

**Ta Chen Stainless Pipe Co., Ltd.**

**Standalone Financial Statements for the  
Years Ended December 31, 2020 and 2019 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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020 is described as follows:

### Assessment of Net Realizable Value of Inventories

The Company holds different types of inventories for operating purposes. The management of the Company measures inventories at the lower of cost or net realizable value at the end of the year.

For the relevant accounting policies, estimation uncertainty, and other detailed information, refer to Notes 4(e), 5(b), and 10 to the accompanying standalone financial statements. As of December 31, 2020, inventories amounted to NT\$1,944,823 thousand, accounting for 4% of the Company's total assets.

Since the carrying amount of inventories is significant to the Group's consolidated financial statements, the results of the assessment of inventory valuation loss has a significant impact on the operating costs; hence, the assessment of net realizable value of inventories was identified as a key audit matter.

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

1. We evaluated the reasonableness of the inventory valuation method applied and assumptions used by management based on our understanding of the industry and products. In addition, we understood the relevant internal controls and tested the operating effectiveness of the key controls related to inventory valuation.
2. We evaluated the reasonableness of the estimated sales price based on the latest sales records, basis of inventory valuation by management and other supporting documents, and also calculated the rate of variable selling expenses to ensure the reasonableness of the net realizable value of inventory.

### **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, 2020 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 Hung-Ju Liao and Chao-Chin Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China  
March 25, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 2,073,576	5	\$ 2,721,423	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	89,554	-	101,941	-
Financial assets at amortized cost - current (Notes 4, 11 and 29)	971,822	2	1,088,880	2
Financial assets for hedging - current (Notes 4 and 27)	-	-	1,104	-
Notes receivable (Notes 4 and 9)	7,732	-	3,328	-
Accounts receivable, net (Notes 4, 5, 9 and 21)	120,881	1	170,072	1
Accounts receivable from related parties (Notes 9, 21 and 28)	2,919,373	6	2,094,093	5
Other receivables (Note 28)	36,396	-	33,386	-
Current tax asset (Notes 4 and 23)	588	-	-	-
Inventories (Notes 4, 5 and 10)	1,944,823	4	2,049,823	4
Prepayments (Note 15)	100,434	-	148,934	-
Total current assets	<u>8,265,179</u>	<u>18</u>	<u>8,412,984</u>	<u>18</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	16,353	-	16,353	-
Financial assets at amortized cost - non-current (Notes 4, 11, 28 and 29)	358,487	1	306,386	1
Investment accounted for using the equity method (Notes 4 and 12)	34,664,518	74	35,550,999	74
Property, plant and equipment (Notes 4, 13, 28 and 29)	3,243,281	7	3,249,516	7
Right-of-use assets (Note 3, 4 and 14)	52,755	-	25,961	-
Deferred tax assets (Notes 4 and 23)	302,830	-	286,551	-
Net defined benefit assets - non-current (Notes 4 and 19)	56,723	-	23,458	-
Other non-current assets - others (Note 15)	59,475	-	67,046	-
Total non-current assets	<u>38,754,422</u>	<u>82</u>	<u>39,526,270</u>	<u>82</u>
<b>TOTAL</b>	<u>\$ 47,019,601</u>	<u>100</u>	<u>\$ 47,939,254</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 16 and 29)	\$ 4,397,956	9	\$ 7,773,239	16
Short-term bills payable (Note 16)	1,179,205	3	1,129,106	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,636	-	16,655	-
Financial liabilities for hedging - current (Notes 4 and 27)	51,779	-	16,851	-
Notes payable (Note 17)	62,642	-	73,258	-
Accounts payable (Note 17)	122,355	-	136,514	-
Accounts payable to related parties (Note 28)	12,110	-	42,105	-
Other payables (Note 18)	196,025	1	291,089	1
Current tax liabilities (Notes 4 and 23)	-	-	94,087	-
Lease liabilities - current (Notes 3, 4 and 14)	13,282	-	11,787	-
Current portion of long-term borrowings (Notes 16 and 29)	3,401,640	7	1,746,086	4
Other current liabilities (Notes 18 and 28)	12,105	-	21,156	-
Total current liabilities	<u>9,450,735</u>	<u>20</u>	<u>11,351,933</u>	<u>23</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 16 and 29)	9,039,997	19	10,906,997	23
Deferred tax liabilities (Notes 4 and 23)	11,345	-	4,847	-
Lease liabilities - non-current (Notes 3, 4 and 14)	39,789	-	14,319	-
Total non-current liabilities	<u>9,091,131</u>	<u>19</u>	<u>10,926,163</u>	<u>23</u>
Total liabilities	<u>18,541,866</u>	<u>39</u>	<u>22,278,096</u>	<u>46</u>
<b>EQUITY (Note 20)</b>				
Ordinary shares	16,584,659	35	12,337,901	26
Capital surplus	12,354,362	26	9,523,679	20
Retained earnings				
Legal reserve	2,058,958	5	1,876,880	4
Special reserve	1,487,080	3	186,470	1
Unappropriated earnings	621,056	1	3,980,588	8
Total retained earnings	<u>4,167,094</u>	<u>9</u>	<u>6,043,938</u>	<u>13</u>
Other equity	(3,495,519)	(7)	(1,353,600)	(3)
Treasury shares	(1,132,861)	(2)	(890,760)	(2)
Total equity	<u>28,477,735</u>	<u>61</u>	<u>25,661,158</u>	<u>54</u>
<b>TOTAL</b>	<u>\$ 47,019,601</u>	<u>100</u>	<u>\$ 47,939,254</u>	<u>100</u>

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 6,237,417	100	\$ 7,584,694	100
OPERATING COSTS (Notes 10, 19, 22 and 28)	<u>5,495,173</u>	<u>88</u>	<u>6,610,473</u>	<u>87</u>
GROSS PROFIT	742,244	12	974,221	13
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(224,089)	(4)	(303,029)	(4)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>303,029</u>	<u>5</u>	<u>527,121</u>	<u>7</u>
REALIZED GROSS PROFIT	<u>821,184</u>	<u>13</u>	<u>1,198,313</u>	<u>16</u>
OPERATING EXPENSES (Notes 19, 22 and 28)				
Selling and marketing expenses	119,873	2	126,988	2
General and administrative expenses	<u>408,110</u>	<u>7</u>	<u>461,509</u>	<u>6</u>
Total operating expenses	<u>527,983</u>	<u>9</u>	<u>588,497</u>	<u>8</u>
OTHER OPERATING INCOME AND EXPENSES (Note 22)	<u>(6,055)</u>	<u>-</u>	<u>325</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>287,146</u>	<u>4</u>	<u>610,141</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 12, 22 and 28)				
Interest income	7,988	-	6,668	-
Other income	7,688	-	9,864	-
Other gains and losses	43,426	1	(11,288)	-
Finance costs	(360,526)	(6)	(319,588)	(4)
Expected credit loss	(12,869)	-	-	-
Share of profit or loss of subsidiaries	<u>(575,008)</u>	<u>(9)</u>	<u>1,618,345</u>	<u>21</u>
Total non-operating income and expenses	<u>(889,301)</u>	<u>(14)</u>	<u>1,304,001</u>	<u>17</u>
PROFIT (LOSS) BEFORE INCOME TAX FOR THE YEAR	(602,155)	(10)	1,914,142	25
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 23)	<u>(28,734)</u>	<u>(1)</u>	<u>93,366</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET PROFIT (LOSS) FOR THE YEAR	\$ (573,421)	(9)	\$ 1,820,776	24
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	15,252	-	11,359	-
Share of other equity of subsidiaries	(3,642)	-	(5,941)	-
Income tax benefit relating to items that will not be reclassified subsequently	(3,050)	-	(2,272)	-
	<u>8,560</u>	<u>-</u>	<u>3,146</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,420,491)	(23)	(784,053)	(10)
Loss on hedging instruments not subject to basis adjustment	(18,468)	-	589	-
Share of the other comprehensive loss of subsidiaries	(698,394)	(11)	(368,227)	(5)
Income tax expense relating to items that may be reclassified subsequently to profit or loss	3,694	-	(118)	-
	<u>(2,133,659)</u>	<u>(34)</u>	<u>(1,151,809)</u>	<u>(15)</u>
Other comprehensive loss for the year, net of income tax	<u>(2,125,099)</u>	<u>(34)</u>	<u>(1,148,663)</u>	<u>(15)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ <u>(2,698,520)</u>	<u>(43)</u>	\$ <u>672,113</u>	<u>9</u>
EARNINGS (LOSS) PER SHARE (New Taiwan dollars; Note 24)				
Basic	\$ <u>(0.44)</u>		\$ <u>1.46</u>	
Diluted	\$ <u>(0.44)</u>		\$ <u>1.46</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  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Retained Earnings					Other 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	Total Equity
BALANCE AT JANUARY 1, 2019	\$ 12,337,901	\$ 10,418,214	\$ 1,272,940	\$ 597,429	\$ 6,060,577	\$ (118,756)	\$ 15,836	\$ (83,550)	\$ (186,470)	\$ -	\$ 30,500,591
Appropriation of 2018 earnings (Note 20)											
Legal reserve	-	-	603,940	-	(603,940)	-	-	-	-	-	-
Special reserve	-	-	-	(410,959)	410,959	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$3 per share	-	-	-	-	(3,701,369)	-	-	-	-	-	(3,701,369)
Change in capital surplus from investment in associates for using the equity method	-	3,186	-	-	(3,255)	-	-	-	-	-	(69)
Net profit for the year ended December 31, 2019	-	-	-	-	1,820,776	-	-	-	-	-	1,820,776
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax (Note 20)	-	-	-	-	13,702	(855,827)	(10,556)	(295,982)	(1,162,365)	-	(1,148,663)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,834,478	(855,827)	(10,556)	(295,982)	(1,162,365)	-	672,113
Disposal of investments in financial instruments designed as at fair value through other comprehensive income	-	-	-	-	4,765	-	(4,765)	-	(4,765)	-	-
Cash dividends distributed by subsidiaries	-	50,468	-	-	-	-	-	-	-	-	50,468
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(890,760)	(890,760)
Changes in percentage of ownership interests in subsidiaries	-	(948,189)	-	-	(21,627)	-	-	-	-	-	(969,816)
BALANCE AT DECEMBER 31, 2019	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 reversed	-	-	-	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 loss 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
Cash dividends distributed by subsidiaries	-	22,345	-	-	-	-	-	-	-	-	22,345
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
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

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ (602,155)	\$ 1,914,142
Adjustments for:		
Depreciation expenses	212,733	243,625
Amortization expense	709	637
Expected credit loss recognized on trade receivables	12,869	-
Net gain on financial assets and liabilities at fair value through profit or loss	(28,478)	(34,569)
Finance costs	360,526	319,588
Interest income	(7,988)	(6,668)
Dividend income	(302)	(587)
Compensation costs of employee share options	19,708	-
Shares of (profit) loss of subsidiaries	575,008	(1,618,345)
(Gain) loss on disposal of property, plant and equipment	6,055	(325)
Unrealized gain on the transactions with subsidiaries	224,089	303,029
Realized gain on transactions with subsidiaries	(303,029)	(527,121)
Net loss on foreign currency exchange	24,162	49,558
Gain on lease modifications	-	(6)
Changes in operating assets and liabilities		
Financial assets for hedging	(17,364)	8,156
Notes receivable	(4,404)	3,267
Accounts receivable	51,733	59,373
Accounts receivable - related parties	(864,738)	1,654,781
Other receivables	(15,887)	101,896
Inventories	96,596	154,430
Prepayments	56,904	188,756
Net defined benefit assets	(18,013)	(12,099)
Financial liabilities for hedging	34,928	15,260
Notes payable	(15,911)	(41,674)
Accounts payable	(5,105)	(517)
Accounts payable - related parties	(29,995)	604
Other payables	(105,807)	(233,527)
Other current liabilities	(9,051)	(126,305)
Net defined benefit liabilities	-	(7,618)
Cash generated from (used in) operations	(352,207)	2,407,741
Income tax paid	(75,078)	(1,218)
Net cash generated from (used in) operating activities	<u>(427,285)</u>	<u>2,406,523</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash from capital reduction of financial assets at fair value through other comprehensive income	-	1,375
Purchase of financial assets at amortized cost	43,530	(296,279)
Disposal of financial assets at amortized cost	-	85,721
Acquisition of financial assets at fair value through profit or loss	(79,081)	(66,659)
Proceeds from sale of financial assets at fair value through profit or loss	104,927	67,910
Acquisition of investments accounted for using the equity method	(2,732,965)	(2,105,185)

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## Ta Chen Stainless Pipe Co., Ltd.

### STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Payments for property, plant and equipment	\$ (183,597)	\$ (321,915)
Proceeds from disposal of property, plant and equipment	5,030	131,793
Increase in refundable deposits	(400)	(9,771)
Decrease in refundable deposits	21,850	15,080
Increase in other non-current assets	(1,230)	(3)
Increase in prepayments for equipment	(12,778)	(16,987)
Other dividends received	302	587
Interest received	7,996	6,668
Dividends received from subsidiaries	<u>530,031</u>	<u>766,939</u>
Net cash used in investing activities	<u>(2,296,385)</u>	<u>(1,740,726)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	28,533,530	25,360,777
Repayments of short-term borrowings	(31,906,867)	(22,410,936)
Proceeds from short-term bills payable	7,041,279	4,732,033
Repayments of short-term bills payable	(7,000,000)	(4,320,000)
Proceeds from long-term borrowings	6,031,040	6,821,111
Repayments of long-term borrowings	(6,239,371)	(5,378,086)
Repayment of the principal portion of lease liabilities	(17,319)	(20,284)
Dividends paid	(1,233,791)	(3,701,369)
Proceeds from issue of ordinary shares	7,200,000	-
Interest paid	<u>(332,678)</u>	<u>(321,307)</u>
Net cash generated from financing activities	<u>2,075,823</u>	<u>761,939</u>
NET INCREASE (DECREASE) IN CASH	(647,847)	1,427,736
CASH AT THE BEGINNING OF THE YEAR	<u>2,721,423</u>	<u>1,293,687</u>
CASH AT THE END OF THE YEAR	<u>\$ 2,073,576</u>	<u>\$ 2,721,423</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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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, 2021.

### 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 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020
<u>Amendment to IFRS 16 “Covid-19-Related Rent Concessions”</u>	

The amendment stipulates that, when the Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 and the Company meets the specified requirements, the Company may elect to apply the practical expedient and recognize the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occur, and make a corresponding adjustment to the lease liability.

The Company did not have rent negotiations in 2020; however, if such negotiations will occur in 2021,

the Company will elect to apply the practical expedient.

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.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
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 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 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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 to IFRS 9 will be 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” will be 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” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: 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.

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 standalone financial statements, the investments of the Company's foreign operations (including subsidiaries and associates in other countries that use currencies 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, supplies, finished goods, 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 or depreciation) 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 27.

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 27.

#### 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.

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 9. If the actual future cash inflows are less than expected, a material impairment loss may arise.

b. 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.

c. Income taxes

As of December 31, 2020 and 2019, for the purpose of continuously expanding the scale of business operation and supporting the needs for operating funds of overseas subsidiaries, the Company's management determined that the unappropriated earnings of overseas subsidiaries would be reinvested permanently as priority (the amount transferred to unappropriated earnings as of December 31, 2020 was approved by the board of directors on March 25, 2021). As a result, no deferred tax liability has been recognized on the unappropriated earnings of the subsidiaries as mentioned above. In case where the future profit generated is less than expected, a recognition of material income tax expense and deferred tax liabilities may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

## 6. CASH

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 300	\$ 300
Checking accounts and demand deposits	<u>2,073,276</u>	<u>2,721,123</u>
	<u>\$ 2,073,576</u>	<u>\$ 2,721,423</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (b)	\$ -	\$ 21,333
Metal price swap contracts (d)	<u>56,078</u>	<u>24,333</u>
	<u>56,078</u>	<u>45,666</u>
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>33,476</u>	<u>56,275</u>
	<u>\$ 89,554</u>	<u>\$ 101,941</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange swap contracts (a)	\$ -	\$ 7,100
Foreign exchange forward contracts (b)	-	9,555
Interest rate swap contracts (c)	<u>1,636</u>	<u>-</u>
	<u>\$ 1,636</u>	<u>\$ 16,655</u>

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

December 31, 2019

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
Foreign exchange swap contracts	USD/NTD	2020.01-2020.04	USD 15,000/NTD 456,915

The Company entered into foreign exchange swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

- b. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follow:

December 31, 2019

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
Buy	USD/NTD	2020.01-2020.02	USD 26,394/NTD 819,300

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

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

- d. 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

December 31, 2019

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Nickel price swaps	USD 3,639	200	USD 18,120 ~ 18,272	2020.01-2020.02

The net gain (loss) attributable to the above derivative contracts in 2020 and 2019 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Foreign exchange swap contracts	\$ (2,793)	\$ (12,385)
Mutual funds	3,047	5,558
Interest rate swap contracts	(1,660)	-
Metal price swap contracts	197,105	53,586
Foreign exchange forward contracts	<u>668</u>	<u>28,459</u>
	<u>\$ 196,367</u>	<u>\$ 75,218</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 16,353</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>2020</u>	<u>2019</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 7,732	\$ 3,328
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 7,732</u>	<u>\$ 3,328</u>
Notes receivable - operating	<u>\$ 7,732</u>	<u>\$ 3,328</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 3,042,665	\$ 2,266,576
Less: Allowance for impairment loss	<u>(2,411)</u>	<u>(2,411)</u>
	<u>\$ 3,040,254</u>	<u>\$ 2,264,165</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, 2020

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

Notes Receivable

December 31, 2019

	<b>Not Past Due</b>
Expected credit loss rate	0%
Gross carrying amount	\$ 3,328
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 3,328</u>

Account Receivable (including related parties)

December 31, 2020

	<u>No indication of default of debtor</u>				<b>Total</b>
	<b>Up to 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	
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>

December 31, 2019

	<u>No indication of default of debtor</u>				<b>Total</b>
	<b>Up to 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 120 Days</b>	<b>Over 120 Days</b>	
Expected credit loss rate	0%	0%	0%	0 ~ 70%	
Gross carrying amount	\$ 996,355	\$ 458,205	\$ 383,679	\$ 428,337	\$ 2,266,576
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,411)</u>	<u>(2,411)</u>
Amortized cost	<u>\$ 996,355</u>	<u>\$ 458,205</u>	<u>\$ 383,679</u>	<u>\$ 425,926</u>	<u>\$ 2,264,165</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 2,411	\$ 2,460
Less: Amounts written off	<u>-</u>	<u>(49)</u>
Balance at December 31	<u>\$ 2,411</u>	<u>\$ 2,411</u>

**10. INVENTORIES**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Finished goods	\$ 500,251	\$ 364,956
Merchandise	22,056	99,522
Work in progress	498,589	600,757
Raw materials	912,850	959,195
Materials	5,326	6,910
Raw materials in transit	<u>5,751</u>	<u>18,483</u>
	<u>\$ 1,944,823</u>	<u>\$ 2,049,823</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was \$5,495,173 thousand and \$6,610,473 thousand, respectively.

**11. FINANCIAL ASSETS AT AMORTIZED COST**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Current</u>		
Pledged time deposits	\$ 387,977	\$ 423,650
Pledged demand deposits (reserve account)	<u>583,845</u>	<u>665,230</u>
	<u>\$ 971,822</u>	<u>\$ 1,088,880</u>

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Non-current</u>		
Pledged time deposits	\$ 20,000	\$ 20,000
Pledged demand deposits (reserve account)	324,468	250,940
Refundable deposits	<u>14,019</u>	<u>35,446</u>
	<u>\$ 358,487</u>	<u>\$ 306,386</u>
		(Concluded)

- a. As of December 31, 2020 and 2019, the interest rates of time deposits (including both time deposits with original maturities of more than three months and pledged time deposits) were 0.07%-2.74% p.a. and 0.12%- 3% p.a., respectively.
- b. Refer to Note 29 for information related to financial assets at amortized cost pledged as collateral.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Investments in subsidiaries	\$ 34,534,963	\$ 35,425,098
Investments in associates	<u>129,555</u>	<u>125,901</u>
	<u>\$ 34,664,518</u>	<u>\$ 35,550,999</u>

- a. Investments in subsidiaries

	<b>December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Amount</b>	<b>Percentage of Ownership (Note 1)</b>	<b>Amount</b>	<b>Percentage of Ownership (Note 1)</b>
Ta Chen International, Inc. ("TCP")	\$ 27,189,529	100%	\$ 28,117,356	100%
Ta Chen (B.V.I.) Holdings Ltd. ("Ta Chen BVI")	1,833,617	100%	1,835,334	100%
Brighton-Best International (Taiwan) Inc. ("BBI-TW")	5,264,398	39.08%	5,194,554	35.40%
Yinrong (Shanghai) Investment Management Limited	6,022	100%	6,061	100%
Pyramid Stainless Steel Co., Ltd. ("PSS")	566	100%	826	100%
Ta Chen (Hong Kong) Limited ("TCHK") (Note 2)	240,831	100%	270,967	100%
	<u>\$ 34,534,963</u>		<u>\$ 35,425,098</u>	

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

Note 2: The Company established TCHK in May 2019.

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

Refer to Tables 9 and 10 for details of the subsidiaries directly and indirectly held by the Company.

b. Investments in associates

Associate that is not individually material

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associate that is not individually material		
Lung Mei Cloth Co., Ltd.	\$ 129,555	\$ 125,901

The Company participated in the issuance of ordinary shares of Lung Mei Cloth Co., Ltd. and acquired 9,750 thousand ordinary shares for \$124,800 thousand in May 2019, and its percentage of ownership after the acquisition was 48.75%.

Aggregate information of associates that are not individually material

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
The Company share of:		
Net profit for the year	\$ 3,291	\$ 1,170
Other comprehensive income	-	-
Total comprehensive income for the year	\$ 3,291	\$ 1,170

### 13. PROPERTY, PLANT AND EQUIPMENT

- a. Refer to Table 12 for the movements of property, plant and equipment in 2020 and 2019.
- b. As of December 31, 2020 and 2019, 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	3-8 years
Molding equipment	2-10 years
Leasehold improvements	25 years
Other equipment	2-15 years

- d. Refer to Note 29 for the carrying amount of property, plant and equipment pledged as collateral for

bank borrowings.

#### 14. LEASE ARRANGEMENTS

##### a. Right-of-use assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Land	\$ 48,937	\$ 21,159
Buildings	3,818	1,635
Transportation equipment	<u>-</u>	<u>3,167</u>
	<u>\$ 52,755</u>	<u>\$ 25,961</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 43,669</u>	<u>\$ 4,712</u>
Depreciation charge for right-of-use assets		
Land	\$ 11,054	\$ 10,870
Buildings	2,654	4,640
Transportation equipment	<u>3,167</u>	<u>4,447</u>
	<u>\$ 16,875</u>	<u>\$ 19,957</u>

##### b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Current	<u>\$ 13,282</u>	<u>\$ 11,787</u>
Non-current	<u>\$ 39,789</u>	<u>\$ 14,319</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Land	1.55%	1.55%
Buildings	1.55%	1.55%
Transportation equipment	1.55%	1.55%

c. Material leasing activities and terms

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

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

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	\$ 22,844	\$ 16,040
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 220	\$ 221
Total cash outflow for leases	<u>\$ 24,506</u>	<u>\$ 37,022</u>

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**

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Current</u>		
Prepayments		
Prepaid materials	\$ 72,760	\$ 118,349
Prepaid rents	7,072	7,154
Prepaid insurance	7,654	7,330
Other prepayments	<u>12,948</u>	<u>16,101</u>
	<u>\$ 100,434</u>	<u>\$ 148,934</u>
<u>Non-current</u>		
Other assets		
Prepayments for equipment and prepayment for land	\$ 57,947	\$ 66,039
Other	<u>1,528</u>	<u>1,007</u>
	<u>\$ 59,475</u>	<u>\$ 67,046</u>

## 16. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Secured borrowings</u>		
Revolving bank borrowings	\$ 3,093,774	\$ 6,224,800
Borrowings of usance L/C	<u>1,304,182</u>	<u>1,548,439</u>
	<u>\$ 4,397,956</u>	<u>\$ 7,773,239</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Revolving bank borrowings	0.49%-2.75%	1.08%-2.70%
Borrowings of usance L/C	0.86%-1.2%	1.40%-2.84%

As for the borrowings of usance L/C and revolving bank borrowings as of December 31, 2020 and 2019, the Company had signed cross-currency swap contracts with financial institutions. The amount of hedged loans for interest rate and exchange rate risks was \$654,186 thousand (US\$22,970 thousand) and \$539,640 thousand (US\$18,000 thousand) as of December 31, 2020 and 2019, respectively. Refer to Note 27.

### b. Short-term bills payable

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Commercial paper	\$ 1,180,000	\$ 1,130,000
Less: Unamortized discounts on bills payable	<u>795</u>	<u>894</u>
	<u>\$ 1,179,205</u>	<u>\$ 1,129,106</u>

Outstanding short-term bills payable were as follows:

#### December 31, 2020

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

Note 1: The range of interest rates was 0.4-0.89% per annum.

December 31, 2019

<b>Promissory Institution</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>	<b>Interest Rate</b>	<b>Collateral</b>
<u>Commercial paper</u>					
China Bills	\$ 180,000	\$ 178	\$ 179,822	Note 2	None
Grand Bills	200,000	148	199,852	Note 2	None
Taiwan Bills	200,000	314	199,686	Note 2	None
International Bills	100,000	33	99,967	Note 2	None
Dah Chung Bills	150,000	46	149,954	Note 2	None
Mega Bills	50,000	22	49,978	Note 2	None
Cooperative Bills	150,000	126	149,874	Note 2	None
Ta Ching Bills	<u>100,000</u>	<u>27</u>	<u>99,973</u>	Note 2	None
	<u>\$1,130,000</u>	<u>\$ 894</u>	<u>\$1,129,106</u>		

Note 2: The range of interest rates was 0.59-1.10% per annum.

c. Long-term borrowings

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>The Company</u>		
1) Syndicated bank loan - 2018		
a) Loan (A) medium-term and long-term secured borrowings	\$ 6,222,500	\$ 6,550,000
b) Loan (B) medium-term and long-term secured borrowings	1,100,000	1,000,000
c) Loan (C) medium-term and long-term secured borrowings	-	1,000,000
d) Loan (D) medium-term and long-term secured borrowings (net of unamortized discounts of 211 thousand and 350 thousand as of December 31, 2020 and 2019, respectively)	699,789	699,650
2) Unsecured loan		
Due from May 2021 to February 2034, interest rates at 0.95%-1.83% p.a. and 1.20%-2.86% p.a. as of December 31, 2020 and 2019, respectively.	<u>4,441,079</u>	<u>3,432,835</u>
	12,463,368	12,682,485
Less: Unamortized arrangement fees of long-term borrowings	<u>21,731</u>	<u>29,402</u>
	12,441,637	12,653,083
Less: Current portions	<u>3,401,640</u>	<u>1,746,086</u>
Long-term borrowings	<u>\$ 9,039,997</u>	<u>\$ 10,906,997</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, 2020 and 2019 were as follows:

	Credit Line (In Thousands)	Credit Used		Duration Period	Interest Rate
		2020	2019		
Loan (A)	\$ 6,550,000	\$ 6,222,500	\$ 6,550,000	Within 5 years from the first drawdown date until the maturity date, inclusive of a grace period of 24 months	2.1% and 2% as of December 31, 2020 and 2019, respectively
Loan (B)	1,880,000	1,100,000	1,000,000	Within 5 years from the first drawdown date until the maturity date	Both 2% as of December 31, 2020 and 2019, respectively
Loan (C)	1,000,000	-	1,000,000	Within 5 years from the first drawdown date until the maturity date	2% as of December 31, 2019
Loan (D)	700,000	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% and 0.65-1.162% as of December 31, 2020 and 2019, respectively
	<u>\$ 10,130,000</u>	<u>\$ 8,022,500</u>	<u>\$ 9,250,000</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, 2020, the Company had complied with the above requirements.

## 17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes payable</u>		
Operating	\$ 33,171	\$ 46,981
Non-operating	<u>29,471</u>	<u>26,277</u>
	<u>\$ 62,642</u>	<u>\$ 73,258</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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Other payables</u>		
Salaries and incentive bonus	\$ 54,330	\$ 26,707
Employees' compensation and remuneration of directors and supervisors	59,662	180,752
Interest payables	17,838	7,095
Labor and health insurance payables	10,583	11,395
Utilities payables	4,223	5,669
Accrued expenses	36,709	46,791
Payables for annual leave	<u>12,680</u>	<u>12,680</u>
	<u>\$ 196,025</u>	<u>\$ 291,089</u>
<u>Other current liabilities</u>		
Advance receipts	\$ 9,439	\$ 18,850
Receipts under custody	<u>2,666</u>	<u>2,306</u>
	<u>\$ 12,105</u>	<u>\$ 21,156</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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Present value of defined benefit obligation	\$ 315,231	\$ 322,418
Fair value of plan assets	<u>(371,954)</u>	<u>(345,876)</u>
Net defined benefit liabilities (assets)	<u>\$ (56,723)</u>	<u>\$ (23,458)</u>

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

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2019	\$ 322,959	\$ (315,341)	\$ 7,618
Service cost			
Current service cost	5,392	-	5,392
Net interest expense (income)	<u>3,229</u>	<u>(3,307)</u>	<u>(78)</u>
Recognized in profit or loss	<u>8,621</u>	<u>(3,307)</u>	<u>5,314</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,485)	(10,485)
Actuarial loss - changes in demographic assumptions	3,026	-	3,026
Actuarial loss - changes in financial assumptions	7,628	-	7,628
Actuarial gain - experience adjustments	(11,528)	-	(11,528)
Recognized in other comprehensive income	<u>(874)</u>	<u>(10,485)</u>	<u>(11,359)</u>
Contributions from the employer	<u>-</u>	<u>(23,500)</u>	<u>(23,500)</u>
Benefits paid	<u>(8,288)</u>	<u>6,757</u>	<u>(1,531)</u>
Balance at December 31, 2019	<u>322,418</u>	<u>(345,876)</u>	<u>(23,458)</u>
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>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
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> (Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating costs	\$ 2,987	\$ 3,593
Selling and marketing expenses	320	363
General and administrative expenses	<u>1,080</u>	<u>1,358</u>
	<u>\$ 4,387</u>	<u>\$ 5,314</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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	0.50%	0.75%
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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate		
0.25% increase	<u>\$ (7,161)</u>	<u>\$ (7,667)</u>
0.25% decrease	<u>\$ 7,419</u>	<u>\$ 7,953</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 7,183</u>	<u>\$ 7,718</u>
0.25% decrease	<u>\$ (6,970)</u>	<u>\$ (7,480)</u>

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.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Expected contributions to the plans for the next year	<u>\$ 16,305</u>	<u>\$ 11,746</u>
Average duration of the defined benefit obligation	9.3 years	9.8 years

## 20. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares authorized (in thousands)	<u>1,800,000</u>	<u>1,500,000</u>
Shares authorized	<u>\$ 18,000,000</u>	<u>\$ 15,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>1,658,466</u>	<u>1,233,790</u>
Shares issued		
Ordinary shares	<u>\$ 16,584,659</u>	<u>\$ 12,337,901</u>

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>2020</u>	<u>2019</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 11,493,443	\$ 8,478,512
Treasury share transactions	305,094	318,947
The difference between the consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	360,277	550,380
<u>May only be used to offset a deficit</u>		
Shares of changes in capital surplus of associates accounted for using equity method	3,186	3,186
Expired employee share options	13,503	13,503
<u>May not be used for any purpose</u>		
Employee share options	<u>178,859</u>	<u>159,151</u>
	<u>\$ 12,354,362</u>	<u>\$ 9,523,679</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).

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 2020 and 2019.”

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.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, should be appropriated to or reversed from a special reserve by the Company.

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

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended December 31</b>	<b>For the Year Ended December 31</b>	<b>For the Year Ended December 31</b>	<b>For the Year Ended December 31</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 182,078	\$ 603,940		
Special reserve	1,300,610	(410,959)		
Cash dividends	1,048,722	3,701,369	\$ 0.85	\$ 3
Share dividends	246,758	-	0.2	-

The issuance of cash dividends of \$185,069 thousand from capital surplus at NT\$0.15 per share was also approved in the shareholders’ meeting in June 2020.

The proposal for offsetting of losses for 2020 was proposed by the Company’s board of directors on March 25, 2021. The appropriations were as follows:

	<b>Offsetting of losses</b>
Special reserve	\$ 621,056

The issuance of cash dividends of \$1,326,773 thousand (NT\$0.8 per share) from the capital surplus had been proposed by the Company’s board of directors on March 25, 2021.

The offsetting of losses for earnings for 2020 is subject to resolution of the shareholders in their meeting to be held in June 2021.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (974,583)	\$ (118,756)
Exchange differences on translating the financial statements of foreign operations	(1,420,491)	(784,053)
Shares from subsidiaries and associates accounted for using the equity method	<u>(132,332)</u>	<u>(71,774)</u>
Balance at December 31	<u>\$ (2,527,406)</u>	<u>\$ (974,583)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 515	\$ 15,836
Recognized for the year		
Shares from subsidiaries and associates accounted for using the equity method	(8,260)	(10,556)
Realized gain transferred to retained earnings	<u>-</u>	<u>(4,765)</u>
Balance at December 31	<u>\$ (7,745)</u>	<u>\$ 515</u>

3) Gain (loss) on hedging instruments

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (379,532)	\$ (83,550)
Gain (loss) arising on changes in the fair value of hedging instruments		
Cross-currency swaps	(5,638)	11,512
Related income tax	3,694	(118)
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss		
Cross-currency swaps	(12,830)	(10,923)
Shares from subsidiaries and associates accounted for using the equity method	<u>(566,062)</u>	<u>(296,453)</u>
Balance at December 31	<u>\$ (960,368)</u>	<u>\$ (379,532)</u>

e. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>
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>
Number of shares at January 1, 2019	-
Increase during the year	<u>66,746</u>
Number of shares at December 31, 2019	<u>66,746</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:

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2020</u>			
BBI-TW	<u>65,149</u>	<u>\$ 2,039,173</u>	<u>\$ 2,039,173</u>
TCE	<u>11,784</u>	<u>\$ 368,852</u>	<u>\$ 368,852</u>
Belonging to the company	<u>30,065</u>	<u>\$ 1,132,861</u>	<u>\$ 941,035</u>
<u>December 31, 2019</u>			
BBI-TW	<u>66,746</u>	<u>\$ 2,139,209</u>	<u>\$ 2,139,209</u>
Belonging to the company	<u>23,628</u>	<u>\$ 890,760</u>	<u>\$ 757,280</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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 6,237,417</u>	<u>\$ 7,584,694</u>

Contract balances

	<u>December 31</u>		<u>January 1, 2019</u>
	<u>2020</u>	<u>2019</u>	
Accounts receivable (Note 9)	\$ 3,040,254	\$ 2,264,165	\$ 4,039,702

Refer to Statement 14 for segment revenue information.

**22. PROFIT (LOSS) BEFORE INCOME TAX**

a. Other operating income and expenses

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Gain (loss) on disposal of property, plant and equipment	\$ (6,055)	\$ 325

b. Interest income

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Bank deposits and financial assets at amortized cost	\$ 7,988	\$ 6,668

c. Other income

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Rental income	\$ 2,525	\$ 2,264
Dividends	302	587
Others	4,861	7,013
	<u>\$ 7,688</u>	<u>\$ 9,864</u>

d. Other gains and losses

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Foreign exchange gains	\$ 843,929	\$ 674,488
Foreign exchange losses	(996,782)	(760,529)
Net gain on financial assets designated as at FVTPL	196,367	75,218
Others	(88)	(465)
	<u>\$ 43,426</u>	<u>\$ (11,288)</u>

e. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on bank loans	\$ 367,874	\$ 324,525
Interest on lease liabilities	615	477
Amortization of arrangement fees of syndicated bank loans	7,670	7,669
Loss arising on derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	<u>(12,830)</u>	<u>(10,923)</u>
	363,329	321,748
Less: Amounts included in the cost of qualifying assets	<u>2,803</u>	<u>2,160</u>
	<u>\$ 360,526</u>	<u>\$ 319,588</u>

Information about capitalized interest was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Capitalized interest	\$ 2,803	\$ 2,160
Capitalization rate	1.71%	1.79%

f. Impairment loss

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Other receivables	<u>\$ (12,869)</u>	<u>\$ -</u>

g. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis of depreciation by function		
Operating costs	\$ 183,053	\$ 214,164
Operating expenses	<u>29,680</u>	<u>29,461</u>
	<u>\$ 212,733</u>	<u>\$ 243,625</u>
An analysis of amortization by function		
Operating costs	<u>\$ 709</u>	<u>\$ 637</u>

h. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term benefits	\$ 642,650	\$ 626,765
Post-employment benefits (refer to Note 19)		
Defined contribution plans	22,022	21,861
Defined benefit plans	4,387	5,314
	<u>26,409</u>	<u>27,175</u>
 Total employee benefits expense	 <u>\$ 669,059</u>	 <u>\$ 653,940</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 463,528	\$ 463,023
Operating expenses	<u>205,531</u>	<u>190,917</u>
	<u>\$ 669,059</u>	<u>\$ 653,940</u>

i. Employees' compensation and remuneration of directors and supervisors for 2020 and 2019

In accordance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors and supervisors at the rates of no lower than 3% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the year ended December 31, 2019, which was approved by the Company's board of directors on March 26, 2020, were as follows:

Accrual rate

	<b>For the Year Ended December 31, 2019</b>
Employees' compensation	3%
Remuneration of directors and supervisors	0.75%

Amount

	<b>For the Year Ended December 31, 2019</b>
Employees' compensation - cash	\$ 59,662
Remuneration of directors and supervisors - cash	14,915

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 and supervisors 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 and supervisors paid and the amounts recognized in the standalone financial statements for the

years ended December 31, 2019 and 2018

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax		
Income tax on unappropriated earnings	\$ -	\$ 96,186
Adjustments for prior years	<u>(19,597)</u>	<u>-</u>
	<u>(19,597)</u>	<u>96,186</u>
Deferred tax		
In respect of the current year	<u>(9,137)</u>	<u>(2,820)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (28,734)</u>	<u>\$ 93,366</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit (loss) before tax	<u>\$ (602,155)</u>	<u>\$ 1,914,142</u>
Income tax expense (benefit) calculated at the statutory rate	\$ (120,431)	\$ 382,828
Nondeductible income in determining taxable income	-	(326,080)
Nondeductible expenses in determining taxable income	111,187	-
Adjustments for prior years	(19,597)	-
Income tax on unappropriated earnings	-	96,186
Deduction of income tax	-	(436)
Unrecognized deductible temporary differences	107	(46,260)
Unrecognized loss carryforwards	<u>-</u>	<u>(12,872)</u>
Income tax expense recognized in profit or loss	<u>\$ (28,734)</u>	<u>\$ 93,366</u>

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Company only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

In accordance with Rule No. 10904550440 issued by the Ministry of Finance of Taiwan (MOF), the Company used the losses incurred in the first quarter of 2020 to estimate losses for the first six months of 2020 and this amount is deducted from the Group's unappropriated earnings for 2018 for filing the additional tax. For the 2020 standalone financial reporting purpose, the tax on unappropriated earnings for 2018 is measured based on the actual loss for 2020, and the current income tax payable is adjusted accordingly.

In addition, in accordance with Rule No. 10904558730 issued by the MOF, the Company has deducted

the amount of dividends distributed in 2020 attributable to the increase in the beginning retained earnings for 2018 as a result of initial adoption of IFRS 9 when calculating the tax on unappropriated earnings for 2018.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Deferred tax</u>		
In respect of the current year:		
Fair value changes of hedging instruments for cash flow hedges	\$ 3,694	\$ (118)
Remeasurement of defined benefit plans	<u>(3,050)</u>	<u>(2,272)</u>
Total income tax recognized in other comprehensive income	<u>\$ 644</u>	<u>\$ (2,390)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivable	<u>\$ 588</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 94,087</u>

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, 2020

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized at in Other Comprehensive Income</b>	<b>Closing Balance</b>
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	<u>-</u>	<u>-</u>	<u>3,538</u>	<u>3,538</u>
	138,750	(22,934)	488	116,304
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>
<b>Deferred Tax Liabilities</b>				
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>

For the year ended December 31, 2019

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized at in Other Comprehensive Income</b>	<b>Closing Balance</b>
Temporary differences				
Difference between tax reporting and financial reporting - depreciation expenses	\$ 17,624	\$ (28)	\$ -	\$ 17,596
Associates	105,424	(44,818)	-	60,606
Defined benefit obligations	20,744	(1,524)	(2,272)	16,948
Unrealized loss on inventories	37,576	(17,976)	-	19,600
Payables for annual leave	2,536	-	-	2,536
Unallocated fixed manufacturing costs	3,565	(1,492)	-	2,073
Unrealized exchange losses	-	18,917	-	18,917
Unrealized loss on financial liabilities	<u>256</u>	<u>218</u>	<u>-</u>	<u>474</u>
	187,725	(46,703)	(2,272)	138,750
Tax losses	<u>99,103</u>	<u>48,698</u>	<u>-</u>	<u>147,801</u>
	<u>\$ 286,828</u>	<u>\$ 1,995</u>	<u>\$ (2,272)</u>	<u>\$ 286,551</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences				
Cash flow hedges	\$ 38	\$ -	\$ 118	\$ 156
Net defined benefit assets	-	4,691	-	4,691
Unrealized exchange gains	<u>5,516</u>	<u>(5,516)</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,554</u>	<u>\$ (825)</u>	<u>\$ 118</u>	<u>\$ 4,847</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Deductible temporary differences	<u>\$ 1,125</u>	<u>\$ 1,232</u>

- f. Information about unused loss carryforwards

	<b>Unused Creditable Amount</b>
Loss carryforwards	
Expiry in 2025	\$ 621,826
Expiry in 2026	196,091
Expiry in 2030	<u>114,713</u>
	<u>\$ 932,630</u>

- g. The 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, first, to consistently expand the scale of operation and, then, to support the needs for operating funds of overseas subsidiaries (the unappropriated earnings as of December 31, 2020 were approved by the Company's board of directors in March 2021). As a result, no deferred tax liability has been recognized on the related investment income recognized under the equity method.

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$8,495,712 thousand and \$9,362,489 thousand, respectively.

h. Income tax assessments

The tax returns through 2018 have been assessed by the tax authorities.

## 24. EARNINGS (LOSS) PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retrospectively for the issuance of bonus shares; the base date of the issuance of shares was July 21, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 were as follows:

	Unit: NT\$ Per Share	
	<b>Before Retrospective Adjustment</b>	<b>After Retrospective Adjustment</b>
Basic earnings per share	\$ <u>1.49</u>	\$ <u>1.46</u>
Diluted earnings per share	\$ <u>1.49</u>	\$ <u>1.46</u>
 <u>Net Profit for the Year</u>		
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit (loss) for the year attributable to owners of the Company	\$ <u>(573,421)</u>	\$ <u>1,820,776</u>
 <u>Number of Shares</u>		
	<b>Unit: In Thousands of Shares</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares in computation of basic earnings per share	1,306,681	1,247,254
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>-</u>	<u>2,813</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,306,681</u>	<u>1,250,067</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. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

For details about the partial acquisition of subsidiaries, refer to Note 28 to the Group's consolidated financial statements for the year ended December 31, 2020.

## 26. 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 2020 and 2019. 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.

## 27. 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, 2020

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 45,666	\$ -	\$ 45,666
Mutual funds	<u>56,275</u>	<u>-</u>	<u>-</u>	<u>56,275</u>
	<u>\$ 56,275</u>	<u>\$ 45,666</u>	<u>\$ -</u>	<u>\$ 101,941</u>
Financial assets at FVTOCI				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,353</u>	<u>\$ 16,353</u>
Financial assets for hedging				
Derivatives	<u>\$ -</u>	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ 1,104</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 16,655</u>	<u>\$ -</u>	<u>\$ 16,655</u>
Financial liabilities for hedging				
Derivatives	<u>\$ -</u>	<u>\$ 16,851</u>	<u>\$ -</u>	<u>\$ 16,851</u>

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>	
	2020	2019
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ 56,078	\$ 45,666
Mandatorily classified as at FVTPL	33,476	56,275
Financial assets for hedging	-	1,104
Financial assets at amortized cost (Note 1)	6,488,267	6,417,568
Financial assets at FVTOCI	16,353	16,353
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	1,636	16,655
Financial liabilities for hedging	51,779	16,851
Financial liabilities at amortized cost (Note 2)	18,411,930	22,098,394

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

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, credit 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 31.

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.

	<b>USD Impact (Note)</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ 46,844	\$ 42,361

Note: \$654,186 thousand and \$539,640 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, 2020 and 2019, 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, 2020

#### 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, 2020

Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Forward Price	Line Item in Balance Sheet	Carrying Amount	
						Asset	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

#### For the year ended December 31, 2019

Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Forward Price	Line Item in Balance Sheet	Carrying Amount	
						Asset	Liability
US\$10,000	2019.3.19 -2020.3.19	0.8%	LIBOR	(USD 1:NTD 30.87)	Financial liabilities for hedging	\$ -	\$ 9,226
US\$3,000	2019.4.22 -2020.4.22	0%	3M+0.65%	(USD 1:NTD 30.83)	Financial assets and liabilities and for hedging	675	2,550
US\$2,500	2019.7.18 -2020.7.20	0%	1.15%	(USD 1:NTD 31.05)	Financial assets and liabilities for hedging	299	2,675
US\$2,500	2019.9.24 -2020.9.24	0%	1.25%	(USD 1:NTD 30.94)	Financial assets and liabilities for hedging	130	2,400

Hedged Items	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	\$ -	\$ 778	\$ -

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

For the year ended December 31, 2019

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	\$ 589	\$ 10,923

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:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Cash flow interest rate risk		
Financial assets	\$ 2,954,235	\$ 3,594,335
Financial liabilities	16,139,804	19,726,873

#### 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, 2020 and 2019 would have been lower by \$125,314 thousand and \$155,929 thousand, respectively (which deducted the impact of loans hedged with cross currency swaps amounting to \$654,186 thousand and \$539,640 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 and 2019 would have increased or decreased by \$561 thousand and \$243 thousand, respectively, 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 and \$24,333 thousand for years ended December 31, 2020 and 2019, respectively.

#### 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, 2020 and 2019, 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, 2020

	<b>On Demand or Less than 1 Year</b>	<b>More than 1 Year</b>
<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:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Lease liabilities	<u>\$ 13,488</u>	<u>\$ 31,673</u>	<u>\$ 8,732</u>

December 31, 2019

	<b>On Demand or Less than 1 Year</b>	<b>More than 1 Year</b>
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 542,966	\$ -
Lease liabilities	11,970	14,541
Fixed interest rate bank loans	1,830,111	-
Floating interest rate bank loans	10,355,490	10,067,748
Financial guarantee contracts	<u>970,663</u>	<u>1,873,750</u>
	<u>\$ 13,711,200</u>	<u>\$ 11,956,039</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Lease liabilities	<u>\$ 11,970</u>	<u>\$ 13,878</u>	<u>\$ 663</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, 2020

	<b>Less than 1 Year</b>	<b>1-5 Years</b>
<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>

December 31, 2019

	<b>Less than 1 Year</b>	<b>1-5 Years</b>
<u>Net settled</u>		
Foreign exchange swap contracts	\$ 7,100	\$ -
Foreign exchange forward contracts	9,555	-
Cross-currency swap contracts	<u>16,851</u>	<u>-</u>
	<u>\$ 33,506</u>	<u>\$ -</u>

c) Financing facilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Unsecured bank loan facilities, reviewed annually:		
Amount used	\$ 5,636,079	\$ 7,250,732
Amount unused	<u>2,483,921</u>	<u>1,074,468</u>
	<u>\$ 8,120,000</u>	<u>\$ 8,325,200</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 12,405,456	\$ 14,335,343
Amount unused	<u>11,079,544</u>	<u>8,064,657</u>
	<u>\$ 23,485,000</u>	<u>\$ 22,400,000</u>

## 28. 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
Ta Chen (Boye) Co., Ltd.	Subsidiary
Pyramid Stainless Steel Co., Ltd. (“PSS”)	Subsidiary
Brighton - Best International, Inc. (BBI-USA)	Subsidiary
Ta Chen (Hong Kong) Limited (TCHK)	Subsidiary
Lung Mei Cloth Co., Ltd.	Associate
Ou Bo Hua Company	Related party in substance
Brighton-Best International (Taiwan) Inc. (BBI-TW)	Subsidiary
Ta Chen Empire Co., Ltd. (TCE)	Subsidiary

b. Sales of goods

Line Item	Related Party Category/Name	<b>For the Year Ended December 31</b>	
		<b>2020</b>	<b>2019</b>
Revenue from sale of goods	TCI	\$ 3,733,217	\$ 4,818,970
	TCHK	976,478	521,490
	Associate	70,677	21,803
	Subsidiaries	<u>-</u>	<u>230,511</u>
		<u>\$ 4,780,372</u>	<u>\$ 5,592,774</u>

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 made in advance or 4 to 6 months after sales (depending on transaction terms); for other related parties, collection term is 1 months. 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	
	2020	2019
Subsidiaries	\$ <u>127,538</u>	\$ <u>284,000</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	
		2020	2019
Accounts receivable	TCI	\$ 2,861,698	\$ 2,080,054
	Associate	8,239	5,363
	Subsidiaries	<u>49,436</u>	<u>8,676</u>
		<u>\$ 2,919,373</u>	<u>\$ 2,094,093</u>
Other receivables	PPT	\$ -	\$ 5,027
	PSS	4,000	-
	Subsidiaries	1,088	1,710
	Associate	<u>33</u>	<u>26</u>
		<u>\$ 5,121</u>	<u>\$ 6,763</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, 2020 and 2019.

e. Payables to related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
Accounts payable	Ta Chen (Changshu) Co., Ltd	\$ <u>12,110</u>	\$ <u>42,105</u>

The outstanding accounts payable to related parties are unsecured.

f. Refundable deposits

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2020</b>	<b>2019</b>
Financial assets at amortized cost - non-current	Related parties in substance	\$ <u>1,600</u>	\$ <u>1,500</u>

g. Disposal of property, plant and equipment - 2019

<b>Related Party Category/Name</b>	<b>Proceeds</b>	<b>Gain (loss) on disposal</b>
Subsidiaries	\$ <u>131,469</u>	\$ <u>28,932</u>

h. Lease arrangements - the Company is lessee

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Interest expense</u>		
Related parties in substance	\$ <u>12</u>	\$ <u>31</u>
<u>Lease expense</u>		
Subsidiaries	\$ 12,857	\$ 6,857
Related parties in substance	<u>9,936</u>	<u>8,886</u>
	\$ <u>22,793</u>	\$ <u>15,743</u>

The Company entered into a contract with its related parties in substance to rent office space, dormitories, and show rooms 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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Future lease payables	\$ 3,952	\$ 3,952

i. 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 March 2009 to November 2025, and the rental is based on similar asset's market rental rates and fixed lease payments are received quarterly. As of December 31, 2020 and 2019, the gross lease payments received were \$4,740 thousand and \$2,220 thousand, respectively. Rental income were \$1,080 thousand and \$1,000 thousand for the years ended December 31, 2020 and 2019, respectively.

The Company entered into a contract with its associate to rent out office space from September 2019 to August 2021. As of December 31, 2020 and 2019, other receivable were \$33 thousand and \$26 thousand, respectively, and the gross lease payment received were \$262 thousand and \$293 thousand respectively. Rental income were \$481 thousand and \$147 thousand for the year ended December 31, 2020 and 2019, respectively.

j. Endorsements and guarantees

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

k. 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 \$960 thousand and \$840 thousand for the years ended December 31, 2020 and 2019, respectively.

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 \$364 thousand and \$304 thousand for the years ended December 31, 2020 and 2019, respectively.

3) Management service income

The Company supports its subsidiaries on purchasing of goods and charges management service fees. The management service income were \$1,920 thousand and \$1,800 thousand for the years ended December 31, 2020 and 2019, respectively.

l. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	\$ 27,873	\$ 36,213
Post-employment benefits	641	641
Share-based payment	<u>621</u>	<u>-</u>
	<u>\$ 29,135</u>	<u>\$ 36,854</u>

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

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Financial assets at amortized cost (pledged time deposits and reserve account)	\$ 1,316,290	\$ 1,359,820
Property, plant and equipment, net	<u>2,275,702</u>	<u>2,184,268</u>
	<u>\$ 3,591,992</u>	<u>\$ 3,544,088</u>

## 30. 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, 2020 and 2019 were as follows:

- a. Unused letters of credit for purchases of raw materials as of December 31, 2020 and 2019 were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Unused letters of credit for purchases of raw materials	<u>\$ 411,965</u>	<u>\$ 326,540</u>

- b. Unrecognized commitments were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Acquisition of property, plant and equipment	<u>\$ 289,115</u>	<u>\$ 110,578</u>

- c. As of December 31, 2020 and 2019, the Company's provision of endorsement and guarantee to the subsidiaries for bank borrowings were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Amount endorsed and guaranteed	<u>\$ 2,622,019</u>	<u>\$ 2,953,035</u>
Amount utilized	<u>\$ 2,622,019</u>	<u>\$ 1,216,511</u>

### 31. 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, 2020

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<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
<u>Financial liabilities</u>			
Monetary items			
USD	35,384	28.48	1,007,731

December 31, 2019

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 157,515	29.98	\$ 4,722,291
Non-monetary items			
Investment accounted for using the equity method			
USD	1,630,844	29.98	48,892,727
<u>Financial liabilities</u>			
Monetary items			
USD	34,216	29.98	1,025,794

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

Foreign Currency	For the Year Ended December 31			
	2020		2019	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	28.48 (USD:NTD)	\$ (151,065)	29.98 (USD:NTD)	\$ (84,263)
EUR	35.02 (EUR:NTD)	(45)	33.59 (EUR:NTD)	(1,212)
CNY	4.377 (CNY:NTD)	(1,630)	4.289 (CNY:NTD)	(569)
GBP	37.30 (GBP:NTD)	<u>(113)</u>	39.36 (GBP:NTD)	<u>3</u>
		<u>\$ (152,853)</u>		<u>\$ (86,041)</u>

### 32. 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 (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (Table 6)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 8)
- 9) Trading in derivative instruments (Notes 7 and 27)

b. Information on investees (Table 9)

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 10)

- 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, 7 and 11):
- 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 (None)

**TABLE 1**

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

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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 Borrowing Amount	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		
1	Ta Chen (B.V.I.) Holdings Ltd.	TMCT Product, Inc.	Other receivables from related parties	Y	\$ 277,380	\$ 277,380	\$ 277,380	2%	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 1,840,906	\$ 1,840,906
		Ta Chen (Boye) Co., Ltd.	Other receivables from related parties	Y	61,640	-	-	3.9% - 4.5%	2	-	"	-	None	-	1,840,906	1,840,906
2	Brighton-Best International (Taiwan) Inc.	Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	1,443	1,443	-	-	1	5,814	-	-	None	-	5,814	11,718,779
		Brighton-Best International (AU), Pty Ltd.	Other receivables from related parties	Y	249,447	202,302	186,968	-	1	436,315	-	-	None	-	436,315	11,718,779
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	31,925	26,210	11,924	-	1	33,682	-	-	None	-	33,682	11,718,779
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	17,778	17,088	17,088	-	2	-	Operating capital	-	None	-	3,233,058	6,466,116
		Brighton-Best International (UK), Limited	Other receivables from related parties	Y	8,622	8,540	-	-	1	133,849	-	-	None	-	133,849	11,718,779
		Brighton-Best International, Inc.	Other receivables from related parties	Y	209,728	197,456	-	-	1	4,643,003	-	-	None	-	4,643,003	11,718,779
3	Brighton-Best International, Inc.	Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	90,750	85,440	85,440	-	2	-	Operating capital	-	None	-	1,436,926	2,873,851
		Brighton-Best International (Canada), Inc.	Other receivables from related parties	Y	75,625	71,200	-	-	2	-	"	-	None	-	1,436,926	2,873,851
4	Brighton-Best International (AU), Pty Ltd.	Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	41,705	41,705	39,282	-	2	-	"	-	None	-	186,273	372,545
5	Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Other receivables from related parties	Y	2,036,515	2,036,515	1,207,554	-	1	3,879,194	-	-	None	-	3,879,194	6,840,243
		Empire Resources, Inc.	Other receivables from related parties	Y	564,934	564,934	336,984	-	1	830,939	-	-	None	-	830,939	6,840,243
6	Empire Resources, Inc.	Imbali Metals BVBA	Other receivables from related parties	Y	89,850	-	-	-	2	-	Operating capital	-	None	-	3,042,872	3,042,872
		8911 Kelso Drive	Other receivables from related parties	Y	104,825	104,825	-	-	2	-	"	-	None	-	3,042,872	3,042,872
		Empire Resources (UK) Limited	Other receivables from related parties	Y	269,550	-	-	-	2	-	"	-	None	-	3,042,872	3,042,872
		Ta Chen International, Inc.	Other receivables from related parties	Y	2,221,440	2,221,440	2,221,440	-	2	-	"	-	None	-	3,042,872	3,042,872
7	Primus Pipe and Tube Holding, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	13,400	13,400	13,400	1M LIBOR+1.75%	2	-	"	-	None	-	869,075	869,075
8	Ta Chen International, Inc.	Primus Pipe and Tube, Inc.	Other receivables from related parties	Y	245,880	245,880	1,475	Prime-0.125%	2	-	"	-	None	-	27,429,015	27,429,015
9	Ta Chen (Changshu) Co., Ltd.	Ta Chen (Boye) Co., Ltd.	Other receivables from related parties	Y	162,948	-	-	-	2	-	"	-	None	-	412,093	412,093
10	Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	Other receivables from related parties	Y	214,140	198,543	197,553	4%	2	-	"	-	None	-	1,204,160	1,204,160
		Ta Chen (BVI) Holdings Ltd.	Other receivables from related parties	Y	395,720	-	-	-	2	-	"	-	None	-	1,204,160	1,204,160
		Ta Chen International, Inc.	Other receivables from related parties	Y	740,480	740,480	740,480	-	2	-	"	-	None	-	1,204,160	1,204,160
11	TCI Investment Group, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	44,235	44,235	44,235	-	2	-	"	-	None	-	145,803	145,803

Note 1:

**Financing Limit for Each Borrower**

Ta Chen (B.V.I.) Holdings Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (Taiwan) Inc.	For business transaction: Recently business transaction amount For short-term financing: 20% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International, Inc.	20% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (AU), Pty Ltd.	20% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen Empire Co., Ltd.	Recently business transaction amount or 20% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen International Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements (Note 4)
TA CHEN (Changshu) Co., Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (Hong Kong) Limited	Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements (Note 5)
TCI Investment Group, Inc.	Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements (Note 4)

**Aggregate Financing Limit**

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
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

Note 3: Financing provided to others denominated in foreign currency was translated to the New Taiwan dollar with reference to the ending average exchange rate as of December 31, 2020 as declared by Bank of Taiwan; hence, it is different from the disclosed amount available at the Market Observation Post System of the Taiwan Stock Exchange.

Note 4: The financing limit amount for the wholly-owned subsidiary shall not exceed 100% of the net worth of the Company.

Note 5: The financing limit amount for the wholly-owned subsidiary shall not exceed 500% of the net worth of the Company.

TA CHEN STAINLESS PIPE CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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 Borrowing Amount	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	\$ 56,955,470	\$ 398,513	\$ 230,253	\$ 230,253	\$ -	1		Y	N	N	
		Ta Chen (Hong Kong) Limited	Subsidiary	56,955,470	1,902,500	1,902,500	1,902,500	-	7		Y	N	N	
		Ta Chen (Shijiazhuang) Co., Ltd.	Sub-subsidiary	56,955,470	145,700	145,700	145,700	-	1		Y	N	Y	
		Empire Resources, Inc.	Sub-subsidiary	56,955,470	181,170	181,170	181,170	-	1		Y	N	N	
		Ta Chen (Boye) Co., Ltd.	Sub-subsidiary	56,955,470	162,396	162,396	162,396	-	1		Y	N	Y	
1	Brighton-Best International (Taiwan) Inc.	Brighton-Best International (AU) Pty Ltd.	Subsidiary	12,932,232	131,964	131,964	-	-	1	\$ 56,955,470	Y	N	N	
		Ta Chen Empire Co., Ltd.	Subsidiary	12,932,232	5,085,000	3,065,000	3,065,000	-	19	16,165,290	Y	N	N	
2	Ta Chen International, Inc.	Empire Resources Pacific, Ltd.	Sub-subsidiary	54,858,030	29,230,500	29,230,500	29,230,500	-	107		N	N	N	
		TCI Investment Group, Inc.	Subsidiary	54,858,030	29,230,500	29,230,500	29,230,500	-	107		N	N	N	
		Empire Resources, Inc.	Subsidiary	54,858,030	29,230,500	29,230,500	29,230,500	-	107		N	N	N	
		TCI Texarkana, Inc.	Subsidiary	54,858,030	31,044,000	31,044,000	31,044,000	-	113		N	N	N	
		Primus Pipe and Tube Holding, Inc.	Subsidiary	54,858,030	29,230,500	29,230,500	29,230,500	-	107		N	N	N	
		Primus Pipe and Tube, Inc.	Sub-subsidiary	54,858,030	29,230,500	29,230,500	29,230,500	-	107		N	N	N	
		Imbali Metals BVBA	Sub-subsidiary	54,858,030	711,400	711,400	711,400	-	3		N	N	N	
		Empire Resources (UK) Limited.	Sub-subsidiary	54,858,030	711,400	711,400	711,400	-	3		N	N	N	
		8911 Kelso Drive	Sub-subsidiary	54,858,030	138,893	-	-	-	-		54,858,030	N	N	N
		Ta Chen International, Inc.	Parent company	60,857,440	31,079,700	29,230,500	29,230,500	-	961		N	N	N	
3	Empire Resources, Inc.	Empire Resources Pacific, Ltd.	Subsidiary	60,857,440	29,230,500	29,230,500	29,230,500	-	961		N	N	N	
		TCI Investment Group, Inc.	Fellow subsidiaries	60,857,440	29,230,500	29,230,500	29,230,500	-	961		N	N	N	
		TCI Texarkana, Inc.	Fellow subsidiaries	60,857,440	31,079,700	29,230,500	29,230,500	-	961		N	N	N	
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	60,857,440	29,230,500	29,230,500	29,230,500	-	961		N	N	N	
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	60,857,440	29,230,500	29,230,500	29,230,500	-	961		N	N	N	
		Ta Chen International, Inc.	Parent company	51,031,050	31,079,700	29,230,500	29,230,500	-	20,048		60,857,440	N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	51,031,050	29,230,500	29,230,500	29,230,500	-	20,048		N	N	N	
		Empire Resources, Inc.	Fellow subsidiaries	51,031,050	29,230,500	29,230,500	29,230,500	-	20,048		N	N	N	
		TCI Texarkana, Inc.	Fellow subsidiaries	51,031,050	29,230,500	29,230,500	29,230,500	-	20,048		N	N	N	
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	51,031,050	29,230,500	29,230,500	29,230,500	-	20,048		N	N	N	
4	TCI Investment Group, Inc.	Primus Pipe and Tube, Inc.	Fellow subsidiaries	51,031,050	29,230,500	29,230,500	29,230,500	-	20,048		N	N	N	
		Ta Chen International, Inc.	Parent company	83,580,000	31,079,700	29,230,500	29,230,500	-	3,076,895		51,031,050	N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	83,580,000	29,230,500	29,230,500	29,230,500	-	3,076,895		N	N	N	
		Empire Resources, Inc.	Parent company	83,580,000	29,230,500	29,230,500	29,230,500	-	3,076,895		N	N	N	
		TCI Texarkana, Inc.	Fellow subsidiaries	83,580,000	31,079,700	29,230,500	29,230,500	-	3,076,895		N	N	N	
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	83,580,000	29,230,500	29,230,500	29,230,500	-	3,076,895		N	N	N	
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	83,580,000	29,230,500	29,230,500	29,230,500	-	3,076,895		N	N	N	
		Ta Chen International, Inc.	Parent company	30,417,625	31,079,700	29,230,500	29,230,500	-	3,363		83,580,000	N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	30,417,625	29,230,500	29,230,500	29,230,500	-	3,363		N	N	N	
		TCI Investment Group, Inc.	Fellow subsidiaries	30,417,625	29,230,500	29,230,500	29,230,500	-	3,363		N	N	N	
5	Empire Resources Pacific, Ltd.	Empire Resources Pacific, Ltd.	Fellow subsidiaries	30,417,625	29,230,500	29,230,500	29,230,500	-	3,363		N	N	N	
		TCI Texarkana, Inc.	Fellow subsidiaries	30,417,625	29,230,500	29,230,500	29,230,500	-	3,363		N	N	N	
		Primus Pipe and Tube Holding, Inc.	Subsidiary	30,417,625	29,230,500	29,230,500	29,230,500	-	3,363		30,417,625	N	N	N
		Primus Pipe and Tube, Inc.	Subsidiary	30,417,625	29,230,500	29,230,500	29,230,500	-	3,363		N	N	N	
		Ta Chen International, Inc.	Parent company	33,645,535	31,079,700	29,230,500	29,230,500	-	4,778		N	N	N	
		Empire Resources, Inc.	Fellow subsidiaries	33,645,535	29,230,500	29,230,500	29,230,500	-	4,778		N	N	N	
		TCI Investment Group, Inc.	Fellow subsidiaries	33,645,535	29,230,500	29,230,500	29,230,500	-	4,778		N	N	N	
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	33,645,535	29,230,500	29,230,500	29,230,500	-	4,778		N	N	N	
		TCI Texarkana, Inc.	Fellow subsidiaries	33,645,535	31,079,700	29,230,500	29,230,500	-	4,778		N	N	N	
		Primus Pipe and Tube Holding, Inc.	Parent company	33,645,535	29,230,500	29,230,500	29,230,500	-	4,778		33,645,535	N	N	N
6	Primus Pipe and Tube Holding, Inc.	Empire Resources Pacific, Ltd.	Fellow subsidiaries	32,505,740	29,230,500	29,230,500	29,230,500	-	450		N	N	N	
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	32,505,740	29,230,500	29,230,500	29,230,500	-	450		N	N	N	
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	32,505,740	29,230,500	29,230,500	29,230,500	-	450		N	N	N	
		TCI Investment Group, Inc.	Fellow subsidiaries	32,505,740	29,230,500	29,230,500	29,230,500	-	450		N	N	N	
		Empire Resources, Inc.	Fellow subsidiaries	32,505,740	29,230,500	29,230,500	29,230,500	-	450		N	N	N	
		Ta Chen International, Inc.	Parent company	32,505,740	31,079,700	29,230,500	29,230,500	-	450		32,505,740	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	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	100% 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	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	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	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	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	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	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	500% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (Hong Kong) Limited	80% of net worth in recently audited financial statements or reviewed financial statements	300% of net worth in recently audited financial statements or reviewed financial statements

Note 2: Endorsements or guarantees provided to others denominated in foreign currency was translated to the New Taiwan dollar with reference to the ending average exchange rate as of December 31, 2020 declared by Bank of Taiwan.

**TABLE 3****TA CHEN STAINLESS PIPE CO., LTD.****MARKETABLE SECURITIES HELD****DECEMBER 31, 2020****(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, 2020				
				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	42,758	\$ 851	-	\$ 851	
	Fuh Hwa China New Economy A Shares Eq TWD	"	"	600,000	5,010	-	5,010	
	Franklin Templeton SinoAm Multi-Asset Income Fund-Accu.-TWD	"	"	61,156	649	-	649	
	Franklin Templeton SinoAm Multi-Asset Income Fund-Accu.-TWD	"	"	115,111	1,880	-	1,880	
	Yuanta New ASEAN Balanced Fund USD	"	"	1,000,000	9,700	-	9,700	
	Fidelity (Taiwan) Asian High Yield Fund A-ACC-TWD	"	"	15,000	4,421	-	4,421	
	Hua Nan Global IoT on MSCI Custom ACWI plus All China Index Fund TWD	"	"	200,000	1,995	-	1,995	
	Capital ASEAN Fund TWD	"	"	1,804	983	-	983	
	UPAMC Grand ASEAN High Dividend Fund TWD	"	"	4,853	1,578	-	1,578	
	Amundi Funds II - China Equity U USD ND	"	"	200,000	1,922	-	1,922	
	CTBC Taiwan Small-cap Fund	"	"	100,000	1,027	-	1,027	
	O-Bank No.1 Real Estate Investment Trust	"	"	45	511	-	511	
	Eastspring Investment Capital Protected Fund Series	"	"	43	2,118	-	2,118	
	Capital Conservative Allocation Fund of Funds A TWD	"	"	647,249	831	-	831	
					<u>\$ 33,476</u>		<u>\$ 33,476</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	1.9	\$ 4,353
		Sunny Bank Ltd.	"	"	1,510,292	<u>12,000</u>	0.06	<u>12,000</u>
						<u>\$ 16,353</u>		<u>\$ 16,353</u>
Los Osos Holding, Inc.	Foreign listed shares							
	PT Alumindo Light Metal Industry TDK	None	Financial assets at fair value through other comprehensive income - non-current	32,822,200	<u>\$ 16,452</u>	5.33	<u>\$ 16,452</u>	
Brighton-Best International (Taiwan) Inc.	Cathay Venture Fund, L.p.	None	Financial assets at fair value through profit or loss - current	-	\$ 30,000	-	\$ 30,000	
	Unlisted shares - ROC							
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	23,560,495	141,599	6.62	141,599	
	Listed shares - ROC							
	Ta Chen Stainless Pipe Co., Ltd.	Parent company	Financial assets at fair value through profit or loss - current	4,218,720	132,046	0.25	132,046	
		Parent company	Financial assets at fair value through other comprehensive income - non-current	60,930,600	1,907,127	3.67	1,907,127	
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	11,784,423	368,852	0.71	368,852	

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 9 and Table 10 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, 2020  
(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				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
The Company	<u>Common Stock</u> Brighton-Best International (Taiwan) Inc. - Over the counter (OTC) shares - ROC	Investments accounted for using the equity method	-	Subsidiary	365,127,040	\$ 5,194,554	34,677,000	\$ 917,967	-	\$ -	\$ -	\$ -	399,804,040	\$ 5,264,398
	Ta Chen International, Inc.	Investments accounted for using the equity method	Note 1	Subsidiary	674,836	28,117,356	60,000	1,815,100	-	-	-	-	734,836	27,189,529
Brighton-Best International (Taiwan) Inc.	Ta Chen stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through profit or loss – current	-	Parent company	12,766,000	409,150	82,720 (Note 3)	-	8,630,000	256,651	256,651	-	4,218,720	132,046
		Financial assets at fair value through other comprehensive income – on-current	-	Parent company	53,980,000	1,730,059	6,950,600 (Note 3)	123,350	-	-	-	-	60,930,600	1,907,127

Note 1: Issuance of new shares.

Note 2: Inclusive of share of profit (loss) for using equity method and relevant adjustments.

Note 3: Inclusive of allotted stock dividends.

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

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Brighton-Best International, Inc.	Land and buildings	March 26, 2020 (Date of determination of board of directors)	\$ 408,441	Fully paid	LPJR Investment, LLC	Referred party in substance	Fan Family Trust	No	2018.08.31	US \$ 13,502 thousand	Referred to market price and appraised by a professional appraisal institution	For operating purposes	None
		July 10, 2020 (Date of determination of board of directors)	105,751	Fully paid	Ta Chen International Inc.	Fellow Subsidiaries	Fan Family Trust	No	2018.08.31	US \$ 3,648 thousand	Referred to market price and appraised by a professional appraisal institution	For operating purposes	None

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

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
8911 Kelso Drive	Land, Buildings	January 14, 2020	May 6, 2017	\$ 196,188	\$ 313,688	Fully received	\$ 45,564	AG-HS Portfolio II Subsidiary, L.L.C.	Third-party	Asset revitalization	Referred to market price and appraised by a professional appraisal institution	No
Ta Chen International Inc.	Land, Buildings	June 23, 2020	July, 1998 ~ March, 2020	218,259	291,000	Fully received	42,620	CITIMARK WALLISVILLE	Third-party	Asset revitalization	Referred to market price and appraised by a professional appraisal institution	No
Ta Chen International Inc.	Land, Buildings	June 23, 2020	December, 1989 ~ April, 2019	246,248	656,492	Fully received	135,550	CENTERPOINT PROPERITES TRUST	Third-party	Asset revitalization	Referred to market price and appraised by a professional appraisal institution	No
Ta Chen International Inc.	Investment property	June 23, 2020	March, 2008	235,874	425,748	Fully received	191,647	CENTERPOINT PROPERITES TRUST	Third-party	Asset revitalization	Referred to market price and appraised by a professional appraisal institution	No

**TABLE 7****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, 2020  
(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)	\$ (3,733,217)	(60)	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.	\$ 2,861,698	94	-
	Ta Chen (Hong Kong) Limited	Subsidiaries (100% ownership)	(Sale)	(976,478)	(16)	Within 180 days	No third-party could be compared	No third-party could be compared	49,435	2	-
	Ta Chen (Changshu) Co., Ltd.	Subsidiaries (100% ownership)	Purchase	122,173	3	Within 90 days	General market price	Same	(12,110)	6	-
Ta Chen International, Inc.	Empire Resources, Inc.	Subsidiaries (100% ownership)	Purchase	6,082,192	17	Within 60 days	Cost price	Same	(25,581)	-	-
	Empire Resources, Inc.	Subsidiaries (100% ownership)	(Sale)	(160,877)	-	Within 60 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	45,709	1	-
	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	Purchase	9,145,932	26	Within 30 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	(1,017,104)	(14)	-
	Ta Chen (Hong Kong) Limited	Subsidiaries (100% ownership)	Purchase	976,478	3	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.	No third-party could be compared	(466,050)	(6)	-
	Primus Pipe and Tube, Inc.	Fellow subsidiaries	Purchase	495,182	1	Within 30 days	General market price	Same	(22,275)	-	-
Brighton-Best International (Taiwan), Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	(Sale)	(4,623,474)	(84)	Within 180 days	No third-party could be compared	No third-party could be compared	2,424,821	84	-
	Brighton-Best International (AU), Pty Ltd.	Subsidiaries (100% ownership)	(Sale)	(436,244)	(8)	Within 180 days	No third-party could be compared	No third-party could be compared	220,368	8	-
	Brighton-Best International (Canada), Inc.	Subsidiaries (100% ownership)	(Sale)	(287,717)	(5)	Within 180 days	No third-party could be compared	No third-party could be compared	125,446	4	-
	Brighton-Best International (UK), Limited	Subsidiaries (100% ownership)	(Sale)	(133,843)	(2)	Within 180 days	No third-party could be compared	No third-party could be compared	79,837	3	-
	Fang Sheng Screw Co., Ltd.	Corporate directors	Purchase	595,713	12	Within 45-90 days or prepaid	No third-party could be compared	Note	(74,439)	(17)	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors	Purchase	238,059	5	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(36,372)	(8)	-
	Tong Win International Co., Ltd.	Referred party in substance	Purchase	225,637	5	T/T 5 days after acceptance	No third-party could be compared	Note	(6,419)	(1)	-
Brighton-Best International, Inc.	Brighton-Best International (Canada), Inc.	Fellow subsidiaries	(Sale)	(135,682)	(1)	Within 180 days	No third-party could be compared	No third-party could be compared	56,444	5	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors of parent entity	Purchase	880,915	13	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(33,981)	(1)	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	(Sale)	(1,545,497)	82	Within 180 days	No third-party could be compared	No third-party could be compared	583,029	94	-
	Empire Resources, Inc.	Fellow subsidiaries	(Sale)	(345,905)	18	Within 180 days	No third-party could be compared	No third-party could be compared	37,536	6	-

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, 2020  
(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)	\$ 2,861,698	1.51	\$ -	-	\$ 596,936	\$ -
Ta Chen (B.V.I.) Holdings Ltd.	TMCT Products, Inc.	Subsidiaries (100% ownership)	277,380	Note 2	-	-	-	-
	Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiaries (93.14% ownership)	189,759	Note 3	-	-	-	-
TCI Texarkana, Inc.	Ta Chen International, Inc.	Parent company (100% ownership)	1,017,104	8.75	-	-	-	-
	Empire Resources, Inc.	Fellow subsidiaries	241,980	5.08	-	-	-	-
Empire Resources, Inc.	Ta Chen International, Inc.	Parent company (100% ownership)	2,221,440	Note 2	-	-	-	-
	Ta Chen (Hong Kong) Limited	Subsidiaries (100% ownership)	197,553	Note 2	-	-	-	-
Brighton-Best International (Taiwan) Inc.	Ta Chen International, Inc.	Fellow subsidiaries	466,050	2.63	-	-	-	-
	Ta Chen International, Inc.	Fellow subsidiaries	740,480	Note 2	-	-	-	-
	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	2,424,821	1.57	-	-	797,725	-
	Brighton-Best International (AU), Pty Inc.	Subsidiaries (100% ownership)	220,368	1.57	-	-	59,464	-
	Brighton-Best International (AU), Pty Inc.	Subsidiaries (100% ownership)	186,968	Note 2	-	-	50,511	-
Ta Chen Empire Co., Ltd.	Brighton-Best International (Canada), Inc.	Subsidiaries (100% ownership)	125,446	1.72	-	-	57,034	-
	Ta Chen International, Inc.	Fellow subsidiaries	583,029	1.20	-	-	-	-
	Ta Chen International, Inc.	Fellow subsidiaries	1,207,554	Note 2	-	-	341,781	-
	Empire Resources, Inc.	Fellow subsidiaries	336,984	Note 2	-	-	85,483	-

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.

**TABLE 9****TA CHEN STAINLESS PIPE CO., LTD.**

INFORMATION ON INVESTEEES  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (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, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	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	\$ 21,512,317	\$ 734,836	100	\$ 27,189,529	\$ (842,865)	\$ (847,556)	Note 2
	Ta Chen (B.V.I.) Holdings Ltd.	British Virgin Islands	Investment	990,817	990,817	32,625,300	100	1,833,617	(9,946)	1,888	Note 3
	Brighton-Best International (Taiwan) Inc.	Taiwan	Import, export and sale of screws and nuts	7,099,391	6,181,424	399,804,040	39.08	5,264,398	942,256	285,062	Note 7
	Pyramid Stainless Steel Co., Ltd.	Taiwan	Manufacture and sale of stainless steel rolls and plates	100,000	100,000	10,000,000	100	566	(259)	(260)	
	Lung Mei Cloth. Ltd.	Taiwan	Manufacture and sale of curtains and cloth products	124,800	124,800	9,750,000	48.75	129,555	8,635	3,291	
	Ta Chen (Hong Kong) Limited.	Hong Kong	Investment	279,720	279,720	10,000,000	100	240,831	(17,302)	(17,302)	
	TA CHEN (SAMOA) Holdings Ltd.	Samoa	Investment	-	-	-	-	-	-	-	Note 4
Ta Chen International, Inc.	Ta Chen International, Inc.	U.S.A	Import, export and sale of screws and nuts	94,950	94,950	3,000	100	155,403	38,534	-	"
	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	3,028,635	(100,320)	-	"
	Primus Pipe and Tube Holding, Inc.	U.S.A	Investment	877,540	877,540	29,000	100	848,534	(6,453)	-	"
	TCI Texarkana, Inc.	U.S.A	Manufacture and sale of aluminum products	9,286,500	9,286,500	60,000	100	6,480,461	(959,790)	-	
Primus Pipe and Tube Holding, Inc.	Primus Pipe and Tube, Inc.	U.S.A	Manufacture and sale of stainless steel	873,575	873,575	1,000	100	611,737	(7,166)	-	
Empire Resources, Inc.	Empire Resources Pacific, Ltd.	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	100	100	2,786	(2,125)	-	Note 6
	Imbali Metals BVBA	Belgium	Import, export and sale of stainless steel and aluminum products	-	-	1,000	100	211,657	2,481	-	"
	Empire Resources (UK) Ltd.	United Kingdom	Import, export and sale of stainless steel and aluminum products	-	-	5,400,000	100	313,756	21,057	-	"
	8911 Kelso Drive	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	-	100	-	103,803	-	"
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	U.S.A	Import, export, and sale of screws and nuts	5,801,521	5,801,521	186,480	100	6,401,530	469,082	-	Note 2
	Brighton-Best International (AU), Pty Ltd.	Australia	Import and sale of screws and nuts	1,498,544	1,498,544	54,000,000	100	932,995	1,157	-	"
	Brighton-Best International (Canada), Inc.	Canada	Import and sale of screws and nuts	381,149	381,149	12,003,893	100	544,447	43,676	-	"
	Brighton-Best International (UK), Limited	United Kingdom	Import and sale of screws and nuts	453,097	453,097	9,200,000	100	374,453	8,691	-	"
	Brighton-Best International (NZ), Limited	New Zealand	Import and sale of screws and nuts	19,328	19,328	1,000	100	10,378	(452)	-	"
	Ta Chen Empire Co., Ltd.	Taiwan	Import, export, and sale of aluminium products	5,300,000	5,300,000	530,000,000	100	5,325,277	18,725	-	
	Brighton-Best (Hong Kong) Limited	Hong Kong	Investment	-	-	-	-	-	-	-	Note 8
	Brighton-Best International Inc. (Cayman)	Cayman	Investment	-	-	-	-	-	-	-	Note 5
Brighton-Best International, Inc.	Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Brazil	Import and sale of screws and nuts	6,486	6,486	3,996,000	99.9	(69,228)	(12,412)	-	
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	14,740	14,990	500	100	7,900	(5,527)	-	
	Los Osos Holdings, Inc.	U.S.A	Investment	68,462	-	-	-	47,112	-	-	
	Clarke St. Property Holding, LLC	U.S.A	Investment	14,240	-	-	-	14,238	(2)	-	
TMCT Products, Inc.	Amerinox Texarkana, LLC.	U.S.A	Investment	28	-	-	-	28	-	-	

Note 1: Refer to Table 10 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.

**TABLE 10****TA CHEN STAINLESS PIPE CO., LTD.**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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, 2020 (Note 2)	Remittance of Funds (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31,2020	Accumulated Repatriation of Investment Income as of December 31,2020	Note
					Outward	Inward							
Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	\$ 145,248	(2) Ta Chen (B.V.I.) Holdings Ltd.	\$ 119,710	\$ -	\$ -	\$ 119,710	\$ 22,911	93.14	\$ 21,339	\$ 293,598	\$ -	
Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	339,909	(2) Ta Chen (B.V.I.) Holdings Ltd.(Note 5)	283,148	-	-	283,148	22,710	100	22,710	423,220	-	
Ta Chen (Changshu) Co., Ltd.	Manufacture and sale of automotive casting products	284,800	(2) Ta Chen (B.V.I.) Holdings Ltd.	284,800	-	-	284,800	(5,606)	100	(5,606)	412,093	-	
Yinrong (Shanghai) Investment Management Limited	Investment	2,200	(3) The Company	2,200	-	-	2,200	(131)	100	(131)	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, 2020 (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)
\$ 689,858	\$ 907,157	\$ 17,086,641

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, 2020. (USD1:NTD28.48)

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:  
\$28,477,735 thousand x 60% = \$17,086,641 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.

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

**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 FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price Transaction Details			Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss
		Amount	%	Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Ta Chen (Changshu) Co., Ltd.	Purchase	\$ 122,173	3	No third party could be compared.	1-3 months	The payment term for third parties is 1-3 months.	\$ (12,110)	(6)	\$ 6,921

**Ta Chen Stainless Pipe Co., Ltd.**

**MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(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, 2019	\$ 1,628,132	\$ 58,332	\$ 1,142,739	\$ 2,792,860	\$ 273,232	\$ 83,406	\$ 34,982	\$ 244,701	\$ 84,890	\$ 146,321	\$ 48,581	\$ 6,538,176
Additions	53,239	6,745	46,415	77,633	22,220	18,034	5,507	5,401	-	10,211	81,221	326,626
Disposals	-	-	(3,973)	(171,001)	(235)	(2,386)	(4,449)	(989)	-	(8,370)	-	(191,403)
Reclassifications	-	-	14,950	12,202	25,100	-	-	264	-	6,000	(46,050)	12,466
Balance at December 31, 2019	<u>\$ 1,681,371</u>	<u>\$ 65,077</u>	<u>\$ 1,200,131</u>	<u>\$ 2,711,694</u>	<u>\$ 320,317</u>	<u>\$ 99,054</u>	<u>\$ 36,040</u>	<u>\$ 249,377</u>	<u>\$ 84,890</u>	<u>\$ 154,162</u>	<u>\$ 83,752</u>	<u>\$ 6,685,865</u>
<u>Accumulated Depreciation</u>												
Balance at January 1, 2019	\$ -	\$ 27,558	\$ 386,208	\$ 2,224,737	\$ 141,641	\$ 67,306	\$ 26,646	\$ 231,191	\$ 83,822	\$ 112,439	\$ -	\$ 3,301,548
Depreciation expenses	-	3,466	44,422	119,929	17,575	8,284	3,165	12,840	428	13,559	-	223,668
Disposals	-	-	(3,973)	(68,465)	(235)	(2,386)	(4,449)	(989)	-	(8,370)	-	(88,867)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 31,024</u>	<u>\$ 426,657</u>	<u>\$ 2,276,201</u>	<u>\$ 158,981</u>	<u>\$ 73,204</u>	<u>\$ 25,362</u>	<u>\$ 243,042</u>	<u>\$ 84,250</u>	<u>\$ 117,628</u>	<u>\$ -</u>	<u>\$ 3,436,349</u>
Carrying amounts at December 31, 2019	<u>\$ 1,681,371</u>	<u>\$ 34,053</u>	<u>\$ 773,474</u>	<u>\$ 435,493</u>	<u>\$ 161,336</u>	<u>\$ 25,850</u>	<u>\$ 10,678</u>	<u>\$ 6,335</u>	<u>\$ 640</u>	<u>\$ 36,534</u>	<u>\$ 83,752</u>	<u>\$ 3,249,516</u>
<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)
Balance at December 31, 2020	<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 amounts 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>

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**STATEMENT 1**

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

**STATEMENT OF CASH  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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Item	Amount
Deposits	
Demand deposits	\$ 701,427
Foreign currency deposits (Note)	1,344,495
Checking accounts	<u>27,354</u>
Subtotal of deposits	<u>2,073,276</u>
Cash on hand	<u>300</u>
	<u>\$ 2,073,576</u>

Note: Including US\$46,638,379.34, EUR\$355,830.48 and CNY\$862,017.54  
US\$1=NT\$28.48, EUR\$1=NT\$35.02 and CNY\$1=NT\$4.377)

**STATEMENT 2**

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

**STATEMENT OF NOTES RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Customer Name</b>	<b>Abstract</b>	<b>Amount</b>
Operating Non-related parties Company I	Sale	<u>\$ 7,732</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, 2020  
(In Thousands of New Taiwan Dollars)**

<b>Customer Name</b>	<b>Description</b>	<b>Amount</b>	<b>Past Due Over 1 Year</b>	<b>Total</b>
<b>Non-related Parties</b>				
Company A	Sale	\$ 14,954	\$ -	\$ 14,954
Company B	Sale	12,813	-	12,813
Company C	Sale	12,689	-	12,689
Company D	Sale	10,475	-	10,475
Company E	Sale	8,390	-	8,390
Company F	Sale	6,109	-	6,109
Others (Note)	Sale	<u>57,862</u>	<u>-</u>	<u>57,862</u>
		<u>\$ 123,292</u>	<u>\$ -</u>	<u>123,292</u>
Less: Allowance for impairment loss				<u>2,411</u>
				<u>\$ 120,881</u>
<b>Related parties</b>				
Ta Chen International, Inc.	Sale	\$ 2,861,698	\$ -	\$ 2,861,698
Ta Chen (Hong Kong) Limited	Sale	49,436	-	49,436
Lung Mei Cloth Co., Ltd.	Sale	<u>8,239</u>	<u>-</u>	<u>8,239</u>
		<u>\$ 2,919,373</u>	<u>\$ -</u>	<u>\$ 2,919,373</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, 2020  
(In Thousands of New Taiwan Dollars)**

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Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 912,850	\$ 1,019,450
Work in progress	498,589	639,337
Finished goods	500,251	663,744
Merchandise	22,056	22,056
Materials	5,326	5,326
Raw materials in transit	<u>5,751</u>	<u>5,751</u>
	<u>\$ 1,944,823</u>	<u>\$ 2,355,664</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, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Interest Rate (%)</b>	<b>Maturity Date</b>	<b>Amount</b>
Current			
Pledged time deposits	0.07-2.74	2021.01.09-2021.12.02	\$ 387,977
Pledged demand deposits (reserve account)			583,845
			<hr/>
			<u>\$ 971,822</u>
Non-current			
Pledged time deposits	0.14-0.23	2021.01.28-2021.07.12	\$ 20,000
Pledged demand deposits (reserve account)			324,468
Refundable deposits	-	-	<hr/> 14,019
			<u>\$ 358,487</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, 2020  
(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	Treasure stock	Balance, December 31, 2020				Collateral	
	Shares	Amount	Shares/Units	Amount							Shares	Proportion of Ownership (%)	Amount	Fair Value		
Investment accounted for using the equity method																
Ta Chen International, Inc.	674,836	\$ 28,117,356	60,000	\$ 1,898,195	Note 1	\$ (847,556)	\$ (1,412,404)	\$ -	\$ (566,062)	\$ -	734,836	100.0	\$ 27,189,529	\$ 27,429,015	None	
Ta Chen (B.V.I.) Holdings Ltd.	32,625,300	1,835,334	-	-		1,888	4,655	(8,260)	-	-	32,625,300	100.0	1,833,617	1,840,907	None	
Brighton-Best International (Taiwan) Inc.	365,127,040	5,194,554	34,677,000	195,413	Note 2	285,062	(132,332)	-	-	(278,299)	399,804,040	39.08	5,264,398	6,317,396	None	
Yinrong (Shanghai) Investment Management Limited	-	6,061	-	-		(131)	92	-	-	-	-	100.0	6,022	6,022	None	
Pyramid Stainless Steel Co., Ltd.	10,000,000	826	-	-		(260)	-	-	-	-	10,000,000	100.0	566	566	None	
Lung Mei Cloth Co., Ltd.	9,750,000	125,901	-	363	Note 3	3,291	-	-	-	-	9,750,000	48.75	129,555	129,555	None	
Ta Chen (Hong Kong) Limited	10,000,000	270,967	-	-		(17,302)	(12,834)	-	-	-	10,000,000	100	240,831	240,831	None	
Total		\$ 35,550,999		\$ 2,093,971		\$ (575,008)	\$ (1,552,823)	\$ (8,260)	\$ (566,062)	\$ (278,299)			\$ 34,664,518	\$ 35,964,292		
Financial assets at fair value through other comprehensive income - non-current	435,296	\$ 4,353	-	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	435,296	2.5	\$ 4,353	\$ 5,389		
IBT VII Venture Capital Co., Ltd.	1,510,292	12,000	60,411	-	Note 4	-	-	-	-	-	1,570,703	0.06	12,000	18,118	None	
Sunny Bank Ltd.															None	
		\$ 16,353		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -			\$ 16,353	\$ 23,507		

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

Change in percentage of ownership interests in subsidiaries	\$ 1,815,000
Unrealized gain from downstream transactions - adjustments	4,255
Unrealized gain from asset transaction (included in deduction of investment accounted for using the equity method)	78,940
	<u>\$ 1,898,195</u>

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

Purchase from TPEX	\$ 917,965
Difference between the equity and book value of subsidiaries - capital surplus	(369,594)
Cash dividends distributed by subsidiaries	(530,031)
The Subsidiaries received dividends from parent company	22,345
Change in percentage of ownership interest in subsidiaries - retained earnings	(24,763)
Change in percentage of ownership interest in subsidiaries - capital surplus	179,491
	<u>\$ 195,413</u>

Note 3: Remitted investment fund resulted from the capital reduction.

Note 4: 60,411 share dividends distributed by the Company.

**STATEMENT 7****TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

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	<b>Land</b>	<b>Buildings</b>	<b>Transportation Equipment</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2020	\$ 32,029	\$ 6,275	\$ 7,614	\$ 45,918
Disposals	<u>38,832</u>	<u>4,837</u>	<u>-</u>	<u>43,669</u>
Balance at December 31, 2020	<u>\$ 70,861</u>	<u>\$ 11,112</u>	<u>\$ 7,614</u>	<u>\$ 89,587</u>
<u>Accumulated Depreciation</u>				
Balance at January 1, 2020	\$ 10,870	\$ 4,640	\$ 4,447	\$ 19,957
Depreciation expenses	<u>11,054</u>	<u>2,654</u>	<u>3,167</u>	<u>16,875</u>
Balance at December 31, 2020	<u>\$ 21,924</u>	<u>\$ 7,294</u>	<u>\$ 7,614</u>	<u>\$ 36,832</u>
Carrying amounts at December 31, 2020	<u>\$ 48,937</u>	<u>\$ 3,818</u>	<u>\$ -</u>	<u>\$ 52,755</u>

**STATEMENT 8****TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF SHORT-TERM BORROWINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

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	<b>Balance</b>	<b>Maturity Date</b>	<b>Credit Line</b>		<b>Collateral</b>
Borrowings of usance L/C (Note 1)	\$ 1,304,182	2021.01.17- 2021.11.27	\$ 3,660,000	Note 3	Pledged time deposits, Reserve account
Revolving bank borrowings (Note 2)	3,093,774	2021.01.06- 2021.11.30	4,950,000	Note 3	Pledged time deposits, Reserve account
Total	<u>\$ 4,397,956</u>		<u>\$ 8,610,000</u>		

Note 1: The range of interest rates at 0.86% - 1.2% p.a.

Note 2: The range of interest rates at 0.49% - 2.75% 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, 2020**

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

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<b>Promissory Institution</b>	<b>Contract</b>	<b>Interest Rate (%)</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Amount</b>
China Bills	2021.01.15	Note	\$ 180,000	\$ 28	\$ 179,972
Grand Bills	2021.01.28	Note	200,000	74	199,926
Taiwan Bills	2021.01.20	Note	200,000	76	199,924
International Bills	2021.03.24	Note	100,000	182	99,818
Dah Chung Bills	2021.02.26	Note	150,000	152	149,848
Mega Bills	2021.01.05	Note	100,000	8	99,992
Cooperative Bills	2021.02.19	Note	150,000	161	149,839
Ta Ching Bills	2021.02.22	Note	<u>100,000</u>	<u>114</u>	<u>99,886</u>
			<u>\$ 1,180,000</u>	<u>\$ 795</u>	<u>\$ 1,179,205</u>

Note: The range of interest rates was 0.4%-0.89% p.a.

**STATEMENT 10**

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

**STATEMENT OF NOTES PAYABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Company J	\$ 4,234
Others (Note)	<u>58,408</u>
	<u>\$ 62,642</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, 2020**

**(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Description</b>	<b>Amount</b>
Non-related parties		
Company K	Purchase	\$ 54,897
Company L	Purchase	17,772
Others (Note)		<u>49,686</u>
		<u>\$ 122,355</u>
Related parties		
Ta Chen (Changshu) Co., Ltd.	Purchase	<u>\$ 12,110</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, 2020  
(In Thousands of New Taiwan Dollars)

Bank Name (Note)	Description	Balance	Current portion	Non-current portion	Duration Period	Collateral	Repayment terms
Chang Hwa Commercial Bank ( the leading bank of the syndicated loan )	Loan (A)	\$ 6,222,500	\$ 982,500	\$ 5,240,000	2018.11.05-2023.11.05	See Note 29 to the standalone financial report	See Note 16 to the standalone financial report
Chang Hwa Commercial Bank ( the leading bank of the syndicated loan )	Loan (B)	1,100,000	-	1,100,000	2018.11.05-2023.11.05	"	"
Mega Bills Finance Co., Ltd.	Loan (D)	200,000	-	200,000	"	"	"
China Bills Finance Corporation	Loan (D)	200,000	-	200,000	"	"	"
International Bills Finance Corporation	Loan (D)	200,000	-	200,000	"	"	"
Cooperative Bills Finance Corporation	Loan (D)	100,000	-	100,000	"	"	"
Taiwan Business Bank	Medium-term secured borrowings	122,889	9,333	113,556	2019.02.21-2034.02.21	Property asset	From the first drawdown date, the principal and interest are repayable on a monthly basis.
Taiwan Business Bank	Medium-term unsecured borrowings	333,333	333,333	-	2019.08.26-2021.08.26	Reserve account	From the first drawdown date, the principal and interest are repayable on a monthly basis.
Taiwan Business Bank	Medium-term secured borrowings	500,000	-	500,000	2020.09.23-2023.09.23	Stock	A lump sum payment made for the entirety of an outstanding loan amount at maturity
Agricultural Bank of Taiwan	Medium-term unsecured borrowings	1,399,500	1,399,500	-	2019.12.25-2021.12.25	Reserve account	"
Hua Nan Bank	Medium-term secured borrowings	300,000	-	300,000	2020.09.18-2023.09.18	Stock	"
Entie Commercial Bank	Medium-term unsecured borrowings	187,500	187,500	-	2019.07.31-2021.07.31	Reserve account	From the first drawdown date, repayable in 8 equal quarterly installments the interest is repayable on a month basis.
The Export-Import Bank of the Republic of China	Medium-term unsecured borrowings	142,857	57,144	85,713	2019.06.28-2023.06.28	None	Within 12 months from the first drawdown date until the maturity date, repayable in 7 equal semiannual installments.
The Export-Import Bank of the Republic of China	Medium-term unsecured borrowings	200,000	100,000	100,000	2018.08.27-2022.08.27	"	"
O-Bank	Medium-term unsecured borrowings	100,000	100,000	-	2019.07.18-2021.07.18	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	500,000	-	500,000	2020.09.16-2023.09.16	Stock	"
First Bank	Medium-term secured borrowings	200,000	-	200,000	2020.09.18-2023.09.18	"	"
Yuanta Commercial Bank Co., Ltd.	Medium-term unsecured borrowings	300,000	120,000	180,000	2019.07.19-2022.07.19	Reserve account	From the drawdown date, repayable in 5 equal quarterly instalments.
Yuanta Commercial Bank Co., Ltd.	Medium-term unsecured borrowings	120,000	120,000	-	2018.05.08-2021.05.08	"	Within 2 years from the first drawdown date until the maturity date, repayable in 5 equal quarterly installments.
		12,463,579	3,409,310	9,054,269			
Less: Discount amount of bills payable		211	-	211			
Unamortized arrangement fees of long-term borrowings		21,731	7,670	14,061			
		<u>\$ 12,441,637</u>	<u>\$ 3,401,640</u>	<u>\$ 9,039,997</u>			

Note: The range of interest rates was 0.5% - 2.1% p.a.

**TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF LEASE LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Description</b>	<b>Period (Note)</b>	<b>Discount Rates (%)</b>	<b>Amount</b>
Land	Lease of land of Tainan factory	2010.04-2064.05	1.55%	\$ 49,221
Buildings	Lease of warehouse and offices at Taoyuan city	2017.08-2023.08	1.55%	3,850
				<hr/> 53,071
Less : Current portion				(13,282 )
				<hr/>
Noncurrent portion				<u>\$ 39,789</u>

**STATEMENT 14****TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF OPERATING REVENUES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Quantities (Metric Tons)</b>	<b>Amount</b>
Sale of goods		
Manufactured products		
Stainless steel pipes	36,220	\$ 3,089,392
Butt-welding fittings	2,234	353,271
Valve/stainless nipples	1,700	<u>504,931</u>
Subtotal		<u>3,947,594</u>
Stainless plates (rods)	20,984	1,819,684
Others (Note)	2,793	<u>471,304</u>
Total operating revenue		6,238,582
Less : Sales discounts		<u>1,165</u>
Net operating revenue		<u>\$ 6,237,417</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, 2020  
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Raw materials, beginning of year (including raw material in transit)	\$ 977,678
Raw material purchased	2,511,114
Transferred from finished goods	218,633
Raw materials costs of sales	596
Raw materials, end of year (including raw material in transit)	<u>918,601</u>
Raw material consumption	2,788,228
Direct labor	220,021
Manufacturing expenses	<u>842,771</u>
Manufacturing cost	3,851,020
Work in progress, beginning of year	600,757
Work in progress purchased	100,995
Work in progress, end of year	<u>498,589</u>
Manufacturing cost	4,054,183
Finished goods, beginning of year	364,956
Finished goods purchased	172,695
Finished goods, end of year	500,251
Reclassify to raw material	218,633
Others	<u>417</u>
Finished goods costs of sales	<u>3,872,533</u>
Commodity transaction	
Inventory, beginning of year	99,522
Inventory purchased	1,543,289
Others	13
Raw material costs of sales	596
Inventory, end of year	<u>22,056</u>
Costs of commodity transaction	<u>1,621,364</u>
Subtotal	<u>5,493,897</u>
Unallocated production overhead	12,627
Revenue from sale of scraps	2,947
Others	<u>8,404</u>
Total operating costs	<u>\$ 5,495,173</u>

**STATEMENT 16****TA CHEN STAINLESS PIPE CO., LTD.****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling Expenses</b>	<b>General and Administrative Expenses</b>	<b>Total</b>
Payroll expense	\$ 17,087	\$ 165,320	\$ 182,407
Entertainment	1,496	38,807	40,303
Container freight station and warehouse fee	56,156	-	56,156
Depreciation	3,453	26,227	29,680
Shipping fee	19,431	-	19,431
Bank fees	1,108	20,881	21,989
Professional service fees	-	20,791	20,791
Others (Note)	<u>21,142</u>	<u>136,084</u>	<u>157,226</u>
Total	<u>\$ 119,873</u>	<u>\$ 408,110</u>	<u>\$ 527,983</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, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits (Note)						
Salaries	\$ 385,224	\$ 182,407	\$ 567,631	\$ 383,127	\$ 150,498	\$ 533,625
Labor and health insurance	45,296	12,302	57,598	46,287	14,748	61,035
Post-employment benefits	19,029	7,380	26,409	19,767	7,408	27,175
Remuneration of directors	-	-	-	-	14,915	14,915
Others	13,979	3,442	17,421	13,842	3,348	17,190
	<u>\$ 463,528</u>	<u>\$ 205,531</u>	<u>\$ 669,059</u>	<u>\$ 463,023</u>	<u>\$ 190,917</u>	<u>\$ 653,940</u>
Depreciation	<u>\$ 183,053</u>	<u>\$ 29,680</u>	<u>\$ 212,733</u>	<u>\$ 214,164</u>	<u>\$ 29,461</u>	<u>\$ 243,625</u>
Amortization	<u>\$ 709</u>	<u>\$ -</u>	<u>\$ 709</u>	<u>\$ 637</u>	<u>\$ -</u>	<u>\$ 637</u>

Note 1: As of December 31, 2020 and 2019, the Company had 971 and 985 employees, respectively, which included 10 and 8 non-employee directors in 2020 and 2019 years

Note 2: Additional disclosures are as follows:

1. 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).

Average employee benefits for the year ended December 31, 2019 was NT\$654 thousand (amounts of employee benefits for the year ended December 31, 2019 less amounts of remuneration of directors for the year ended December 31, 2019/number of employees for the year ended December 31, 2019 less number of directors not serving concurrently as employees for the year ended December 31, 2019).

2. 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).

Average salaries for the year ended December 31, 2019 was NT\$546 thousand (Amounts of salaries for the year ended December 31, 2019/number of employees for the year ended December 31, 2019 less number of directors not serving concurrently as employees for the year ended December 31, 2019).

3. Changes of adjustments of average salaries was 8.24% (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, 2020 and 2019.

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.