as the appropriation of the 2019 earnings, which were fully paid for in the amount of \$246,758 thousand. On June 30, 2020, the above transaction was approved by the FSC, and the subscription base date was determined as July 21, 2020. The registration for the change had also been completed.

On July 10, 2020, the Company's board of directors resolved to issue 500,000 thousand ordinary shares with a par value of \$10, for a tentative consideration of \$20 per share. On August 7, 2020, the above transaction was approved by the FSC.

Subsequently, on August 13, 2020, the Company's board of directors resolved to reduce the number of ordinary shares issued to 400,000 thousand, for an adjusted consideration of \$18 per share. The portion of shares reserved for employees' subscription has been recognized as salary expense of \$19,708 thousand based on the fair value of the stock options, which was also included in capital surplus – employee stock options. The amendment of the above capital increase in cash had been approved by the Securities and Futures Bureau of the FSC on August 24, 2020, and the payments for the shares have been fully collected. The board of directors determined the base date of the capital increase as October 27, 2020, and the registration for the change had been completed.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 22,054,172	\$ 11,672,302
Treasury share transactions	458,048	305,094
The difference between the consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	315,032	360,277
Expired employee share options	13,503	13,503
<u>May only be used to offset a deficit</u>		
Shares of changes in capital surplus of subsidiary	<u>153,061</u>	<u>3,186</u>
	<u>\$ 22,993,816</u>	<u>\$ 12,354,362</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

The board of directors of BBI-TW, which is the subsidiary of the Company, resolved to transfer all treasury shares to employees for \$26.5 per share, The portion of share-based payment transferred for the Company's employees' has been recognized as capital surplus – share of changes in capital surplus of subsidiary of \$116,395 thousand.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 22(i) "Employees' compensation and remuneration of directors and supervisors for 2021 and 2020."

In line with current and future development plans, the Company's dividend policy is to allocate no less than 50% of the distributable earnings as shareholders' dividends and bonuses, taking into consideration the investment environment, funding needs, domestic and foreign competitive conditions and shareholders' interests. Dividends can be distributed in the form of cash or shares, out of which no less than 20% of the total dividends distributed should be in the form of cash.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate or reverse a special reserve.

The appropriations of earnings for 2020 and 2019, approved in the shareholders' meetings in July 2021 and June 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ -	\$ 182,078		
Special reserve	621,056	1,300,610		
Cash dividends	-	1,048,722	\$ -	\$ 0.85
Share dividends	-	246,758	-	0.2

The issuance of cash dividends of \$1,326,772 thousand and \$185,069 thousand from the capital surplus at NT\$0.8 and NT\$0.15 per share was also approved in the shareholders' meeting in July 2021 and June 2020, respectively.

The appropriations of earnings for 2021 was proposed by the Company's board of directors on March 25, 2022. The appropriations were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 966,840	
Special reserve	1,775,669	
Cash dividends	3,615,239	\$ 1.8
Share dividends	200,847	\$ 0.1

The appropriation of earnings for 2021 is subject to resolution of the shareholders in their meeting to be held in 2022.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (2,527,406)	\$ (974,583)
Exchange differences on translating the financial statements of foreign operations	(942,732)	(1,420,491)
Shares from subsidiaries and associates accounted for using the equity method	<u>(136,181)</u>	<u>(132,332)</u>
Balance at December 31	<u>\$ (3,606,319)</u>	<u>\$ (2,527,406)</u>

2) Unrealized gain and losses on financial assets at fair value through other comprehensive income

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (7,745)	\$ 515
Recognized for the year		
Shares from subsidiaries and associates accounted for using the equity method	<u>26,315</u>	<u>(8,260)</u>
Balance at December 31	<u>\$ 18,570</u>	<u>\$ (7,745)</u>

3) Gain (loss) on hedging instruments

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (960,368)	\$ (379,532)
Gain (loss) arising on changes in the fair value of hedging instruments		
Cross-currency swaps	28,405	(5,638)
Related income tax	(3,643)	3,694
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss		
Cross-currency swaps	(10,193)	(12,830)
Shares from subsidiaries and associates accounted for using the equity method	<u>649,743</u>	<u>(566,062)</u>
Balance at December 31	<u>\$ (296,056)</u>	<u>\$ (960,368)</u>

e. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2021	76,933
Increase during the year	171,252
Decrease during the year	<u>(8,624)</u>
Number of shares at December 31, 2021	<u>239,561</u>
Number of shares at January 1, 2020	66,746
Increase during the year	18,817
Decrease during the year	<u>(8,630)</u>
Number of shares at December 31, 2020	<u>76,933</u>

BBI-TW and Ta Chen Empire Co., Ltd. (TCE) held shares of the Company and classified them as financial assets at FVTPL and financial assets at FVTOCI. The Company recognized treasury shares by ownership percentage of BBI-TW.

For the purpose of investment, related information regarding shares of the Company held by subsidiaries on the balance sheet date was as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Cost	Market Price
<u>December 31, 2021</u>			
BBI-TW	<u>137,954</u>		<u>\$ 6,380,373</u>
TCE	<u>101,607</u>		<u>\$ 4,699,350</u>
Belonging to the Company	<u>93,644</u>	<u>\$ 4,004,953</u>	<u>\$ 4,331,035</u>
<u>December 31, 2020</u>			
BBI-TW	<u>65,149</u>		<u>\$ 2,039,173</u>
TCE	<u>11,784</u>		<u>\$ 368,852</u>
Belonging to the Company	<u>30,065</u>	<u>\$ 1,132,861</u>	<u>\$ 941,035</u>

Treasury shares held by BBI-TW and TCE are bestowed shareholders' rights because the ownership percentage held by the Company was under 50%.

21. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 15,232,827</u>	<u>\$ 6,237,417</u>

Contract balances

	December 31		January 1, 2020
	2021	2020	
Accounts receivable (Note 9)	\$ <u>6,901,691</u>	\$ <u>3,040,254</u>	\$ <u>2,264,165</u>

Refer to Statement 14 for segment revenue information.

22. PROFIT (LOSS) BEFORE INCOME TAX

a. Other operating income and expenses

	For the Year Ended December 31	
	2021	2020
Loss on disposal of property, plant and equipment	\$ <u>(2,279)</u>	\$ <u>(6,055)</u>

b. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits and financial assets at amortized cost	\$ <u>3,682</u>	\$ <u>7,988</u>

c. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 2,673	\$ 2,525
Dividends	836	302
Others	<u>7,151</u>	<u>4,861</u>
	\$ <u>10,660</u>	\$ <u>7,688</u>

d. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 1,054,245	\$ 843,929
Foreign exchange losses	(1,193,279)	(996,782)
Net gain on financial assets designated as at FVTPL	6,672	196,367
Property, plant and equipment loss of impairment	(37,965)	-
Deemed as gain on disposal of associates accounted for using the equity method	12,197	-
Others	<u>(12,327)</u>	<u>(88)</u>
	\$ <u>(170,457)</u>	\$ <u>43,426</u>

e. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 272,167	\$ 367,874
Interest on lease liabilities	746	615
Amortization of arrangement fees of syndicated bank loans	7,669	7,670
Gain arising on derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	<u>(10,193)</u>	<u>(12,830)</u>
	270,389	363,329
Less: Amounts included in the cost of qualifying assets	<u>3,726</u>	<u>2,803</u>
	<u>\$ 266,663</u>	<u>\$ 360,526</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	\$ 3,726	\$ 2,803
Capitalization rate	1.51%	1.71%

f. Impairment loss

	For the Year Ended December 31	
	2021	2020
Other receivables	<u>\$ (16,928)</u>	<u>\$ (12,869)</u>

g. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 108,607	\$ 183,053
Operating expenses	<u>27,234</u>	<u>29,680</u>
	<u>\$ 207,841</u>	<u>\$ 212,733</u>
An analysis of amortization by function		
Operating costs	<u>\$ 605</u>	<u>\$ 709</u>

h. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 1,885,548	\$ 642,650
Post-employment benefits (refer to Note 19)		
Defined contribution plans	23,702	22,022
Defined benefit plans	<u>3,500</u>	<u>4,387</u>
	<u>27,202</u>	<u>26,409</u>
 Total employee benefits expense	 <u>\$ 1,912,750</u>	 <u>\$ 669,059</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 517,545	\$ 463,528
Operating expenses	<u>1,395,205</u>	<u>205,531</u>
	<u>\$ 1,912,750</u>	<u>\$ 669,059</u>

i. Employees' compensation and remuneration of directors for 2021 and 2020

In accordance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates of 3% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the year ended December 31, 2021, which was approved by the Company's board of directors on March 25, 2022, were as follows:

Accrual rate

	For the Year Ended December 31, 2021
Employees' compensation	3%
Remuneration of directors	0.46%

Amount

	For the Year Ended December 31, 2021
Employees' compensation - cash	\$ 310,526
Remuneration of directors - cash	48,088

If there is a change in the amounts after the annual standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

No employees' compensation and remuneration of directors were estimated due to the loss before income tax for the year ended December 31, 2020.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2020 and 2019

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

- a. Major components of tax expense (benefit) recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 503,847	\$ -
Adjustments for prior years	<u>20,852</u>	<u>(19,597)</u>
	<u>524,699</u>	<u>(19,597)</u>
Deferred tax		
In respect of the current year	<u>(205,380)</u>	<u>(9,137)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 319,319</u>	<u>\$ (28,734)</u>

The reconciliation of accounting profit and income tax expense (benefit) is as follows:

	For the Year Ended December 31	
	2021	2020
Profit (loss) before tax	<u>\$ 9,992,236</u>	<u>\$ (602,155)</u>
Income tax expense (benefit) calculated at the statutory rate	\$ 1,998,447	\$ (120,431)
Nondeductible expenses (income) in determining taxable income	(1,684,877)	111,187
Adjustments for prior years	20,852	(19,597)
Unrecognized deductible temporary differences	<u>(15,103)</u>	<u>107</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 319,319</u>	<u>\$ (28,734)</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year:		
Fair value changes of hedging instruments for cash flow hedges	\$ (3,643)	\$ 3,694
Remeasurement of defined benefit plans	<u>1,774</u>	<u>(3,050)</u>
Total income tax recognized in other comprehensive income	<u>\$ (1,869)</u>	<u>\$ 644</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ -	\$ 588
Current tax liabilities		
Income tax payable	\$ 503,680	\$ -

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized at in Other Comprehensive Income	Closing Balance
Temporary differences				
Difference between tax reporting and financial reporting - depreciation expenses	\$ 15,217	\$ (10,992)	\$ -	\$ 4,225
Associates	49,496	416,043	-	465,539
Defined benefit obligations	13,898	-	1,774	15,672
Unrealized loss on inventories	2,764	3,779	-	6,543
Payables for annual leave	2,536	-	-	2,536
Unallocated fixed manufacturing costs	2,525	2,076	-	4,601
Unrealized exchange losses	25,923	(16,973)	-	8,950
Unrealized loss on financial liabilities	407	(105)	-	302
Derivative financial liabilities for hedging	3,538	-	(3,538)	-
	<u>116,304</u>	<u>393,828</u>	<u>(1,764)</u>	<u>508,368</u>
Tax losses	<u>186,526</u>	<u>(186,526)</u>	<u>-</u>	<u>-</u>
	<u>\$ 302,830</u>	<u>\$ 207,302</u>	<u>\$ (1,764)</u>	<u>\$ 508,368</u>
Deferred Tax Liabilities				
Temporary differences				
Derivative financial assets for hedging	\$ -	\$ -	\$ 105	\$ 105
Unrealized gain or loss on financial instrument	-	57	-	57
Net defined benefit assets	<u>11,345</u>	<u>1,865</u>	<u>-</u>	<u>13,210</u>
	<u>\$ 11,345</u>	<u>\$ 1,922</u>	<u>\$ 105</u>	<u>\$ 13,372</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized at in Other Comprehensive Income	Closing Balance
Temporary differences				
Difference between tax reporting and financial reporting - depreciation expenses	\$ 17,596	\$ (2,379)	\$ -	\$ 15,217
Associates	60,606	(11,110)	-	49,496
Defined benefit obligations	16,948	-	(3,050)	13,898
Unrealized loss on inventories	19,600	(16,836)	-	2,764
Payables for annual leave	2,536	-	-	2,536
Unallocated fixed manufacturing costs	2,073	452	-	2,525
Unrealized exchange losses	18,917	7,006	-	25,923
Unrealized loss on financial liabilities	474	(67)	-	407
Derivative financial liabilities for hedging	-	-	3,538	3,538
	<u>138,750</u>	<u>(22,934)</u>	<u>488</u>	<u>116,304</u>
Tax losses	<u>147,801</u>	<u>38,725</u>	<u>-</u>	<u>186,526</u>
	<u>\$ 286,551</u>	<u>\$ 15,791</u>	<u>\$ 488</u>	<u>\$ 302,830</u>

(Continued)

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized at in Other Comprehensive Income	Closing Balance
Temporary differences				
Derivative financial assets for hedging	\$ 156	\$ -	\$ (156)	\$ -
Net defined benefit assets	<u>4,691</u>	<u>6,654</u>	<u>-</u>	<u>11,345</u>
	<u>\$ 4,847</u>	<u>\$ 6,654</u>	<u>\$ (156)</u>	<u>\$ 11,345</u>

(Concluded)

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the standalone balance sheets

	<u>December 31</u>	
	2021	2020
Deductible temporary differences	<u>\$ 16,228</u>	<u>\$ 1,125</u>

- f. Aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

The Company determined that the unappropriated earnings of overseas subsidiaries would be reinvested permanently for the continuous expansion of the scale of operations and to support the needs for operating funds of overseas subsidiaries (the unappropriated earnings as of December 31, 2021 were approved by the Company's board of directors in March 2022). As a result, no deferred tax liability has been recognized on the related investment income recognized under the equity method.

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$16,062,103 thousand and \$8,495,712 thousand, respectively.

- g. Income tax assessments

The tax returns through 2019 have been assessed by the tax authorities.

24. EARNINGS (LOSS) PER SHARE

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit (loss) for the year attributable to owners of the Company	<u>\$ 9,672,917</u>	<u>\$ (573,421)</u>

Number of Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,679,072	1,306,681
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>6,714</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u><u>1,685,786</u></u>	<u><u>1,306,681</u></u>

The Company offered to settle compensation paid to employees in cash or shares, therefore, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees in their meeting in the following year.

In consideration of the net loss for the year 2020, the dilutive effect of the potential shares attributed to employees' compensation was excluded from the computation of diluted earnings per share.

25. ACQUISITION OF A SUBSIDIARY THAT CONSTITUTES A BUSINESS - WITH OBTAINED CONTROL

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Lung Mei Cloth Co., Ltd.	Manufacture and sale of curtains and decorations	April 1, 2022	20.42	\$ 81,668

The Company originally held 9,750 thousand (48.75%) of the shares of Lung Mei Cloth Co., Ltd. and further acquired 4,083 thousand (20.42%) of the shares from non-related parties on April 1, 2022; as its total shareholding percentage of Lung Mei Cloth Co., Ltd. is 69.17%, it is deemed as a subsidiary of the Company. Lung Mei Cloth Co., Ltd. was acquired in order to continue the expansion of the Company's activities in curtains. For details about the acquisition of Lung Mei Cloth Co., Ltd., refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2021.

26. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

For details about the partial acquisition of subsidiaries, refer to Note 29 to the Group's consolidated financial statements for the year ended December 31, 2021.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged for 2021 and 2020. The capital structure of the Company consists of net debt and equity of the Company. Key management personnel of the Company review the

capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to improve the Company's earnings and manage the overall capital structure, the Company may adjust the amount of dividends paid to shareholders or existing debt redeemed and invested in financial instruments.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments that are not measured at fair value, such as cash, receivables, other financial assets, bank borrowings, short-term notes and bills payable and accounts payable, approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 64,427	\$ -	\$ -	\$ 64,427
Financial assets at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 75,872	\$ 75,872
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 74	\$ -	\$ 74
Financial liabilities for hedging				
Derivatives	\$ -	\$ 1,204	\$ -	\$ 1,204

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 56,078	\$ -	\$ 56,078
Mutual funds	33,476	-	-	33,476
	\$ 33,476	\$ 56,078	\$ -	\$ 89,554
Financial assets at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 16,353	\$ 16,353
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 1,636	\$ -	\$ 1,636
Financial liabilities for hedging				
Derivatives	\$ -	\$ 51,779	\$ -	\$ 51,779

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

The fair value measurement of foreign exchange swap contracts and cross currency swaps are based on the exchange rate quotations and corresponding yield curves. The fair value measurement of metal swap contracts are based on the forward quotations of the metal and the corresponding yield curves.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ -	\$ 56,078
Mandatorily classified as at FVTPL	64,427	33,476
Financial assets at amortized cost (Note 1)	15,509,890	6,488,267
Financial assets at FVTOCI	75,872	16,353
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	74	1,636
Financial liabilities for hedging	1,204	51,779
Financial liabilities at amortized cost (Note 2)	12,514,167	18,411,930

Note 1: The balances include financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable (related parties included), other receivables (related parties included) and financial assets at amortized cost (current and non-current).

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (long-term loans due in one year included), short-term bills payable, notes payable, accounts payable (related parties included) and other payables (related parties included).

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, accounts payable, short-term bills payable and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, other price risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price risk (refer to (c) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company has foreign currency sales and purchases, which exposes the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange swap contracts, foreign exchange forward contracts and foreign exchange option contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD. The following table details the Company's sensitivity to an increase and decrease in the functional currency against the relevant foreign currencies. A positive number below indicates an increase in pre-tax profit (loss) associated with the functional currency strengthening 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss), and the balances below would be negative.

	USD Impact (Note)	
	For the Year Ended December 31	
	2021	2020
Profit or loss	\$ 103,990	\$ 46,844

Note: \$265,728 thousand and \$654,186 thousand of short-term loans that were hedged with cross-currency swaps had been deducted from the impact of USD for the years ended December 31, 2021 and 2020, respectively.

This was mainly attributable to the exposure of outstanding cash, receivables, payables and borrowings denominated in USD which were not hedged at the balance sheet date.

The Company's sensitivity to foreign currency increased during the current period due to the increase in the sales of the US dollar denominated goods, which results in the increase in foreign currency denominated trade receivables. The management believes that the sensitivity analysis cannot represent the inherent risk of the exchange rate because the foreign currency risk at the balance sheet date cannot be reflected on the interim period that the sales in US dollar will vary with orders and asset investment position.

Hedge accounting

For the year ended December 31, 2021

Cross currency swaps

The Company's hedging strategy is to enter into cross-currency swap contracts to avoid fair value interest rate risks as well as cash flow fluctuating risks, resulted from changes in market

interest rates and exchange rates of outstanding floating rates and foreign currency denominated borrowings.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Company's own credit risk on the fair value of the cross currency swaps, which is not reflected in the cash flow of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness is expected to emerge from these hedging relationships.

The outstanding cross-currency swap contracts at the end of the reporting period were as follows:

For the year ended December 31, 2021

Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Forward Price	Line Item in Balance Sheet	Carrying Amount
						Liability
US\$9,600	2021.4.29-2022.4.29	0%	2.5%	(USD 1:NTD 27.68)	Financial liabilities for hedging	\$ 1,204

Hedged Item	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or losses on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge			
Long-term borrowings	\$ -	\$ 524	\$ -

For the year ended December 31, 2020

Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Forward Price	Line Item in Balance Sheet	Carrying Amount
						Liability
US\$5,000	2020.3.20-2021.3.22	0%	1.46%	(USD 1:NTD 30.245)	Financial liabilities for hedging	\$ 12,428
US\$9,600	2020.4.29-2021.5.4	0.25%	2.75%	(USD 1:NTD 29.90)	Financial liabilities for hedging	21,235
US\$8,370	2020.5.4-2021.5.6	0.10%	2.6%	(USD 1:NTD 29.87)	Financial liabilities for hedging	18,116

Hedged Item	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or losses on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge			
Long-term borrowings	\$ -	\$ (17,688)	\$ -

For the year ended December 31, 2021

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount Reclassified to P/L and the Adjusted Line Item
		Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge		
Forecast floating interest rate risk of foreign currency denominated borrowings	\$ 18,212	\$ (10,193)

For the year ended December 31, 2020

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount Reclassified to P/L and the Adjusted Line Item
		Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge		
Forecast floating interest rate risk of foreign currency denominated borrowings	\$ (18,466)	\$ (12,830)

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company through maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Cash flow interest rate risk		
Financial assets	\$ 5,890,316	\$ 2,954,235
Financial liabilities	10,280,536	16,139,804

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have been lower by \$41,245 thousand and \$125,314 thousand, respectively (which deducted the impact of loans hedged with cross currency swaps amounting to \$265,728 thousand and \$654,186 thousand, respectively).

c) Other price risk

The Company was exposed to market price risk through its investments in metal (namely aluminum and nickel) price swap contracts which aimed to lower the impact of material price fluctuations on profitability.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to market price risks at the end of the reporting period.

If the difference between the market price and exercise price of the unsettled aluminum and nickel price derivative instrument contracts had been 1% higher or lower, pre-tax profit for years ended December 31, 2020 would have increased or decreased by \$ 561 thousand, as a result of the changes in fair value of investments at fair value through profit or loss. With regard to the unsettled aluminum and nickel price swap contracts, the Company had recognized unrealized gains of \$56,078 thousand for years ended December 31, 2020.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the standalone balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

Apart from subsidiary TCI, which is the largest customer, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Accounts receivable consisted of a large number of customers which are spread across diverse industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of customers with accounts receivable.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities set out in (C) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest rates are floating, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

	On Demand or Less than 1 Year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 2,153,641	\$ -
Lease liabilities	11,612	31,657
Fixed interest rate bank loans	80,000	-
Floating interest rate bank loans	5,763,092	4,688,738
Financial guarantee contracts	<u>4,951,174</u>	<u>1,904,384</u>
	<u>\$ 12,959,519</u>	<u>\$ 6,624,779</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 11,612</u>	<u>\$ 25,104</u>	<u>\$ 6,553</u>

December 31, 2020

	On Demand or Less than 1 Year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 393,132	\$ -
Lease liabilities	13,488	40,406
Fixed interest rate bank loans	1,880,039	-
Floating interest rate bank loans	7,289,704	9,359,667
Financial guarantee contracts	<u>761,776</u>	<u>1,780,000</u>
	<u>\$ 10,338,139</u>	<u>\$ 11,180,073</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 13,488</u>	<u>\$ 31,673</u>	<u>\$ 8,733</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settled on a net basis. When the amount payable or receivable was not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2021

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Interest rate swap contracts	\$ 74	\$ -
Cross-currency swap contracts	<u>1,204</u>	<u>-</u>
	<u>\$ 1,278</u>	<u>\$ -</u>

December 31, 2020

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Interest rate swap contracts	\$ 1,636	\$ -
Cross-currency swap contracts	<u>51,779</u>	<u>-</u>
	<u>\$ 53,415</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities, reviewed annually:		
Amount used	\$ 5,999,598	\$ 8,484,035
Amount unused	<u>13,460,402</u>	<u>8,885,965</u>
	<u>\$ 19,460,000</u>	<u>\$ 17,370,000</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 4,375,000	\$ 9,557,500
Amount unused	<u>10,960,000</u>	<u>4,677,500</u>
	<u>\$ 15,335,000</u>	<u>\$ 14,235,000</u>

29. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and related parties are disclosed below.

- a. The names of the related parties and their relationships with the Company

Related Party Name	Relationship
Ta Chen International, Inc. (“TCI”)	Subsidiary
Empire Resources, Inc. (“ERI”)	Subsidiary
Primus Pipe and Tube, Inc. (PPT)	Subsidiary
Ta Chen (B.V.I.) Holdings Ltd. (“Ta Chen BVI”)	Subsidiary
Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiary
Ta Chen (Changshu) Co., Ltd.	Subsidiary (Note 1)
Ta Chen (Boye) Co., Ltd.	Subsidiary
Wei Mei Roller Blind Co., LTD.	Subsidiary
Brighton - Best International, Inc. (BBI-USA)	Subsidiary
Ta Chen (Hong Kong) Limited (TCHK)	Subsidiary
Lung Mei Cloth Co., Ltd.	Subsidiary (Note 2)
Ou Bo Hua Company	Related party in substance
Brighton-Best International (Taiwan) Inc. (BBI-TW)	Subsidiary
Ta Chen Empire Co., Ltd. (TCE)	Subsidiary

Note 1: The Company’s subsidiary, Ta Chen BVI, had sold 100% of its shares of Ta Chen (Changshu) Co., Ltd. to non-related parties.

Note 2: The Company originally held 48.75% of the shares of Lung Mei Cloth Co., Ltd. and further acquired 20.42% of the shares from non-related parties on April 1, 2022; as its total shareholding percentage of Lung Mei Cloth Co., Ltd. is 69.17%, it is deemed as a subsidiary of the Company.

- b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2021	2020
Revenue from sale of goods	TCI	\$ 13,081,124	\$ 3,733,217
	TCHK	168,648	976,478
	Lung Mei Cloth Co., Ltd.	66,398	70,677
	Subsidiaries	7,246	-
		\$ 13,323,416	\$ 4,780,372

- 1) Transaction prices

- a) The prices of goods sold to the U.S. were determined in consideration of both local market prices in the U.S. and related operating costs of subsidiaries. There are no similar transactions for the prices on goods sold to the U.S.
- b) The prices of items sold to subsidiaries in China and other related parties do not have similar transactions to which they can be compared.
- c) The prices of items sold to subsidiaries in Taiwan do not have similar transactions to which they can be compared.

2) Collection terms

For sales to subsidiaries, collections were 6 months after sales. As for unrelated parties, collection term is 3 months for domestic sales and 1 to 3 months for export sales.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries	<u>\$ 12,498</u>	<u>\$ 127,538</u>

1) Transaction prices

The items and prices of the purchases from related parties do not have similar transactions to which they can be compared.

2) Payment terms

The Company's payment terms to subsidiaries are 1 to 3 months or prepaid (depending on transaction terms); and the payment terms for third parties are 1 to 3 months.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Accounts receivable	TCI	\$ 6,543,647	\$ 2,861,698
	Lung Mei Cloth Co., Ltd.	8,438	8,239
	Subsidiaries	<u>-</u>	<u>49,436</u>
		<u>\$ 6,552,085</u>	<u>\$ 2,919,373</u>
Other receivables	Wei Mei Roller Blind Co., LTD.	\$ 60,000	\$ 4,000
	Subsidiaries	2,768	1,088
	Lung Mei Cloth Co., Ltd.	<u>57</u>	<u>33</u>
		<u>\$ 62,825</u>	<u>\$ 5,121</u>

The outstanding accounts receivable from related parties are unsecured. No impairment loss was recognized for receivables from related parties for the years ended December 31, 2021 and 2020.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Accounts payable	Subsidiaries	<u>\$ 8,576</u>	<u>\$ 12,110</u>
Other payable	TCHK	<u>\$ 694,250</u>	<u>\$ -</u>

The outstanding accounts payable to related parties are unsecured.

f. Refundable deposits

Line Item	Related Party Category/Name	December 31	
		2021	2020
Financial assets at amortized cost - non-current	Related parties in substance	\$ 1,900	\$ 1,600

g. Lease arrangements - the Company is lessee

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
<u>Interest expense</u>		
Related parties in substance	\$ 41	\$ 12
<u>Lease expense</u>		
Subsidiaries	\$ 17,143	\$ 12,857
Related parties in substance	11,886	9,936
	\$ 29,029	\$ 22,793

The Company entered into a contract with its related parties in substance to rent office space, dormitories, and vehicles from December 2020 to August 2023, and the rental is based on similar asset's market rental rates and fixed lease payments are paid quarterly.

Lease expenses included expenses relating to short-term leases, low-value asset leases and variable lease payments that do not depend on an index or a rate. Future lease payables related to short-term leases, low-value asset leases are as follows:

	December 31	
	2021	2020
Future lease payables	\$ 9,331	\$ 3,952

h. Lease arrangements

Lease arrangements - the Company is lessor under operating leases

The Company entered into a contract with its subsidiaries to rent out office space from May 2019 to November 2025. The rental is based on the market rental rates of similar properties, and fixed lease payments are received quarterly. As of December 31, 2021 and 2020, the gross lease payments received were \$3,660 thousand and \$4,740 thousand, respectively. Rental income was both \$1,080 thousand for the years ended December 31, 2021 and 2020.

The Company entered into a contract with Lung Mei Cloth Co., Ltd. to rent out office space from September 2021 to August 2022. As of December 31, 2021 and 2020, other receivables were \$57 thousand and \$33 thousand, respectively, and the commission from the gross lease payments received was based on the percentage of revenue. Rental income was \$627 thousand and \$481 thousand for the years ended December 31, 2021 and 2020, respectively.

i. Endorsements and guarantees

Refer to Table 2 for information regarding endorsements and guarantees provided by the Company.

j. Other transactions with related parties

1) Information service income

The Company authorized its subsidiaries to use the information system and provided assistance to maintain the system. The information service income, included in other income, were both \$960 thousand for the years ended December 31, 2021 and 2020.

2) Meal service income

The Company charges its subsidiaries for providing lunch meal service to employees. The meal service income, included in other income, were \$2,188 thousand and \$364 thousand for the years ended December 31, 2021 and 2020, respectively.

3) Management service income

The Company supports its subsidiaries on purchasing of goods and charges management service fees. The management service income were both \$1,920 thousand for the years ended December 31, 2021 and 2020.

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 95,519	\$ 27,873
Post-employment benefits	557	641
Share-based payment	<u>5,896</u>	<u>621</u>
	<u>\$ 101,972</u>	<u>\$ 29,135</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2021	2020
Financial assets at amortized cost (pledged time deposits and reserve account)	\$ 5,306,359	\$ 1,316,290
Property, plant and equipment, net	2,244,543	2,275,702
Investment accounted for using the equity method (shares of BBI-TW)	<u>867,143</u>	<u>1,711,768</u>
	<u>\$ 8,418,045</u>	<u>\$ 5,303,760</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2021 and 2020 were as follows:

- a. Unused letters of credit for purchases of raw materials as of December 31, 2021 and 2020 were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Unused letters of credit for purchases of raw materials	\$ 701,708	\$ 411,965

- b. Unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Acquisition of property, plant and equipment	\$ 385,574	\$ 289,115

- c. As of December 31, 2021 and 2020, the Company's provision of endorsement and guarantee to the subsidiaries for bank borrowings were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Amount endorsed and guaranteed	\$ 7,077,165	\$ 2,622,019
Amount utilized	\$ 3,094,615	\$ 2,622,019

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 414,553	27.68	\$ 11,474,815
Non-monetary items			
Investment accounted for using the equity method			
USD	2,038,348	27.68	56,421,470

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 48,467	27.68	\$ 1,341,565 (Concluded)

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 176,894	28.48	\$ 5,037,930
Non-monetary items			
Investment accounted for using the equity method			
USD	1,632,527	28.48	46,494,358

Financial liabilities

Monetary items			
USD	35,384	28.48	1,007,731

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2021		2020	
	Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate
USD	27.68 (USD:NTD)	\$ (137,740)	28.48 (USD:NTD)	\$ (151,065)
EUR	31.32 (EUR:NTD)	(1,318)	35.02 (EUR:NTD)	(45)
CNY	4.3415 (CNY:NTD)	92	4.377 (CNY:NTD)	(1,630)
GBP	37.3 (GBP:NTD)	<u>(68)</u>	37.30 (GBP:NTD)	<u>(113)</u>
		<u>\$ (139,034)</u>		<u>\$ (152,853)</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 9) Trading in derivative instruments (Notes 7 and 28)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2 and 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

TABLE 1

TA CHEN STAINLESS PIPE CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	
													Item	Value			
0	The Company	Wei Mei Window, Inc.	Other receivables from related parties	Y	\$ 60,000	\$ 60,000	\$ 60,000	-	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 4,902,521	\$ 19,610,084	
1	Ta Chen (B.V.I.) Holdings Ltd.	TMCT Product, Inc.	Other receivables from related parties	Y	277,380	-	-	2%	2	-	Operating capital	-	None	-	1,763,546	1,763,546	
2	Brighton-Best International (Taiwan) Inc.	Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	1,443	-	-	-	1	7,254	-	-	None	-	7,254	8,505,981	
		Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	5,068	4,723	-	-	-	2	-	Operating capital	-	None	-	3,920,631	7,841,261
		Brighton-Best International (AU), Pty Ltd.	Other receivables from related parties	Y	202,302	105,750	105,750	-	-	1	587,170	-	-	None	-	587,170	8,505,981
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	37,027	36,197	30,371	-	-	1	77,550	-	-	None	-	77,550	8,505,981
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	17,121	-	-	-	-	2	-	Operating capital	-	None	-	3,920,631	7,841,261
		Brighton-Best International (UK), Limited	Other receivables from related parties	Y	8,639	-	-	-	-	1	136,803	-	-	None	-	136,803	8,505,981
		Brighton-Best International, Inc.	Other receivables from related parties	Y	197,456	-	-	-	-	1	6,724,348	-	-	None	-	6,724,348	8,505,981
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	85,605	83,040	83,040	-	-	2	-	Operating capital	-	None	-	1,807,691	3,615,383
3	Brighton-Best International, Inc.	Brighton-Best International (Canada), Inc.	Other receivables from related parties	Y	71,338	69,200	-	-	2	-	"	-	None	-	1,807,691	3,615,383	
		Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	44,176	44,176	39,355	-	2	-	"	-	None	-	170,769	341,538	
4	Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Other receivables from related parties	Y	2,036,515	-	-	-	1	1,550,573	-	-	None	-	1,550,573	2,356,112	
		Empire Resources, Inc.	Other receivables from related parties	Y	564,934	-	-	-	1	347,713	-	-	None	-	347,713	2,356,112	
		Brighton-Best International (Taiwan) Inc.	Other receivables from related parties	Y	1,000,000	-	-	-	2	-	Operating capital	-	None	-	1,178,056	2,356,112	
5	Empire Resources, Inc.	8911 Kelso Drive	Other receivables from related parties	Y	104,825	-	-	-	2	-	"	-	None	-	3,377,410	3,377,410	
		Ta Chen International, Inc.	Other receivables from related parties	Y	2,758,405	2,758,405	960,496	-	2	-	"	-	None	-	3,377,410	3,377,410	
		Imbali Metals BVBA	Other receivables from related parties	Y	222,480	222,480	175,432	1M LIBOR+1.75%	2	-	Operating capital	-	None	-	3,377,410	3,377,410	
		Primus Pipe and Tube Holding, Inc.	Other receivables from related parties	Y	13,400	13,400	13,400	1M LIBOR+1.75%	2	-	"	-	None	-	944,690	944,690	
6	Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	Other receivables from related parties	Y	333,136	194,298	194,298	4.5%	2	-	"	-	None	-	1,125,170	1,125,170	
		The Company	Other receivables from related parties	Y	692,000	692,000	692,000	-	2	-	"	-	None	-	1,125,170	1,125,170	
		Ta Chen International, Inc.	Other receivables from related parties	Y	740,480	-	-	-	2	-	"	-	None	-	1,125,170	1,125,170	
7	Ta Chen International, Inc.	Primus Pipe and Tube, Inc.	Other receivables from related parties	Y	245,880	-	-	Prime-0.125%	2	-	"	-	None	-	34,821,769	34,821,769	
8	TCI Investment Group, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	44,235	-	-	-	2	-	"	-	None	-	160,403	160,403	
9	8911 Kelso Drive	Empire Resources, Inc.	Other receivables from related parties	Y	83,790	80,655	80,655	-	2	-	"	-	None	-	81,450	81,450	

Note 1:

Financing Limit for Each Borrower

The Company
Ta Chen (B.V.I.) Holdings Ltd.
Brighton-Best International (Taiwan) Inc.
Brighton-Best International, Inc.
Brighton-Best International (AU), Pty Ltd.
Ta Chen Empire Co., Ltd.
Ta Chen International, Inc.
Empire Resources, Inc.
Primus Pipe and Tube Holding, Inc.
TA CHEN (Changshu) Co., Ltd.
Ta Chen (Hong Kong) Limited
TCI Investment Group, Inc.

10% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
For business transaction:
Recently business transaction amount
For short-term financing:
20% of net worth in recently audited financial statements or reviewed financial statements
20% of net worth in recently audited financial statements or reviewed financial statements
20% of net worth in recently audited financial statements or reviewed financial statements
Recently business transaction amount or 20% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements
Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements
Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements

Aggregate Financing Limit

40% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
For business transaction:
Recently business transaction amount plus 40% of net worth in recently audited financial statements or reviewed financial statements
For short-term financing:
40% of net worth in recently audited financial statements or reviewed financial statements
40% of net worth in recently audited financial statements or reviewed financial statements
40% of net worth in recently audited financial statements or reviewed financial statements
Recently business transaction amount plus 40% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements
500% of net worth in recently audited financial statements or reviewed financial statements
100% of net worth in recently audited financial statements or reviewed financial statements

The net worth mentioned above is the total equity attributable to owners of the lender.

Note 2: The nature for financing is as follows:

- 1) Business transaction
- 2) The need for short-term financing

TA CHEN STAINLESS PIPE CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note2)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Ta Chen (B.V.I) Holdings Ltd.	Subsidiary	\$ 98,050,420	\$ 4,082,423	\$ 4,082,423	\$ 99,873	\$ -	8		Y	N	N
		Ta Chen (Hong Kong) Limited	Subsidiary	98,050,420	2,138,760	2,138,760	2,138,760	-	4		Y	N	N
		Lungmei Curtain Inc.	Subsidiary	98,050,420	200,000	200,000	200,000	-	-		Y	N	N
		Ta Chen (Shijiazhuang) Co., Ltd.	Sub-subsidiary	98,050,420	145,700	145,700	145,700	-	-		Y	N	N
		Empire Resources, Inc.	Sub-subsidiary	98,050,420	181,170	181,170	181,170	-	-		Y	N	N
		Ta Chen (Boye) Co., Ltd.	Sub-subsidiary	98,050,420	162,396	162,396	154,980	-	-		Y	N	N
		TMCT Products, Inc.	Sub-subsidiary	98,050,420	174,132	174,132	174,132	-	-		Y	N	N
		Brighton-Best International (AU), Pty Ltd.	Subsidiary	15,682,522	132,987	120,722	-	-	0.62		\$ 98,050,420	Y	N
1	Brighton-Best International (Taiwan) Inc.	Ta Chen Empire Co., Ltd.	Subsidiary	15,682,522	3,065,000	-	-	-	-		Y	N	N
		Brighton-Best International (NZ), Limited	Subsidiary	15,682,522	93,568	87,198	-	-	0.45	19,603,153	Y	N	N
2	Ta Chen International, Inc.	Empire Resources Pacific, Ltd.	Sub-subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		TCI Investment Group, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		Empire Resources, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		TCI Texarkana, Inc.	Subsidiary	69,643,538	33,396,800	33,396,800	31,044,000	-	96		N	N	N
		Primus Pipe and Tube Holding, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		Primus Pipe and Tube, Inc.	Sub-subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		Imbali Metals BVBA	Sub-subsidiary	69,643,538	711,400	711,400	711,400	-	2		N	N	N
		Empire Resources (UK) Limited.	Sub-subsidiary	69,643,538	711,400	711,400	711,400	-	2	69,643,538	N	N	N
		Ta Chen International, Inc.	Parent company	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		Empire Resources Pacific, Ltd.	Subsidiary	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
3	Empire Resources, Inc.	TCI Investment Group, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		Ta Chen International, Inc.	Parent company	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223	56,141,050	N	N	N
4	TCI Investment Group, Inc.	Ta Chen International, Inc.	Parent company	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		Empire Resources, Inc.	Parent company	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761	8,280,000	N	N	N
		Ta Chen International, Inc.	Parent company	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094	33,064,150	N	N	N
5	Primus Pipe and Tube Holding, Inc.	Empire Resources, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		Primus Pipe and Tube, Inc.	Subsidiary	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		Ta Chen International, Inc.	Parent company	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
6	Primus Pipe and Tube, Inc.	Primus Pipe and Tube Holding, Inc.	Parent company	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Ta Chen International, Inc.	Parent company	32,864,120	29,230,500	29,230,500	29,230,500	-	445	32,864,120	N	N	N

Note 1:

Endorsements/Guarantees Limit for Each Borrower

Aggregate Endorsements/Guarantees Limit

The Company 200% of net worth in recently audited financial statements or reviewed financial statements
 Brighton-Best International (Taiwan) Inc. 80% of net worth in recently audited financial statements or reviewed financial statements
 Ta Chen International, Inc. 200% of net worth in recently audited financial statements or reviewed financial statements
 Empire Resources, Inc. 2,000% of net worth in recently audited financial statements or reviewed financial statements
 TCI Investment Group, Inc. 35,000% of net worth in recently audited financial statements or reviewed financial statements
 Empire Resources Pacific, Ltd. 3,000,000% of net worth in recently audited financial statements or reviewed financial statements
 Primus Pipe and Tube Holding, Inc. 3,500% of net worth in recently audited financial statements or reviewed financial statements
 Primus Pipe and Tube, Inc. 5,500% of net worth in recently audited financial statements or reviewed financial statements
 TCI Texarkana, Inc. 500% of net worth in recently audited financial statements or reviewed financial statements

200% of net worth in recently audited financial statements or reviewed financial statements
 100% of net worth in recently audited financial statements or reviewed financial statements
 200% of net worth in recently audited financial statements or reviewed financial statements
 2,000% of net worth in recently audited financial statements or reviewed financial statements
 35,000% of net worth in recently audited financial statements or reviewed financial statements
 3,000,000% of net worth in recently audited financial statements or reviewed financial statements
 3,500% of net worth in recently audited financial statements or reviewed financial statements
 5,500% of net worth in recently audited financial statements or reviewed financial statements
 500% of net worth in recently audited financial statements or reviewed financial statements

TABLE 3

TA CHEN STAINLESS PIPE CO., LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Mutual funds						
	Nomura Global High Dividend Fund Accumulate TWD	None	Financial assets at fair value through profit or loss - current	42,757.8	\$ 983	-	\$ 983
	Yuanta New ASEAN Balanced Fund USD	"	"	600,000	5,316	-	5,316
	Capital ASEAN Fund TWD	"	"	61,156.3	664	-	664
	O-Bank No.1 Real Estate Investment Trust	"	"	1,000,000	9,110	-	9,110
	Eastspring Investment Capital Protected Fund Series	"	"	15,000	4,351	-	4,351
	Capital Conservative Allocation Fund of Funds A TWD	"	"	200,000	1,946	-	1,946
	Union Multi-Asset High Income Fund A TWD	"	"	200,000	1,818	-	1,818
	Amundi TW - US Dollar Core Fixed Income Fund - A2 TWD	"	"	100,000	1,001	-	1,001
	Shin Kong Hang Seng TECH Index Fund (TWD)	"	"	100,000	548	-	548
	UBS (TW) Bond Fund - Fixed Income Fund of Funds (TWD) A	"	"	200,000	1,814	-	1,814
	PGIM USD High Yield Bond Fund-TWD(A)	"	"	200,000	2,020	-	2,020
	TCB Global Healthcare M-A Income Fund A TWD	"	"	500,000	5,020	-	5,020
	PineBridge ESG Quantitative Income & Growth Fund A USD	"	"	27,863.17	8,210	-	8,210
	KGI ESG Sustainable Emerging Market Bond Fund - TWD A	"	"	500,000	4,907	-	4,907
	KGI ESG Sustainable Emerging Market Bond Fund - USD A	"	"	15,000	4,076	-	4,076
	PineBridge ESG Quantitative Global Equity Fund A (TWD)	"	"	150,000	1,576	-	1,576
	Amundi Funds - Global Ecology ESG U USD (C)	"	"	373.92	855	-	855
	HSBC ESG Sustainable Multi-Asset Fund of Funds ACHTWD	"	"	150,000	1,485	-	1,485
	FSITC Gbl Artificl Intlgn Fd TWD	"	"	78,658	1,455	-	1,455
	ABITL US Umbrella Fund - ABITL US Growth Fund - A2 TWD	"	"	250,417	3,100	-	3,100
	BlackRock Global Funds - Global Allocation Fund A2	"	"	1,947.29	4,172	-	4,172
					<u>\$ 64,427</u>		<u>\$ 64,427</u>
Unlisted shares - ROC	IBT VII Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	435,296	\$ 4,353	2.5	\$ 4,353
	Sunny Bank Ltd.	"	"	1,633,531	12,000	0.05	12,000
	JING YUH Metal Industrial Co., Ltd.	"	"	870,000	48,720	9.09	48,720
	Greencasa Co., Ltd.	"	"	553,824	10,799	18	10,799
					<u>\$ 75,872</u>		<u>\$ 75,872</u>
Los Osos Holding, Inc.	Foreign listed shares						
	PT Alumindo Light Metal Industry Tbk	None	Financial assets at fair value through other comprehensive income - non-current	32,822,200	\$ 19,097	0.86	\$ 19,097
	Hulamin Ltd.	"	"	6,530,732	52,102	2.12	52,102
				<u>\$ 71,199</u>		<u>\$ 71,199</u>	
Brighton-Best International (Taiwan) Inc.	Unlisted shares - ROC						
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	34,174,790	\$ 420,350	9.6	\$ 420,350
	Listed shares - ROC						
Right Way Industrial Co., Ltd.	"	"	16,000,000	\$ 176,480	8.93	\$ 176,480	
Listed shares - ROC	Ta Chen Stainless Pipe Co., Ltd.	Parent company	Financial assets at fair value through profit or loss - current	4,218,720	\$ 195,116	0.21	\$ 195,116
	Ta Chen Stainless Pipe Co., Ltd	Parent company	Financial assets at fair value through other comprehensive income - non-current	133,735,280	\$ 6,185,257	6.66	\$ 6,185,257
Ta Chen Empire Co., Ltd. (TEC)	Listed shares - ROC						
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through profit or loss - current	5,137,423	\$ 237,606	0.26	\$ 237,606
	Ta Chen Stainless Pipe Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	96,470,145	\$ 4,461,744	4.8	\$ 4,461,744

Note1: The marketable securities in Table 3 refer to equity securities, debt securities, mutual funds and securities derived from the list above.

Note2: Refer to Table 7 and Table 8 for information regarding investment in subsidiaries.

TABLE 4**TA CHEN STAINLESS PIPE CO., LTD.**

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Other Amount	Ending Balance (None 2)		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount		Gain (Loss) on Disposal	Number of Shares	Amount
Ta Chen (B.V.I) Holdings. Ltd.	Ta Chen (Changshu) Co., Ltd.	Investments accounted for using the equity method	—	Subsidiary	-	\$ 412,092	-	\$ -	-	\$ 370,485	\$ 412,092	(\$ 41,607)	\$ -	-	\$ -
Brighton-Best International (Taiwan) Inc.	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through other comprehensive income - on-current	—	Parent company	60,930,600	1,907,127	72,804,680	3,240,091	-	-	-	-	1,038,039 (Note)	133,735,280	6,185,257
Ta Chen Empire Co., Ltd.	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through profit or loss – current	—	ultimate parent entity	11,784,423	368,852	1,977,000	49,733	8,624,000	497,014	497,014	-	316,035 (Note)	5,137,423	237,606
	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through other comprehensive income - on-current	—	ultimate parent entity	-	-	96,470,145	4,302,889	-	-	-	-	158,855 (Note)	96,470,145	4,461,744

Note: Valuation interest.

TA CHEN STAINLESS PIPE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Ta Chen International, Inc.	Subsidiaries (100% ownership)	(Sale)	\$ (13,081,124)	(86)	Within 120-180 days	The price is decided taking both local market price in the US and the operation costs of TCI into consideration. There is no third-party that could be compared	For third-party, 90 days for domestic sales and 30-90 days for export sales.	\$ 6,543,647	95	-
	Ta Chen (Hong Kong) Limited.	Subsidiaries (100% ownership)	(Sale)	(168,648)	(1)	Within 180 days	No third-party could be compared	No third-party could be compared	-	-	-
Ta Chen International, Inc.	Empire Resources, Inc.	Fellow subsidiaries	(Sale)	(1,047,580)	(2)	Within 60 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	6,515	-	-
	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	Purchase	11,712,773	28	Within 30 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	(675,503)	(8)	-
	Primus Pipe and Tube, Inc.	Fellow subsidiaries	Purchase	526,732	1	Within 30 days	General market price	Same	(51,934)	(1)	-
	Ta Chen (Hong Kong) Limited.	Fellow subsidiaries	Purchase	168,648	-	Within 120-180 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	No third-party could be compared	-	-	-
Empire Resources, Inc.	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	Purchase	1,760,624	69	Within 30 days	General market price	Same	(104,375)	(53)	-
Ta Chen (Shijiazhuang) Co., Ltd.	Ta Chen (Boye) Co., Ltd.	Subsidiaries (100% ownership)	Purchase	214,351	51	T/T 90 days	General market price consideration. There is no third-party that could be compared.	Same	(41,960)	(51)	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	(Sale)	(6,720,795)	(84)	Within 180 days	No third-party could be compared	No third-party could be compared	2,077,534	78	-
Brighton-Best International (Taiwan), Inc.	Brighton-Best International (AU), Pty Ltd.	Subsidiaries (100% ownership)	(Sale)	(586,623)	(7)	Within 180 days	No third-party could be compared	No third-party could be compared	304,376	11	-
	Brighton-Best International (Canada), Inc.	Subsidiaries (100% ownership)	(Sale)	(452,660)	(6)	Within 180 days	No third-party could be compared	No third-party could be compared	175,587	7	-
	Brighton-Best International (UK), Limited	Subsidiaries (100% ownership)	(Sale)	(136,592)	(2)	Within 180 days	No third-party could be compared	No third-party could be compared	43,040	2	-
	Fang Sheng Screw Co., Ltd.	Corporate directors	Purchase	440,106	7	Within 45-90 days or prepaid	No third-party could be compared	Note	(55,919)	(9)	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors	Purchase	303,226	4	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(5,460)	(1)	-
	Tong Win International Co., Ltd.	Referred party in substance	Purchase	1,088,355	16	T/T 5 days after acceptance	No third-party could be compared	Note	(16,833)	(3)	-
	Winlink Fasteners Co., Ltd.	Referred party in substance	Purchase	209,926	3	T/T 5 days after acceptance	No third-party could be compared	Note	(19,326)	(3)	-
Brighton-Best International, Inc.	Jinn Her Enterprise Co., Ltd.	Corporate directors of parent entity	Purchase	541,059	6	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(6,424)	-	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	(Sale)	(2,127,060)	(100)	Within 180 days	No third-party could be compared	No third-party could be compared	466,859	100	-

Note: The payment term for third parties is prepaid or 0 to 90 days.

TA CHEN STAINLESS PIPE CO., LTD.

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Ta Chen International, Inc.	Subsidiaries (100% ownership)	\$ 6,543,647	2.78	\$ -	-	\$ 1,904,789	\$ -
Ta Chen (B.V.I.) Holdings Ltd.	Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiaries (93.14% ownership)	197,688	Note 3	-	-	-	-
TCI Texarkana, Inc.	Ta Chen International, Inc.	Parent company	675,503	13.84	-	-	-	-
Empire Resources, Inc.	Empire Resources, Inc.	Fellow subsidiaries	104,375	10.17	-	-	-	-
	Ta Chen International, Inc.	Parent company	960,496	Note 2	-	-	-	-
Ta Chen (Hong Kong) Limited	Imbali Metals BVBA	Subsidiaries (100% ownership)	175,432	Note 2	-	-	-	-
	Ta Chen (Boye) Co., Ltd.	Subsidiaries (100% ownership)	194,298	Note 2	-	-	-	-
	The Company	Parent Company	692,000	Note 2	-	-	-	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	2,077,534	2.99	-	-	2,077,534	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	304,376	2.24	-	-	106,646	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	105,750	Note 2	-	-	25,322	-
	Brighton-Best International (Canada) , Inc.	Subsidiaries (100% ownership)	175,587	3.01	-	-	132,314	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	466,859	4.05	-	-	97,907	-

Note1: The ending balance of receivables includes both trade receivables-related parties and other receivables-related parties.

Note2: The ending balance primarily consists of other receivables for financing purpose, which is not applicable for the calculation of turnover rate.

Note3: The ending balance primarily consists of dividends receivable, which is not applicable for the calculation of turnover rate.

TA CHEN STAINLESS PIPE CO., LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
The Company	Ta Chen International, Inc.	U.S.A	Manufacture and sale of stainless steel pipes, rolls and pipe fittings	\$ 23,327,317	\$ 23,327,317	734,836	100	\$ 32,614,117	\$ 7,641,401	\$ 7,776,840	Note 2
	Ta Chen (B.V.I.) Holdings Ltd.	British Virgin Islands	Investment	990,817	990,817	32,625,300	100	1,762,704	(69,546)	(63,211)	Note 3
	Brighton-Best International (Taiwan) Inc.	Taiwan	Import, export and sale of screws and nuts	7,202,307	7,099,391	403,258,040	39.09	3,122,164	3,575,993	1,185,097	Note 7
	Pyramid Stainless Steel Co., Ltd.	Taiwan	Manufacture and sale of stainless steel rolls and plates	30,600	100,000	10,000,000	100	29,861	(705)	(705)	
	Lung Mei Cloth. Ltd.	Taiwan	Manufacture and sale of curtains and cloth products	206,468	124,800	13,833,414	69.17	164,774	(77,932)	(57,567)	Note 9
	Ta Chen (Hong Kong) Limited.	Hong Kong	Trade	279,720	279,720	10,000,000	100	225,034	(9,161)	(9,161)	
	TA CHEN (SAMOA) Holdings Ltd.	Samoa	Investment	-	-	-	-	-	-	-	Note 4
	Ta Chen Interior Design Co., Ltd.	Taiwan	Interior design	50,000	-	5,000,000	100	49,956	(44)	(44)	
	Ta Chen International, Inc.	TCI Investment Group, Inc.	U.S.A	Import, export and sale of screws and nuts	94,950	94,950	3,000	100	160,403	23,575	
Primus Pipe and Tube Holding, Inc.	Empire Resources, Inc.	U.S.A	Import, export and sale of stainless steel and aluminum products	1,714,340	1,714,340	8,250,455	100	3,377,410	464,750		
	Primus Pipe and Tube Holding, Inc.	U.S.A	Investment	877,540	877,540	29,000	100	944,690	97,066		
	TCI Texarkana, Inc.	U.S.A	Manufacture and sale of aluminum products	9,286,500	9,286,500	60,000	100	6,572,824	252,258		
Empire Resources, Inc.	Primus Pipe and Tube, Inc.	U.S.A	Manufacture and sale of stainless steel	873,575	873,575	1,000	100	710,858	94,655		
	Empire Resources Pacific, Ltd.	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	100	100	276	(2,309)		
	Imbali Metals BVBA	Belgium	Import, export and sale of stainless steel and aluminum products	624	624	1,000	100	209,866	33,047	Note 6	
Brighton-Best International (Taiwan) Inc.	Empire Resources (UK) Ltd.	United Kingdom	Import, export and sale of stainless steel and aluminum products	208,224	208,224	5,400,000	100	288,193	21,922	"	
	8911 Kelso Drive	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	-	100	-	233	"	
	Brighton-Best International, Inc.	U.S.A	Import, export, and sale of screws and nuts	5,801,521	5,801,521	186,480	100	8,322,140	2,078,651	Note 2	
Brighton-Best International (Taiwan) Inc.	Brighton-Best International (AU), Pty Ltd.	Australia	Import and sale of screws and nuts	1,498,544	1,498,544	54,000,000	100	855,358	1,798	"	
	Brighton-Best International (Canada), Inc.	Canada	Import and sale of screws and nuts	381,149	381,149	12,003,893	100	664,549	147,148	"	
	Brighton-Best International (UK), Limited	United Kingdom	Import and sale of screws and nuts	453,097	453,097	9,200,000	100	406,722	44,106	"	
	Brighton-Best International (NZ), Limited	New Zealand	Import and sale of screws and nuts	19,328	19,328	1,000	100	14,139	4,895	"	
	Ta Chen Empire Co., Ltd.	Taiwan	Import, export, and sale of aluminium products	5,300,000	5,300,000	530,000,000	100	5,890,281	421,671		
	Brighton-Best (Hong Kong) Limited	Hong Kong	Investment	-	-	-	-	-	-	-	Note 8
Brighton-Best International, Inc.	Brighton-Best International Inc. (Cayman)	Cayman	Investment	-	-	-	-	-	-	Note 5	
	Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Brazil	Import and sale of screws and nuts	6,486	6,486	3,996,000	100	(61,217)	7,645		
Brighton-Best (Hong Kong) Limited	Brighton-Best (Hong Kong) Holding Inc.	Hong Kong	Investment	-	-	-	-	-	-	Note 8	
Ta Chen (B.V.I.) Holding, Inc.	TMCT Products, Inc.	U.S.A	Investment	126,140	14,740	4,500	100	106,461	(12,060)		
	Los Osos Holdings, Inc.	U.S.A	Investment	68,462	68,462	-	100	113,463	(36)		
	Clarke St. Property Holding, LLC	U.S.A	Investment	14,240	14,240	-	100	13,736	(102)		
TMCT Products, Inc.	Amerinox Texarkana, LLC	U.S.A	Manufacture of aluminum products	28	28	-	49	2,029	4,462		
Los Osos Holding, Inc.	Procurmore Trading, Inc.	U.S.A	Trade	557	-	-	100	554	-		

Note 1: Refer to Table 8 for information regarding investment in mainland China.

Note 2: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of tax rate of unrealized gross profit.

Note 3: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of realized gross profit from upstream transactions with sub-subsidiaries.

Note 4: Established in December 2015 and no investment funding has been remitted.

Note 5: Established in February 2016 and no investment funding has been remitted.

Note 6: It's the trans-investment company of the acquired company; hence, no original investment amount is listed.

Note 7: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of unrealized gross profit from sidestream transactions among subsidiaries.

Note 8: Established in May 2019 and no investment funding has been remitted.

Note 9: The difference is due to increasing shareholding of Lung Mei on April 1, 2021.

TA CHEN STAINLESS PIPE CO., LTD.

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 2)	Remittance of Funds (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 and 7)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	\$ 141,168	(2) Ta Chen (B.V.I.) Holdings Ltd.	\$ 116,347	\$ -	\$ -	\$ 116,347	\$ 9,236	93.14	\$ 8,602	\$ 287,322	\$ -	
Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	330,361	(2) Ta Chen (B.V.I.) Holdings Ltd.(Note 5)	275,195	-	-	275,195	144	100	144	421,069	-	
Ta Chen (Changshu) Co., Ltd.	Manufacture and sale of automotive casting products	276,800	(2) Ta Chen (B.V.I.) Holdings Ltd.	276,800	-	276,800	-	-	-	-	-	-	
Yinrong (Shanghai) Investment Management Limited	Investment	2,138	(3) The Company	2,138	-	-	2,138	33	100	32	6,022	-	
Cheng-Rong (Shanghai) International Trading Ltd. (Note 6)	Investment	-	(2) Brighton-Best International Inc. (Cayman)	-	-	-	-	-	-	-	-	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 2)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ 393,680	\$ 881,676	\$ 29,415,126

Note 1: Calculated from the financial statements reviewed and attested by Taiwan parent company's CPA.

Note 2: The amounts were calculated based on the foreign exchange rate as of December 31, 2021. (USD1:NTD27.68)

Note 3: The limit on investment in mainland China pursuant to "Principle of investment or Technical Cooperation in mainland China" is calculated as shown below:
\$49,025,210 thousand x 60% = \$29,415,126 thousand

Note 4: Methods of investment are classified as below:

- 1) Direct investment.
- 2) Investments through a holding company registered in a third region.
- 3) Others

Note 5: Inclusive of \$61,424 thousand (US\$1,993 thousand) capital increase out of retained earnings.

Note 6: Established in June 2016 and no investment funding has been remitted.

Note 7: The difference is caused by the recognition of amortization attributed to unrealized gain on selling assets.

TABLE 9**TA CHEN STAINLESS PIPE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.	137,954,000	6.86
Ta Chen Empire Co., Ltd.	101,607,568	5.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Ta Chen Stainless Pipe Co., Ltd.

**MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	Land	Land Improvements	Buildings	Machinery Equipment	Electrical Equipment	Transportation Equipment	Office Equipment	Molding Equipment	Leasehold Improvements	Other Equipment	Property Under Construction	Total
<u>Cost</u>												
Balance at January 1, 2020	\$ 1,681,371	\$ 65,077	\$ 1,200,131	\$ 2,711,694	\$ 320,317	\$ 99,054	\$ 36,040	\$ 249,377	\$ 84,890	\$ 154,162	\$ 83,752	\$ 6,685,865
Additions	39,246	7,150	8,778	42,624	7,292	3,626	-	2,597	-	1,778	66,748	179,839
Disposals	-	-	(20,749)	(102,496)	(4,232)	(3,644)	(8,865)	(27,161)	-	(14,047)	-	(181,194)
Reclassifications	12,809	500	-	16,073	18,750	-	-	240	-	131	(27,634)	20,869
Balance at December 31, 2020	<u>\$ 1,733,426</u>	<u>\$ 72,727</u>	<u>\$ 1,188,160</u>	<u>\$ 2,667,895</u>	<u>\$ 342,127</u>	<u>\$ 99,036</u>	<u>\$ 27,175</u>	<u>\$ 225,053</u>	<u>\$ 84,890</u>	<u>\$ 142,024</u>	<u>\$ 122,866</u>	<u>\$ 6,705,379</u>
<u>Accumulated Depreciation</u>												
Balance at January 1, 2020	\$ -	\$ 31,024	\$ 426,657	\$ 2,276,201	\$ 158,981	\$ 73,204	\$ 25,362	\$ 243,042	\$ 84,250	\$ 117,628	\$ -	3,436,349
Depreciation expenses	-	4,283	46,270	98,537	21,742	8,120	3,082	3,161	428	10,235	-	195,858
Disposals	-	-	(17,638)	(100,786)	(4,232)	(1,656)	(8,865)	(27,161)	-	(9,771)	-	(170,109)
Disposals	<u>\$ -</u>	<u>\$ 35,307</u>	<u>\$ 455,289</u>	<u>\$ 2,273,952</u>	<u>\$ 176,491</u>	<u>\$ 79,668</u>	<u>\$ 19,579</u>	<u>\$ 219,042</u>	<u>\$ 84,678</u>	<u>\$ 118,092</u>	<u>\$ -</u>	<u>\$ 3,462,098</u>
Carrying amount at December 31, 2020	<u>\$ 1,733,426</u>	<u>\$ 37,420</u>	<u>\$ 732,871</u>	<u>\$ 393,943</u>	<u>\$ 165,636</u>	<u>\$ 19,368</u>	<u>\$ 7,596</u>	<u>\$ 6,011</u>	<u>\$ 212</u>	<u>\$ 23,932</u>	<u>\$ 122,866</u>	<u>\$ 3,243,281</u>
<u>Cost</u>												
Balance at January 1, 2021	\$ 1,733,426	\$ 72,727	\$ 1,188,160	\$ 2,667,895	\$ 342,127	\$ 99,036	\$ 27,175	\$ 225,053	\$ 84,890	\$ 142,024	\$ 122,866	\$ 6,705,379
Additions	-	-	12,294	137,749	230	10,546	345	5,620	-	4,403	197,133	368,320
Disposals	-	-	-	(69,508)	(600)	(6,744)	(3,842)	(1,125)	-	(8,404)	-	(90,223)
Reclassifications	-	-	68,879	11,707	-	-	-	243	-	-	(68,279)	12,550
Balance at December 31, 2021	<u>\$ 1,733,426</u>	<u>\$ 72,727</u>	<u>\$ 1,269,333</u>	<u>\$ 2,747,843</u>	<u>\$ 341,757</u>	<u>\$ 102,838</u>	<u>\$ 23,678</u>	<u>\$ 229,791</u>	<u>\$ 84,890</u>	<u>\$ 138,023</u>	<u>\$ 251,720</u>	<u>\$ 6,996,026</u>
<u>Accumulated Depreciation and Impairment</u>												
Balance at January 1, 2021	\$ -	\$ 35,307	\$ 455,289	\$ 2,273,952	\$ 176,491	\$ 79,668	\$ 19,579	\$ 219,042	\$ 84,678	\$ 118,092	\$ -	\$ 3,462,098
Depreciation expenses	-	5,099	49,483	93,586	22,100	7,767	2,956	3,686	212	8,915	-	193,804
Disposals	-	-	-	(66,892)	(600)	(6,744)	(3,842)	(1,125)	-	(8,362)	-	(87,565)
Impairment loss	-	-	-	37,965	-	-	-	-	-	-	-	37,965
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 40,406</u>	<u>\$ 504,772</u>	<u>\$ 2,338,611</u>	<u>\$ 197,991</u>	<u>\$ 80,691</u>	<u>\$ 18,693</u>	<u>\$ 221,603</u>	<u>\$ 84,890</u>	<u>\$ 118,645</u>	<u>\$ -</u>	<u>\$ 3,606,302</u>
Carrying amount at December 31, 2021	<u>\$ 1,733,426</u>	<u>\$ 32,321</u>	<u>\$ 764,561</u>	<u>\$ 409,232</u>	<u>\$ 143,766</u>	<u>\$ 22,147</u>	<u>\$ 4,985</u>	<u>\$ 8,188</u>	<u>\$ -</u>	<u>\$ 19,378</u>	<u>\$ 251,720</u>	<u>\$ 3,389,724</u>

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STATEMENT 1

TA CHEN STAINLESS PIPE CO., LTD.

**STATEMENT OF CASH
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Deposits	
Demand deposits	\$ 1,280,662
Foreign currency deposits (Note)	1,809,970
Checking accounts	<u>51,835</u>
Subtotal of deposits	<u>3,142,467</u>
Cash on hand	<u>300</u>
	<u>\$ 3,142,767</u>

Note: Including US\$62,022,640.06, EUR\$2,855,285.09 and CNY\$864,673.93
US\$1=NT\$27.68, EUR\$1=NT\$31.32 and CNY\$1=NT\$4.344)

STATEMENT 2

TA CHEN STAINLESS PIPE CO., LTD.

**STATEMENT OF NOTES RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Customer Name	Description	Amount
Operating Non-related parties Company E	Sale	<u>\$ 3,879</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 3**TA CHEN STAINLESS PIPE CO., LTD.**
**STATEMENT OF ACCOUNTS RECEIVABLE
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)**

Customer Name	Description	Amount	Past Due Over 1 Year	Total
Non-related Parties				
Company A	Sale	\$ 214,389	\$ -	\$ 214,389
Company B	Sale	36,811	-	36,811
Company C	Sale	26,873	-	26,873
Company D	Sale	19,061	-	19,061
Others (Note)	Sale	<u>54,702</u>	-	<u>54,702</u>
		<u>\$ 351,836</u>	<u>\$ -</u>	351,836
Less: Allowance for impairment loss				<u>2,230</u>
				<u>\$ 349,606</u>
Related parties				
Ta Chen International, Inc.	Sale	\$ 6,543,647	\$ -	\$ 6,543,647
Lung Mei Cloth Co., Ltd.	Sale	<u>8,438</u>	-	<u>8,438</u>
		<u>\$ 6,552,085</u>	<u>\$ -</u>	<u>\$ 6,552,085</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 4**TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF INVENTORIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 1,456,585	\$ 1,593,602
Work in progress	700,230	1,489,749
Finished goods	696,912	1,096,894
Merchandise	279,823	279,823
Materials	7,931	7,931
Raw materials in transit	<u>5,099</u>	<u>5,099</u>
	<u>\$ 3,146,580</u>	<u>\$ 4,473,098</u>

Note: Refer to Note 4(e) for detailed information regarding the basis of net realizable value of inventory.

STATEMENT 5**TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Interest Rate (%)	Maturity Date	Amount
Current			
Pledged time deposits	0.01-2.1	2022.01.01-2022.12.02	\$ 2,486,675
Pledged demand deposits (reserve account)			2,576,659
			<hr/>
			<u>\$ 5,063,334</u>
Non-current			
Pledged time deposits	0.14-0.23	2022.01.28-2022.07.12	\$ 20,000
Pledged demand deposits (reserve account)			223,025
Refundable deposits	-	-	<hr/> 15,509
			<hr/>
			<u>\$ 258,534</u>

TA CHEN STAINLESS PIPE CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT AND INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Balance, January 1, 2020		Additions (Reductions)		Note	Gain (loss) on Investments	Cumulative Translation Adjustment	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedge	Treasury Shares	Balance, December 31, 2020				
	Shares	Amount	Shares/Units	Amount							Shares	Proportion of Ownership (%)	Amount	Fair Value	Collateral
Investment accounted for using the equity method															
Ta Chen International, Inc.	734,836	\$ 27,189,529	-	\$ (2,099,949)	Note 1	\$ 7,776,840	\$ (902,047)	\$ -	\$ 649,743	\$ -	734,836	-	\$ 32,614,116	\$ 34,821,770	None
Ta Chen (B.V.I.) Holdings Ltd.	32,625,300	1,833,617	-	-		(63,211)	(34,017)	26,315	-	-	32,625,300	100	1,762,704	1,763,540	None
Brighton-Best International (Taiwan) Inc.	399,804,040	5,264,398	3,454,000	(319,057)	Note 2	1,185,097	(136,182)	-	-	(2,872,092)	403,258,040	39.09	3,122,164	7,657,117	None
Yinrong (Shanghai) Investment Management Limited	-	6,022	-	-		32	(32)	-	-	-	-	100	6,022	6,022	None
Wei Mei Roller Blind Co, LTD. (Note 4)	10,000,000	566	-	30,000		(705)	-	-	-	-	10,000,000	100	29,861	29,861	None
Lung Mei Cloth Co., Ltd.	9,750,000	129,555	4,083,414	92,786	Note 3	(57,567)	-	-	-	-	13,833,414	69.17	164,774	124,984	None
Ta Chen interior Design Co., Ltd.	-	-	5,000,000	50,000		(44)	-	-	-	-	5,000,000	100	49,956	49,956	None
Ta Chen (Hong Kong) Limited	10,000,000	240,831	-	-		(9,161)	(6,635)	-	-	-	10,000,000	100	225,035	225,035	None
Total		\$ 34,664,518		\$ (2,246,220)		\$ 8,831,281	\$ (1,078,913)	\$ 26,315	\$ 649,743	\$ (2,872,092)			\$ 37,974,632	\$ 44,678,285	
Financial assets at fair value through other comprehensive income - non-current															
IBT VII Venture Capital Co., Ltd.	435,296	\$ 4,353	-	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	435,296	2.5	\$ 4,353	\$ 4,353	None
Sunny Bank Ltd.	1,510,292	12,000	-	-		-	-	-	-	-	1,510,292	0.05	12,000	12,000	None
JING YUH METAL INDUSTRIAL CO., LTD.	-	-	870,000	48,720		-	-	-	-	-	870,000	9.09	48,720	48,720	None
Greencasa Co., Ltd.	-	-	553,824	10,799		-	-	-	-	-	553,824	18	10,799	10,799	None
		\$ 16,353		\$ 59,519		\$ -	\$ -	\$ -	\$ -	\$ -			\$ 75,872	\$ 75,872	

Note 1: The details of the increase (decrease) were as follows:

Changes in percentage of ownership interests in subsidiaries	\$ 3,656
Unrealized gain from downstream transactions - adjustments	(2,103,605)
	<u>\$ (2,099,949)</u>

Note 2: The details of the increase (decrease) were as follows:

Purchase from TPEX	\$ 102,918
Difference between the equity and book value of subsidiaries - capital surplus	(45,245)
Cash dividends distributed by subsidiaries	(563,164)
Dividends received by the subsidiaries from the parent company	22,051
Disposal of the Company's shares by a subsidiary recognized as treasury share transactions	130,903
Change in percentage of ownership interest in subsidiaries - capital surplus	33,480
	<u>\$ (319,057)</u>

Note 3: The details of the increase (decrease) were as follows:

Acquired from non-related parties	\$ 81,668
Changes in percentage of ownership interests in subsidiaries - Equity	(1,576)
Changes in percentage of ownership interests in subsidiaries - Pension	497
Disposal	12,197
	<u>\$ 92,786</u>

STATEMENT 7**TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

	Land	Buildings	Transportation Equipment	Total
<u>Cost</u>				
Balance at January 1, 2021	\$ 70,861	\$ 11,112	\$ 7,614	\$ 89,587
Increase	1,038	2,284	-	3,322
Decrease	<u>-</u>	<u>-</u>	<u>(7,614)</u>	<u>(7,614)</u>
Balance at December 31, 2021	<u>\$ 71,899</u>	<u>\$ 13,396</u>	<u>\$ -</u>	<u>\$ 85,295</u>
<u>Accumulated Depreciation</u>				
Balance at January 1, 2021	\$ 21,924	\$ 7,294	\$ 7,614	\$ 36,832
Decrease	-	-	(7,614)	(7,614)
Depreciation expenses	<u>11,089</u>	<u>2,948</u>	<u>-</u>	<u>14,037</u>
Balance at December 31, 2021	<u>\$ 33,013</u>	<u>\$ 10,242</u>	<u>\$ -</u>	<u>\$ 43,255</u>
Carrying amount at December 31, 2021	<u>\$ 38,886</u>	<u>\$ 3,154</u>	<u>\$ -</u>	<u>\$ 42,040</u>

STATEMENT 8**TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

	Balance	Maturity Date	Credit Line		Collateral
Borrowings of usance L/C (Note 1)	\$ 3,397,200	2022.01.15- 2022.12.24	\$ 6,200,020	Note 3	Pledged time deposits, Reserve account
Revolving bank borrowings (Note 2)	<u>2,222,398</u>	2022.01.28- 2022.12.23	<u>3,420,000</u>	Note 3	Pledged time deposits, Reserve account
Total	<u>\$ 5,619,598</u>		<u>\$ 9,620,000</u>		

Note 1: The range of interest rates at 0.85% - 1.15% p.a.

Note 2: The range of interest rates at 0.9% - 2.5% p.a.

Note 3: Under the same line of credit agreement.

TA CHEN STAINLESS PIPE CO., LTD.

STATEMENT OF SHORT-TERM BILLS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Promissory Institution	Contract	Interest Rate (%)	Nominal Amount	Discount Amount	Carrying Amount
China Bills		2022.01.10	0.5	<u>\$ 80,000</u>	<u>\$ 10</u>	<u>\$ 79,990</u>

STATEMENT 10

TA CHEN STAINLESS PIPE CO., LTD.

**STATEMENT OF NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Non related parties	
Company E	\$ 17,187
Company F	9,266
Company G	7,788
Company H	6,412
Company I	5,305
Company J	3,882
Company (A)	3,850
Others (Note)	<u>21,030</u>
	<u>\$ 74,720</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

STATEMENT 11**TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF ACCOUNTS PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Vendor Name	Description	Amount
Non-related parties		
Company (B)	Purchase	\$ 100,887
Company (C)	Purchase	95,633
Company (D)	Purchase	47,161
Company (E)	Purchase	21,115
Others (Note)		<u>142,198</u>
		<u>\$ 406,994</u>
Related parties		
Ta Chen (Boye) Co., Ltd.	Purchase	<u>\$ 8,576</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

TA CHEN STAINLESS PIPE CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Bank Name (Note)	Description	Balance	Current portion	Non-current portion	Loan Period	Collateral	Repayment terms
Chang Hwa Commercial Bank (the leading bank of the syndicated loan)	Loan (A)	\$ 3,740,000	\$ 1,310,000	\$ 2,430,000	2018.11.05-2023.11.05	See Note 30 to the standalone financial report	See Note 16 to the standalone financial report
Agricultural Bank of Taiwan	Medium-term unsecured borrowings	300,000	-	300,000	2021.12.30-2023.12.30	Pledged time deposits	A lump sum payment made for the entirety of an outstanding loan amount at maturity
O-Bank	Medium-term secured borrowings	35,000	35,000	-	2020.04.14-2022.04.14	Property asset	"
Yuanta Securities Finance	Medium-term secured borrowings	600,000	-	600,000	2021.12.15-2023.06.15	Stock	A lump sum payment made for the entirety of an outstanding loan amount at maturity
		<u>4,675,000</u>	<u>1,345,000</u>	<u>3,300,000</u>			"
Less: Unamortized arrangement fees of long-term borrowings		14,062	7,670	6,392			
		<u>\$ 4,660,938</u>	<u>\$ 1,337,330</u>	<u>\$ 3,323,608</u>			

Note: The range of interest rates was 0.95% - 1.8% p.a.

TA CHEN STAINLESS PIPE CO., LTD.**STATEMENT OF LEASE LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Description	Period (Note)	Discount Rates (%)	Amount
Land	Lease of land of Tainan factory	2000.04-2064.05	1.55%-1.58%	\$ 39,391
Buildings	Lease of warehouse and offices at Taoyuan city	2007.08-2023.08	1.55%-1.67%	3,218
				<hr/> 42,609
Less : Current portion				(11,435)
				<hr/>
Noncurrent portion				<u>\$ 31,174</u>

STATEMENT 14**TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Quantities (Metric Tons)	Amount
Sale of goods		
Manufactured products		
Stainless steel pipes	42,534	\$ 5,816,931
Butt-welding fittings	2,665	453,583
Valve/stainless nipples	1,656	<u>471,688</u>
Subtotal		<u>6,742,202</u>
Stainless plates (rods)	76,888	7,996,814
Others (Note)	3,010	<u>495,164</u>
Total operating revenue		15,234,180
Less : Sales discounts		<u>1,353</u>
Net operating revenue		<u>\$ 15,232,827</u>

Note: The amount of each item included in others does not exceed 10% of the account balance.

STATEMENT 15**TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Raw materials, beginning of year (including raw material in transit)	\$ 918,601
Raw material purchased	4,257,224
Transferred from finished goods	320,699
Raw materials costs of sales	9,681
Raw materials, end of year (including raw material in transit)	<u>1,461,684</u>
Raw material consumption	4,025,159
Direct labor	226,454
Manufacturing expenses	<u>1,056,359</u>
Manufacturing cost	5,307,972
Work in progress, beginning of year	498,589
Work in progress purchased	199,120
Work in progress, end of year	<u>700,230</u>
Manufacturing cost	5,305,451
Finished goods, beginning of year	500,251
Finished goods purchased	127,933
Finished goods, end of year	696,912
Reclassified to raw material	320,699
Others	<u>373</u>
Finished goods costs of sales	<u>4,915,651</u>
Commodity transaction	
Inventory, beginning of year	22,056
Inventory purchased	4,949,064
Others	19
Inventory, end of year	<u>279,823</u>
Costs of commodity transaction	<u>4,691,316</u>
Subtotal	9,606,967
Unallocated production overhead	23,006
Raw material costs of sales	9,681
Others	20,443
Revenue from sale of scraps	<u>3,493</u>
Total operating costs	<u>\$ 9,656,604</u>

STATEMENT 16

TA CHEN STAINLESS PIPE CO., LTD.

**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Total
Payroll expense	\$ 22,449	\$ 1,346,261	\$ 1,368,710
Container freight station and warehouse fee	44,351	-	44,351
Shipping fee	77,229	-	77,229
Others (Note)	<u>24,808</u>	<u>354,581</u>	<u>379,389</u>
Total	<u>\$ 168,837</u>	<u>\$ 1,700,842</u>	<u>\$ 1,869,679</u>

Note : The amount of each item included in others does not exceed 5% of the account balance.

TA CHEN STAINLESS PIPE CO., LTD.

**STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 433,722	\$ 1,320,622	\$ 1,754,344	\$ 385,224	\$ 182,407	\$ 567,631
Labor and health insurance	49,592	15,634	65,226	45,296	12,302	57,598
Post-employment benefits	19,856	7,346	27,202	19,029	7,380	26,409
Remuneration of directors	-	48,088	48,088	-	-	-
Others	14,375	3,515	17,890	13,979	3,442	17,421
	<u>\$ 517,545</u>	<u>\$ 1,395,205</u>	<u>\$ 1,912,750</u>	<u>\$ 463,528</u>	<u>\$ 205,531</u>	<u>\$ 669,059</u>
Depreciation	<u>\$ 180,607</u>	<u>\$ 27,234</u>	<u>\$ 207,841</u>	<u>\$ 183,053</u>	<u>\$ 29,680</u>	<u>\$ 212,733</u>
Amortization	<u>\$ 605</u>	<u>\$ -</u>	<u>\$ 605</u>	<u>\$ 709</u>	<u>\$ -</u>	<u>\$ 709</u>

Note 1: As of December 31, 2021 and 2020, the Company had 966 and 971 employees, respectively, which included both 10 non-employee directors in 2021 and 2020 years

Note 2: Additional disclosures are as follows:

1. Average employee benefits for the year ended December 31, 2021 was NT\$1,950 thousand (amounts of employee benefits for the year ended December 31, 2021 less amounts of remuneration of directors for the year ended December 31, 2021/number of employees for the year ended December 31, 2021 less number of directors not serving concurrently as employees for the year ended December 31, 2021).

Average employee benefits for the year ended December 31, 2020 was NT\$696 thousand (amounts of employee benefits for the year ended December 31, 2020 less amounts of remuneration of directors for the year ended December 31, 2020/number of employees for the year ended December 31, 2020 less number of directors not serving concurrently as employees for the year ended December 31, 2020).

2. Average salaries for the year ended December 31, 2021 was NT\$1,835 thousand (amounts of salaries for the year ended December 31, 2021/number of employees for the year ended December 31, 2021 less number of directors not serving concurrently as employees for the year ended December 31, 2021).

Average salaries for the year ended December 31, 2020 was NT\$591 thousand (Amounts of salaries for the year ended December 31, 2020/number of employees for the year ended December 31, 2020 less number of directors not serving concurrently as employees for the year ended December 31, 2020).

3. Changes of adjustments of average salaries was 210% (average salaries for the year ended December 31, 2020 less average salaries for the year ended December 31, 2019/average salaries for the year ended December 31, 2019).

4. The Company did not have supervisors for the years ended December 31, 2021 and 2020.

5. The Company's compensation policies: The Company's employees are entitled to a comprehensive compensation and benefits program above the industry average. Employees' compensation includes a monthly salary and bonuses based on the Company's annual profitability, and are distributed in accordance with the Company's articles of incorporation. In accordance with the articles of incorporation, the Company determines the total amount of bonuses to be distributed based on the results of the Company's operations with reference to the industry levels in the ROC, and the amount and method of distribution are recommended by the compensation committee to the board of directors for approval. The amount distributed to each employee is based on the employee's job responsibilities and performance, as well as contribution to the Company's operations.

6. The remuneration of managers is determined based on their job responsibilities, contribution to the Company as well as the Company's operating performance for the year, taking into consideration future risks. The remuneration of managers is first reviewed by the compensation committee before submitting to the board of directors for approval.

7. In accordance with the Company's articles of incorporation, 3% and no more than 1.5% of the Company's annual pre-tax net income before deduction of employees' compensation and remuneration of directors shall be distributed as employees' compensation and remuneration of directors, respectively. However, an amount should first be set aside for the offsetting of the Company's losses, if any, and authorized by the board of directors.

The fixed portion of the remuneration of independent directors is determined by the board of directors, and the independent directors are not to participate in the distribution of remuneration of directors.