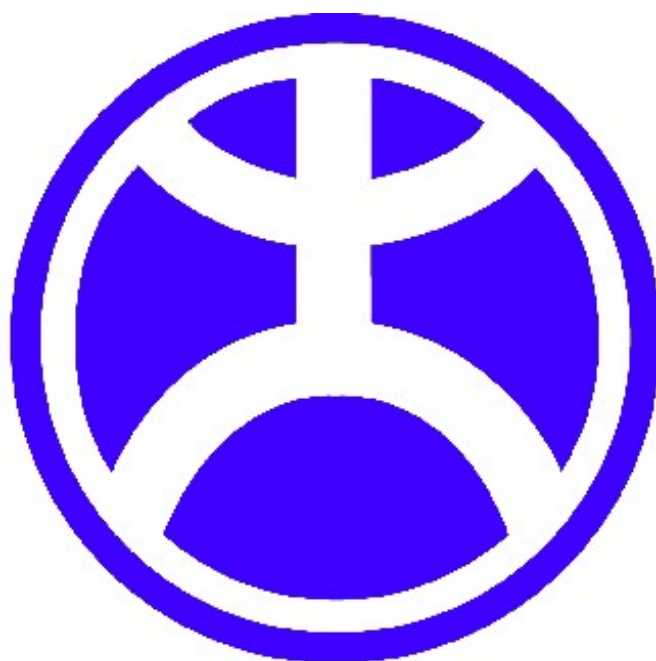


Stock Symbol: 2027

TA CHEN STAINLESS PIPE CO., LTD



Annual Report Query Website: [http:// mops.twse.com.tw](http://mops.twse.com.tw)

Company Website: www.tachen.com.tw

Year 2023 (January 1st, 2023 to December 31st, 2023) Annual Report

Published on: May 10nd, 2024

- I. Name, Job Title, Contact Tel. and E-mail Addresses of Spokesperson and Deputy Spokesperson:
Name of Spokesperson: Bing-Wen Lin
Job Title: Internal Audit Manager
Tel.: (06)270-1756
E-mail Address: leuis@tachen.com.tw
- Name of Deputy Spokesperson: Di-Jin Chang
Job Title: Deputy General Manager
Tel.: (06)270-1756
E-mail Address: dennis@tachen.com.tw
- II. Addresses and Tel. of Headquarter, Branch Offices and Plants:
Company Address: No.125, Xintian 2nd St., Rende Dist., Tainan City
Tel.: (06)270-1756
- Stainless Steel Pipe Factory
(Tainan's 1st Factory): No.125, Xintian 2nd St., Rende Dist., Tainan City
Welded Pipe Components
Factory (Tainan's 2nd Factory):
Tel.: (06)270-1756
- Curtain Board Factory: No.3, Ln. 138, Xintian 2nd St., Rende Dist., Tainan City
Tel.: (06)270-1756
- Valve Factory: No.122, Yilin Rd., Rende Dist., Tainan City
Tel.: (06)270-1756
- Taipei Office: Rm. 3, 5F., No.36, Ln. 48, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City
Tel.: (02)2506-7067
- III. Name, Address, Website and Tel. of Bodies for Stock Transfer:
Name: President Securities Corp. (Registrar Department)
Address: B1, No.8, Dongxing Rd., Songshan Dist., Taipei City
Tel.: (02)2746-3797
Website: <http://www.pscnet.com.tw>
- IV. Name of Auditors, Accounting Firm, Address, Website and Tel. of Recent Financial Reports:
Name of Auditors: Chi-Chen Lee, Chao-Chin Yang
Name of Accounting Firm: Deloitte & Touche
Address: 13F., No.189, Sec. 1, Yongfu Rd., West Central Dist., Tainan City
Tel.: (06)213-9988
Website: <http://www.deloitte.com.tw>
- V. Name of Trading Bodies where Foreign Securities are Listed for Trading and Method for Checking Overseas Securities Information: None
- VI. Company website: <http://www.tachen.com.tw>

Content

	<u>Page</u>
1. Report to Shareholders	1
1.1 Business Report of the Previous Fiscal Year	1
1.2 Business Summary of the Current Fiscal Year	5
2. Company Introduction	6
2.1 Establishing Date	6
2.2 Company History	6
3. Corporate Governance Report	12
3.1 System of Organization	12
3.2 Information of Directors, Supervisors, CEO, Deputy CEO, Assistant Manager, Head of Departments and Branch Organizations	14
3.3 Remuneration of Directors, independent directors, supervisors, general managers and deputy general managers in the recent fiscal year	28
3.4 Operation of Company Governance	34
3.5 Auditor Reimbursement Information	65
3.6 Information on Change of Auditors	65
3.7 If Company Directors, CEO, Managers of Financial or Accounting Affairs Have Worked For an Auditing Office or Affiliates in The Previous Year	65
3.8 Changes in Equity Transfer and Pledge for Directors, Supervisors, Managers and Major Shareholders	66
3.9 Shareholding Ratio Accounts for the Relationship Between the Top Ten Shareholders	68
3.10 Comprehensive Shareholding Ratio	69
4. Fundraising	70
4.1 Source of Equity	70

	<u>Page</u>
4.2 Shareholder Structure	71
4.3 Decentralized Number of Shares	71
4.4 Major Shareholders.....	72
4.5 Price Per Share, Net Worth, Surplus, Dividends and Related Information for The Previous Two Years	73
4.6 Company Dividend Policy and Implementation	74
4.7 Impact of The Current Free Placement of the Company's Operating Performance and Earnings Per Share.....	74
4.8 Salary of Employees, Directors and Supervisors	74
4.9 Shares Bought Back of The Company	75
4.10 Corporate Debt Processing	75
4.11 Special Stock Processing.....	75
4.12 Overseas Depositary Receipt Processing	75
4.13 Employee Stock Option Certificate Processing	75
4.14 Limitation of Employees' Rights for New Shares	75
4.15 Merging, Acquisition or Transfer of Shares of The Company to Issue New Shares	75
4.16 Execution of Funding Plans	75
 5. Operation Overview	 76
5.1 Business Item	76
5.2 Market, Production and Sales Overview	86
5.3 Employee Information of The Recent Two Years Until Publishing Date of This Annual Report	92
5.4 Information of Environmentally Friendly Expense.....	92
5.5 Labor Relationships	93
5.6 Cyber Security Management.....	94
5.7 Important Contracts	100
 6. Financial Overview	 101

	<u>Page</u>
6.1 Concise Balance Sheet, Consolidated Income Statement, Auditors' Name and Comment of The Recent Five Fiscal Years	101
6.2 Financial Analysis of The Recent Five Fiscal Years	105
6.3 Audit Committee Review Report for The Recent Financial Report	110
6.4 Recent Annual Financial Report	111
6.5 Recent Accountant Audited Individual Financial Report	111
6.6 Financial Turnover Difficulties of The Company and Affiliates	111
 7. Review Analysis and Risk Matters of Financial Status and Financial Performance	 112
7.1 Comparative Analysis of Financial Status of Recent Two Years	112
7.2 Comparative Analysis of Financial Performance of Recent Two Years	113
7.3 Review and Analysis of Cash Flow	115
7.4 Impact of Major Capital Expenditures on Financial Operations in The Recent Fiscal Year	115
7.5 Major Reasons for the Recent Annual Investment Policy, Profit or Loss, Improvement Plan and Investment Plan for The Upcoming Fiscal Year	116
7.6 Evaluative Analysis of Risk Matters of the Recent Fiscal Year Until Publishing Date of This Annual Report	118
7.7 Other Important Items	119
 8. Special Items	 120
8.1 Related Information of Affiliates	120
8.2 Private Equity Securities of the Recent Fiscal Year Until Publishing Date of This Annual Report	133
8.3 Subsidiary Holding or Disposing of The Company's Stock	133
8.4 Other Necessary Supplementary Items	133
8.5 If There Is Any Significant Impact On Shareholders' Equity or Securities Prices in Article 36, Paragraph 2, Section 2 of the Securities Exchange Act in the Recent Fiscal Year Until Publishing Date of This Annual Report	133

1. Report to Shareholders

1.1 Business Report of the Previous Fiscal Year (2023 Fiscal Year – January 1st, 2023 to December 31st, 2023)

(I) Implementation results of the business plan of the Previous Fiscal Year:

1. Implementation of the Business Report of the Previous Fiscal Year: (For the Financial Report of January 1st, 2023 to December 31st, 2023, please see Page 134)

The turnover of the Company in 2023 is NT\$101,256,601 thousand, which is NT\$12,891,969 thousand less than that in 2022, with a decrease of 11%; profit before tax is NT\$9,608,340 thousand, which is NT\$9,577,883 thousand less than that of 2022, with a decrease of 50%. The detailed reasons of which are as follows:

(1) Stainless Steel Department

Unit: NTD thousand / Ton

	2023	2022	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	36,173,532	43,109,096	(6,935,564)	(16)
Operating cost	30,462,338	30,410,928	51,410	-
Operating Gross Revenue	5,711,194	12,698,168	(6,986,974)	(55)
Number of Sales	171,167	200,627	(29,460)	(15)
Number of Production	184,143	208,433	(24,290)	(12)
Unit Sales	211	215	(4)	(2)
Unit Cost	178	152	26	17

In 2023, due to the raise of Federal Reserve's substantial rate and the increase of raw materials cost, Customers are conservative in purchasing goods, which reduces sales volume. Gross Revenue is NT\$6,986,974 thousand less than that of 2022, with a decrease of 55%.

(2) Fastener Department

Unit: NTD thousand / Ton

	2023	2022	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	22,734,778	24,669,057	(1,934,279)	(8)
Operating Income	14,759,316	15,001,206	(241,890)	(2)
Operating Gross Revenue	7,975,462	9,667,851	(1,692,389)	(18)
Number of Sales	169,825	180,992	(11,167)	(6)
Number of Purchase	165,964	248,844	(82,880)	(33)
Unit Sales	134	136	(2)	(1)
Unit Cost	87	83	4	5

In 2022, the U.S. government announced the promotion of large-scale infrastructure projects covering the construction of hardware facilities. The construction of said hardware facilities drove the demand for the raw materials including plastics, steels and cement. However, due to the raise of Federal Reserve's substantial rate and high inflationary pressures in the United States, the global economic growth momentum declined in 2023, compared with the high basis of economic growth in 2022. The operating revenue and the gross profit margin from fastener products decreased NT\$1.9 billion and 18% in 2023 from the same period of last year, which was due to the increase in raw material costs and sea freight. In addition, the purchase volume in 2023 also decreased due to the slowdown in market demand.

(3) Aluminium Product Department

Unit: NTD thousand / Ton

	2023	2022	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	39,623,276	45,196,057	(5,572,781)	(12)
Operating Income	34,580,796	36,899,934	(2,319,138)	(6)
Operating Gross Revenue	5,042,480	8,296,123	(3,253,643)	(39)
Number of Sales	266,610	272,953	(6,343)	(2)
Number of Purchase	210,398	267,605	(57,207)	(21)
Unit Sales	149	166	(17)	(10)
Unit Cost	130	135	(5)	(4)

In 2023, due to the raise of Federal Reserve's substantial rate, customers are conservative in purchasing goods, which caused a decline in revenue. Gross Revenue is NT\$3,253,643 thousand less than that of 2022, with a decrease of 39%.

(4) Window decoration and other product department

Unit: NTD thousand / Ton

	2023	2022	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	2,725,015	1,174,360	1,550,655	132
Operating Income	1,997,354	798,925	1,198,429	150
Operating Gross Revenue	727,661	375,435	352,226	94
Number of Sales	Note	Note	-	-
Number of Purchase	Note	Note	-	-
Unit Sales	-	-	-	-
Unit Cost	-	-	-	-

Note : Not applicable due to unit differences.

It is primarily engaged in the window decoration and forging product business. Due to the consolidation of Right Way since July 2022 and with the continuous expansion of window decoration business in 2023, the sales revenue increased compared with that in 2022.

(II) Execution of Operating Income and Expense Budget: Not Applicable

(III) Financial Income and Expenses:

Unit: NTD thousand

Item	2023	2022	Amount Increased / Decreased
Net Cash Inflow from Operating Activities	25,262,647	4,093,811	21,168,836
Net Cash Inflow (Outflow) from Investing Activities	(9,533,931)	(6,091,953)	(3,441,978)
Net Cash Inflow (Outflow) of Fundraising Activities	(17,595,358)	3,494,550	(21,089,908)

1. Net cash inflow increased due to accelerated inventory elimination.
2. Net cash outflows from investing activities increased due to increased capital expenditures related to plant expansion in the United States.
3. Due to the repayment of long-term and short-term borrowings and the payment of cash dividends this year

(IV) Analysis of Profitability:

	2023	2022
Return on Assets (%)	5.50	12.03
Return on Shareholders' Equity (%)	9.18	22.44
Ratio of Operating Profit in Paid-in Capital (%)	36.38	91.33
Ratio of Net Profit Before Tax in Paid-in Capital (%)	39.47	94.58
Net Profit Rate (%)	6.73	12.61
Earnings per Share (NTD) – After Tax	2.30	5.15

In 2023, due to the raise of Federal Reserve's substantial rate, Customers are conservative in purchasing goods, which reduces sales volume, gross profit, pre-tax profit and net profit compared with these in 2022.

(V) Research Development:

For the goal to become a professional manufacturer of vertical and horizontal stainless steel industry and relevant products, apart from improving the quality and research efficiency of existing products, the Company also aggressively reaches out to the field of plastic and wooden curtain products, and have achieved good results of its work.

1.2 Business Summary of the Current Fiscal Year (January 1st, 2024 to December 31st, 2024)

(I) The operating policies for the current fiscal year are as follows:

1. Improve production and marketing to lower costs and increase product competitiveness.
2. Secure expansion of marketing channels of the Company's subsidiary in America, increase revenue and profit.

(II) The Company's expected number of sales and basis of which in 2024 are as follows:

Unit: Ton

Major Products	Annual Expected Number of Sales (Ton)	Basis
Stainless Steel Products	200,000	Past sales performance and expected supply and demand situation of the current fiscal year
Screws and Screw-Nuts	200,000	
Aluminium Products	280,000	
Window decoration product	12,000	
Total	692,000	

(III) Important Production and Marketing Policy

1. Continue to expand foreign market.
2. Increase efficiency of machine equipment production.
3. Strict quality control for stable product quality.
4. Comprehensive information operation, increase business management efficiency, strengthen Company's competitiveness.

1.3 Development strategy of the Company in the future: Link closely the golden triangle of "Taiwan Operation", "Global Production" and "Global Sales", creating a new pattern for traditional industries.

1.4 Impact of external environment of competition, regulatory environment and overall business operation environment

1. Pricing competition of the steel market is fierce. Paired with trade barriers in various countries around the world, dumping cases are not uncommon.
2. The impact of the regulatory aspect is relatively low.
3. Stainless steel, screws, screw-nuts and aluminium products are all basic materials of industrial development, which is closely related to the performance of the overall economic environment.

Chairman: Li-Yun Hsieh

CEO: Rung-Kun Shieh

2. Company Introduction

2.1 Establishing Date: November 27th, 1986

2.2 Company History:

- 1986 · Invested NT\$16,000,000, with foreign holdings of 97% of shares. Established the Ta Cheng Stainless Pipe Co., Ltd., specializing in the production and processing of stainless steel pipes.
- 1987 · The stainless-steel factory officially opened.
- 1988 · To expand the production appliances of the stainless-steel pipe factory, paid-in capital was increased to NT\$56,102,700.
- 1989 · To improve financial structure, build offices and expand production appliances, paid-in capital was increased to NT\$119,685,290.
 - Nantou factory officially opened, specializing in the production of stainless-steel piping components.
 - To expand production appliances and improve financial structure, a cash fund of NT\$163,622,740 was invested.
 - Invest for the establishment of Ta Chen International, Inc., specializing in the selling of stainless-steel pipes and components, as well as the production of screws, screw-nuts, lock components. The initial investment was US\$500,000.
 - Kaohsiung factory officially opened, specializing in the production of stainless-steel welded piping components.
- 1990 · Investment to Ta Chen International, Inc. was increased to US\$4,500,000.
 - Kaohsiung factory was moved to Tainan for expansion of production, specializing in the production of stainless-steel welded piping components.
- 1992 · Beginning of the manufacturing and shipment of 3000-pound forged piping components.
 - The Ministry of Finance's Securities Management Committee approved the transfer of unallocated surplus to increase capital, and conducted supplemental public issuance.
- 1993 The cutting factory officially started commercial operation.
 - Investment to Ta Chen International, Inc. was increased to US\$5,250,000.
- 1994 Nantou factory was moved for expansion of operation, and was renamed “Caotun factory”.
 - The stainless-steel pipe and stainless-steel welded piping component factories passed ISO—9002 certification.
 - Caotun factory added the valve production department, and began its operation.
- 1995 Started the construction of the stainless-steel pipe new factory.
 - Transfer for investment of Shijiazhuang Jitai Precision Casting Co., Ltd. (Shijiazhuang Tachen Jitai Machinery Co., Ltd.).
- 1996 Stainless-steel pipe new factory officially started operation.
 - On October 24th, 1996, the Company’s stock was officially listed under the second-class category of stocks for purchase and selling at the centered market of the Taiwan Stock Exchange.

- 1997 ·Investment to Ta Chen International, Inc. was increased to US\$7,750,000.
- 1998 ·Stainless-steel square pipe factory started operation.
·Investment to Ta Chen International, Inc. was increased to US\$25,000,000.
- 1999 ·Transfer for investment of Ta Chen (Baoding) Precision Casting Co., Ltd. (100% shareholding).
- 2001 ·Large stainless-steel pipe factory started trial production.
- 2002 ·Re-election of directors and supervisors. The original five seats of directors were reduced to three, the number of supervisors remained two.
- 2003 ·Added two production lines of stainless-steel square pipes and one production line for flat iron pipes.
·Plastic curtain board factory started commercial operation.
- 2004 ·Expansion of the stainless-steel automobile accessories factory completed.
·Paid-in capital was increased to NT\$2,863,373,950.
·Started construction for the transfer invested Ta Chen (Changsu) Machinery Co., Ltd.
- 2005 ·Ta Chen (Changsu) Machinery Co., Ltd. started commercial operation.
·Establishment of transfer investment of Ta Ying Chen (Shanghai) Consultant Co. (100% shareholding).
·Investment to Ta Chen International, Inc. was increased to US\$80,000,000.
- 2006 ·Cash increase completed. Paid-in capital increased to NT\$3,463,373,950.
·Investment to Ta Chen International, Inc. was increased to US\$100,000,000.
·Added and re-elected two seats of directors, increasing the number of directors from three to five.
- 2007 ·Cash increase completed. Paid-in capital increased to NT\$4,000,373,950.
·Investment to Ta Chen International, Inc. was increased to US\$166,000,000.
·Constructions of flat iron factory and cutting factory completed.
·Transfer invested Ta Chen (Boye) Machinery Co., Ltd. (100% shareholding).
·Transfer invested Shanxi Ta Han Stainless Steel Co., Ltd. (100% shareholding).
·Transfer invested Brighton-Best International (Taiwan) Inc. (35.3% direct and indirect shareholding).
·Cash increase completed. Paid-in capital increased to NT\$4,600,373,950.
·Investment to Ta Chen International, Inc. was increased to US\$201,000,000.
- 2008 ·Paid-in capital increased to NT\$4,678,315,110.
·Construction of valve new factory completed.
- 2009 ·Investment to Ta Chen International, Inc. was increased to US\$246,000,000.
·Paid-in capital increased to NT\$5,378,315,110.
·Investment to Ta Chen International, Inc. was increased to US\$266,000,000.
·Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$1,503,643,355.
- 2010 ·Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$1,597,057,655.
·Paid-in capital increased to NT\$6,509,042,620.

- 2011 ·Paid-in capital increased to NT\$7,089,672,880.
- 2012 ·Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$1,707,389,117.
- Cancelled 787 stocks bought back, paid-in capital increased to NT\$7,081,802,880.
- 2013 ·Paid-in capital increased to NT\$7,770,970,160.
- Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$2,873,686,856.
- 2014 ·Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$3,053,863,982.
- Taoyuan factory started operation.
- 2015 ·Investment to Ta Chen International, Inc. was increased to US\$278,000,000.
- Paid-in capital increased to NT\$8,081,808,910.
- Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$3,184,211,187.
- 2016 ·Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$3,326,263,959.
- Invested Yinrong (Shanghai) Investment Management Limited. (100% shareholding).
- Invested NT\$70,000,000 to Pyramid Stainless Steel Co. ,Ltd.
- Increase paid-in capital to NT\$8,311,412,740.
- 2017 ·Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$3,426,833,529.
- Invested US\$60,000,000 to Ta Chen Investment Corporation.
- Completion of Ta Chen Investment Corporation’s public takeover of Empire Resources, Inc. The two companies merged later on, and was renamed Empire Resources, Inc.
- The Company transferred the original investment of US\$60,000,000 to Empire Resources, Inc. to investment of another Company’s American subsidiary, Ta Chen International, Inc. Empire Resources, Inc. will become Ta Chen International, Inc., a 100% shareholding subsidiary.
- Ta Chen International, Inc. made a new cash investment of US\$29,000,000 in July 2017 to Primus Pipe and Tube Holdings, Inc. In August, Primus Pipe and Tube Holdings, Inc. purchased 100% shares of the American stainless-steel pip manufacturer, Outokumpu Stainless Pipe, Inc. The Company was renamed Primus Pipe and Tube, Inc. after purchase.
- With the price of NT\$10 per share, the Company bought back the 30% of shares of Brighton-Best Inc. from Pyramid Metal Technology Co., Ltd. for a total amount of NT\$30,000,000.
- Investment to Ta Chen International, Inc. was increased to US\$353,906,070.51.
- Increased paid-in capital to NT\$9,459,519,730.
- 2018 ·To expand businesses in aluminium products, Ta Chen Empire Aluminium Co., Ltd. is set up (“TEA” in abbreviation) by Brighton-Best International (Taiwan) Inc.
- Investment to Brighton-Best International (Taiwan) Inc. was increased to NT\$4,480,759,000.

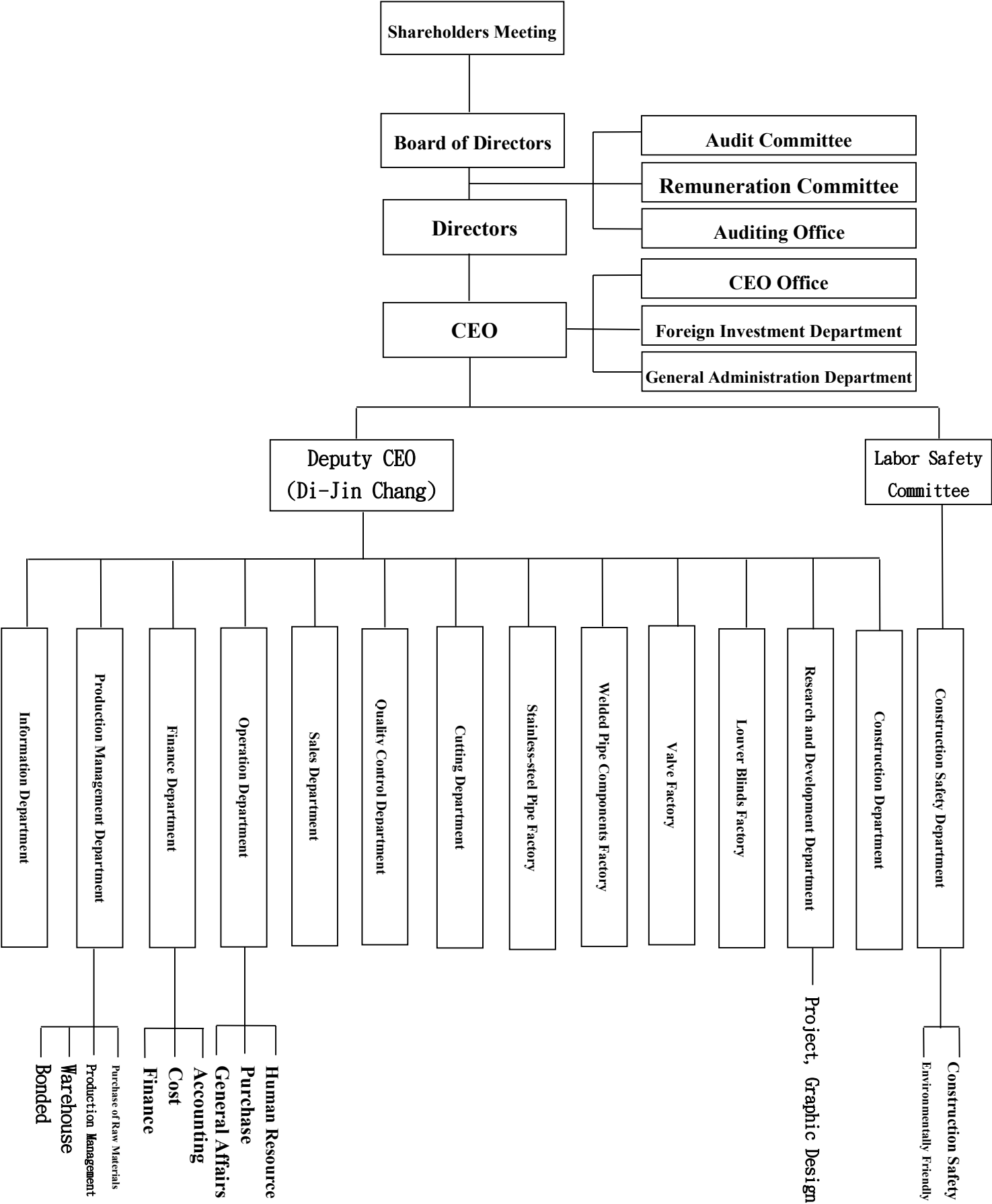
- Investment to Ta Chen International, Inc. was increased to US\$682,906,070.51.
 - Increased paid-in capital to NT\$12,337,900,520.
 - Ta Chen International, Inc. set up TCI Texarkana, Inc. with US\$ 300,000,000 in October 2018. TCI Texarkana, in October 2018, acquired by cash all tangible assets (including land, plants, and equipment) and intangible assets of ALUMAX MILL PRODUCTS, INC., a wholly owned subsidiary of ARCONIC INC.
- 2019
- Investment to LUNG MEI CLOTH CO., LTD. (shareholding 48.75%)
 - Set up Ta Chen (Hong Kong) Limited (shareholding 100%)
 - Set up TMCT Products, Inc. under the investment of TA CHEN(B.V.I.)HOLDINGS LTD, (shareholding 100%)
 - Renamed Ta Chen Empire Aluminium Co., Ltd., a subsidiary of Brighton-Best International (Taiwan) Inc., as TA CHEN EMPIRE CO., LTD. (TA CHEN EMPIRE)
 - Brighton-Best International (Taiwan) Inc. set up Brighton-Best (Hong Kong) Inc. and Brighton-Best (Hong Kong) Holding Limited
 - BBI-SAMOA, a subsidiary of Brighton-Best International (Taiwan) Inc., was approved by Samoa International Finance Authority for registration cancellation
 - Investment to Brighton-Best International (Taiwan) Inc. was increased to NT\$6,181,424,000.
- 2020
- The capital invested in Brighton-Best International (Taiwan) Inc. increased by NT\$7,099,391,000.
 - The capital invested in TCI Investment Group, Inc. increased by US\$742,906,070.51.
 - Ta Chen B.V.I. invested capital to incorporate Clarke St. Property Holding, LLC (wholly owned).
 - Ta Chen B.V.I. invested capital to incorporate Los Osos Holding, Inc. (wholly owned).
 - The paid-in capital increased to NT\$16,584,658,530.
- 2021
- Disposal of the 100% equity in the investee of Ta Chen (Changshu) Co., Ltd.
 - The capital invested in LUNG MEI CLOTH CO., LTD. increased by NT\$206,468,000. (shareholding 69.17%)
 - Ta Chen B.V.I. invested capital to TMCT Products, Inc. increased by US\$4,500,000.
 - TMCT Products, Inc., a subsidiary of Ta Chen B.V.I. was invested capital to Amerinox Texarkana, LLC. (shareholding 49%)
 - Los Osos Holding, Inc. , a subsidiary of Ta Chen B.V.I. was invested capital to Procurmore Trading, Inc. (shareholding 100%)
 - Ta Chen B.V.I. invested capital to Los Osos Holding, Inc. increased by US\$3,903,876.
 - Pyramid Stainless Steel Co., Ltd. (“PSS”) changed its name to WEI MEI ROLLER BLIND CO., LTD., and upon the increase in its investment capital by capital reduction, the investment capital contributed by it became NT\$30,600,000.
 - The paid-in capital increased to NT\$20,084,658,530.
 - Set up Tachen Interior Design Co., Ltd. (shareholding 100%)

- The capital invested in Brighton-Best International (Taiwan) Inc. increased by NT\$7,202,307,000.
 - To increase the operation scale and market share of the products, the subsidiary of Brighton-Best International (Taiwan) Inc., BBI-USA, acquired the major assets of the U.S. stainless fastener distributor, PFI, LLC, with the consideration of NT\$807,300,000.
 - Ta Chen Empire Co., Ltd., a subsidiary of Brighton-Best International (Taiwan) Inc., investment to the company was increased to NT\$4,400,644,000.
 - Brighton-Best International (Taiwan) Inc. investment to the company was increased to NT\$5,844,810,000.
 - Brighton-Best International (Taiwan) Inc. investment to Tung Mung Development Co., Ltd. was increased to NT\$219,450,000.
 - Brighton-Best International (Taiwan) Inc. subscribed for the common shares of Right Way Industrial Co., Ltd. (“Right Way”) in the private placement of common shares for 2021 first cash capital increase, for 16,000,000 shares, at the subscription price of NT\$9.24 per share. The total investment amount is NT\$147,840,000.
- 2022
- Investment to TY Steel Co., Ltd. (shareholding 38.43%)
 - Renamed “Lung Mei Cloth Co., Ltd.” as “Ta Chen Lung Mei Home Life Co., Ltd.”
 - Set up Ta Chen green system Co., Ltd. (shareholding 50%)
 - The capital invested in Brighton-Best International (Taiwan) Inc. increased by NT\$7,263,829,000.
 - Brighton-Best International (Taiwan) Inc. to exert the group’s management synergies and increase the operation efficiency, the subsidiary BBI-USA acquired the major assets of the fellow subsidiary in the U.S., TCI Investment Group, Inc. (“TIG”) with the consideration of NT\$80,594,000.
 - Brighton-Best International (Taiwan) Inc. subscribed the common shares of Right Way in the private placement of common shares for 2021 second cash capital increase, for 21,540,000 shares, at the subscription price of NT\$11.32 per share. The total investment amount is NT\$243,833,000.
 - Brighton-Best International (Taiwan) Inc. acquired 16,000,000 privately placed common shares of Right Way held by non-related parties, at the subscription price of NT\$14 per share. The total investment amount is NT\$224,000,000.
 - Wei Mei Roller Blind Co., Ltd. acquired 100% equity from the shareholders of Wei Mei Hsin Shu Interior Decoration Co., Ltd.
 - Investment to TY Steel Co., Ltd. was increased to THB1,055,832,000 (shareholding 38.75%)
 - Wei Mei Roller Blind Co., Ltd. increased capital by 6.94 million shares in cash, and the company subscribed for 3.94 million shares, reducing its shareholding to 70%.
 - Brighton-Best International (Taiwan) Inc. with 20.34% shareholding in Right Way, which may render significant influence, Right Way and its subsidiaries were included in the consolidated entities of the Group.
 - Participated in the cash capital increase of Ta Chen Lung Mei, and the investment increased to NT\$406,468,000.
 - The capital invested in Brighton-Best International (Taiwan) Inc. increased by NT\$8,500,095,000.

- Set up City Mocean Co., Ltd. (shareholding 49%)
 - Ta Chen B.V.I. invested capital to TMCT Products, Inc. increased by US\$5,500,000.
 - Participated in the cash capital increase of Ta Chen Lung Mei, and the investment increased to NT\$806,468,000.
- 2023
- Participated in the cash capital increase of Ta Chen Lung Mei, and the investment increased to NT\$1,406,468,000.
 - Ta Chen International, Inc. invested capital to TCI Texarkana, Inc. increased by US\$400,000,000.

3. Corporate Governance Report

3.1 System of Organization:
(I) Organization structure



(II) Operated business of the different departments:

1. Auditing office: Responsible for the investigation and evaluation of internal control system, provide timely suggestions for improvement, promoting efficient operation of the Company.
2. CEO office: Responsible for analysis of operation performance, provide assistance on related affairs of the different departments, plan and implement regulatory systems, host different meetings.
3. Foreign investment department: Responsible for data collection, data analysis of foreign sale markets, and provide different suggestions for foreign investments.
4. General administration department: Mainly responsible for CEO's assignments and related management affairs for transfer investment subsidiaries.
5. Information department: Responsible for affairs such as the planning, maintenance and training of the Company's information system.
6. Finance department: Responsible for affairs such as accounting processing, cost structure calculations, budget planning, difference analysis and allocation of financial resources, cashier.
7. Production management department: Responsible for affairs such as the purchase of large steel cylinder raw materials, control of production schedules, warehouse control and custom bonds.
8. Operation department: Responsible for affairs such as human resource management of the Company, general affairs, materials procurement and management of fixed assets.
9. Sales department: Composed by four sub-departments, responsible for affairs such as the receiving of orders, quotation, sales of their respective market areas.
10. Quality control department: Responsible for affair such as the improvement of quality and quality maintenance of the Company's products.
11. Stainless-steel pipe factory: Responsible for affairs such as the production, construction and anti-pollution maintenance of stainless-steel cylinders and square pipes.
12. Cutting department: Responsible for affairs such as the cutting of steel boards.
13. Stainless-steel welded pipe component factory: Responsible for affairs such as the production and anti-pollution maintenance of stainless-steel welded pipe components.
14. Valve factory: Responsible for affairs such as the production, anti-pollution maintenance of stainless-steel sphere valves and nipples.
15. Louver blinds factory: Responsible for affairs such as the production, anti-pollution maintenance of PVC curtain boards.
16. Research and development department: Mainly responsible for affairs such as expansion of plants, improvements of on-site production and projects for improving mechanical efficiency.
17. Construction safety department: Responsible for affairs such as the labor safety and environment of the Factory.
18. Construction department: Responsible for maintenance of mechanical and electrical appliances of the different factories.

3.2 Information of Directors, Supervisors, CEO, Deputy CEO, Assistant Manager, Head of Departments and Branch Organizations

(I) Directors and Supervisors:

April 21th, 2024

Post	Nationality or Country of Registration	Name	Gender / Age Distribution (note 6)	Date of Inauguration	Duration (year)	Date of Initial Inauguration	Sharehold by Time of Election		Current Sharehold		Current Sharehold of Partner, Underaged Children		Sharehold in The Name of Others		Main History of Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
							Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio			Post	Name	Relationship	
Chairman	Taiwan (R.O.C.)	Li-Yun, Hsieh (note 6)	Female/D	June 26 th , 2023	3	June 15 th , 2006	119,884	0.01%	143,860	0.01%	383,758	0.02%	—	—	Graduated from Tatung Institute of Commerce and Technology, Banking Finance Manager, Director of Ta Chen Stainless Pipe Co., Ltd. Chairman of Ta Chen (Changsu) Machinery Co., Ltd.,	Note 1	Director/CEO	Rung-Kun Shieh	Younger Brother	None
		Company Representative: Wei-Yi Investment Co., Ltd.	—				156,461	0.01%	187,753	0.01%	—	—	—	—	—	—	—	—	—	None
Director	Taiwan (R.O.C.)	I-Lan Ou (note 7)	Female/C	June 26 th , 2023	3	June 26 th , 2023	2,889,584	0.14%	3,258,500	0.13%	—	—	—	—	Graduated from National Taiwan University, Civil Engineering Graduated from North Carolina State University, MSc Civil, Construction, Environment Engineering China Engineering Consultants, Inc.	Chairman of Rigid Industrial Co., Ltd. Director of Tri-Treasure Co., Ltd. Director of Hapag-Lloyd Taiwan Ltd. Director of Brighton-Best International (Taiwan) Inc. Supervisor of TA CHEN EMPIRE CO., LTD.. Person in charge of Li Zhi Investment Co., Ltd.	—	—	—	None
		Company Representative: Wise Creation Investment Ltd.	—				371,968	0.02%	446,361	0.02%	—	—	—	—	—	—	—	—	—	None
Director	Taiwan (R.O.C.)	Shi-Hsien, Tu	Male/B	June 26 th , 2023	3	June 19 th , 2008	6,409,386	0.32%	7,691,263	0.32%	8,822	—	—	—	Graduated from University of California, Berkeley, Double Major in Economics and Biochemistry Vice President of Ta Chen International, Inc.	Vice President of Ta Chen International, Inc.	—	—	—	None

Post	Nationality or Country of Registration	Name	Gender / Age Distribution (note 6)	Date of Inauguration	Duration (year)	Date of Initial Inauguration	Sharehold by Time of Election		Current Sharehold		Current Sharehold of Partner, Underaged Children		Sharehold in The Name of Others		Main History of Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
							Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio			Post	Name	Relationship	
Director	Taiwan (R.O.C.)	Rung-Kun Shieh (Note 8)	Male/D	June 26 th , 2023	3	June 19 th , 2017	33,858,048	1.67%	40,629,657	1.67%	29,762,209	1.22%	—	—	Graduated from Fu Jen University, Business Management. Sales manager of San Shing Fastech Corp. Director and CEO of Ta Chen (Changsu) Machinery Co., Ltd., Director of Wei Mei Roller Blind Co., Ltd.	Note 2	Chairman	Li-Yun, Hsieh	Elder Sister	
		Company Representative: Ta Ying Cheng Investment Co., Ltd.					79,251,507	3.91%	95,101,808	3.91%	—	—	—	—	—	—	—	—	—	None
Director	Taiwan (R.O.C.)	Chao-Jin Tsai	Male/C	June 26 th , 2023	3	June 10 th , 2011	3,414,317	0.17%	4,097,180	0.17%	458	—	—	—	Graduated from Kaohsiung Municipal Lujhu Junior High School CEO of Fang Sheng Screw Co., Ltd. Chairman of Zhao Han Co., Ltd.	Note 3	—	—	—	None
Director	Taiwan (R.O.C.)	Yong-Yu Tsai (note 9)	Male/C	August 30 th , 2023	3	June 22 th , 2020	706,349	0.03%	847,618	0.03%	3,510,472	0.14%	—	—	National Open University, Department of Financial Management Supervisor, Kaohsiung Bank Director, Hwa Fong Rubber Ind, Co. Ltd. Director of Atlas Distribution Services Ltd.	Note 4	—	—	—	None
Director	Taiwan (R.O.C.)	Erh-Yi Hsieh	Male/A	June 26 th , 2023	3	June 26 th , 2023	963,671	0.05%	1,069,142	0.04%	—	—	—	—	Global Logistics Management Department, National Yunlin University of Science and Technology Chairman, Wan Duan Investment Co., Ltd. Director, Noei Geeng Enterprise Co., Ltd. Director, Hupao Technology Co., Ltd. Director, Xie Xin Enterprise Co., Ltd. Director, Yuqing Value Investment Co., Ltd.	—	—	—	—	None
Director	Taiwan (R.O.C.)	Mei-Feng Lin	Female/C	June 26 th , 2023	3	June 19 th , 2017	208,561	0.01%	250,273	0.01%	—	—	—	—	Graduated from Chihlee University of Technology Supervisor of Ta Chen Stainless Pipe Co., Ltd.	CFO of Linfangjin Charitable Foundation Supervisor of Huajin Corp.	—	—	—	None

Post	Nationality or Country of Registration	Name	Gender / Age Distribution (note 6)	Date of Inauguration	Duration (year)	Date of Initial Inauguration	Sharehold by Time of Election		Current Sharehold		Current Sharehold of Partner, Underaged Children		Sharehold in The Name of Others		Main History of Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
							Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio			Post	Name	Relationship	
															CFO of Linfangjin Charitable Foundation					
		Company Representative: Linfangjin Charitable Foundation	—				2,326,797	0.11%	2,666,156	0.11%	—	—	—	—	—	—	—	—	—	None
Independent Director	Taiwan (R.O.C.)	Chun-An Hsu	Male/D	June 26 th , 2023	3	June 19 th , 2017	—	—	—	—	34,804	—	—	—	Note 5	Compensation Committee member and Audit Committee member of the Company; Independent Director, Compensation Committee member, and Audit Committee member of Asustek	—	—	—	None
Independent Director	Taiwan (R.O.C.)	Ming-Chang Shen	Male/D	June 26 th , 2023	3	June 19 th , 2017	—	—	—	—	—	—	—	—	Graduated from Fu Jen University, Business Management Member of Compensation Committee of Ta Chen Stainless Pipe Co., Ltd. Senior Associate General Manager of Yuanta Core Pacific Securities Co., Ltd. Bonds and Finance Manager of Union Bank of Taiwan Director of Entie Securities Finance Co.	Compensation Committee member and Audit Committee member of the Company; Independent Director, Compensation Committee member and Audit Committee member of Brighton-Best International (Taiwan) Inc Independent Director, Compensation Committee member and Audit Committee member of Right Way Industrial Co., Ltd.	—	—	—	None
Independent Director	Taiwan (R.O.C.)	Guang-Hsiang Wang	Male/D	June 26 th , 2023	3	June 19 th , 2017	803	—	963	—	3,471	—	—	—	University of Taiwan, MSc Administrative Leadership (Studied for 3 years, with 40 credits) Department of General Affairs Manager	Compensation Committee member and Audit Committee member of the Company Independent Director, Compensation Committee member and Audit Committee member of Right Way Industrial Co., Ltd.	—	—	—	None

Post	Nationality or Country of Registration	Name	Gender / Age Distribution (note 6)	Date of Inauguration	Duration (year)	Date of Initial Inauguration	Sharehold by Time of Election		Current Sharehold		Current Sharehold of Partner, Underaged Children		Sharehold in The Name of Others		Main History of Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
							Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio			Post	Name	Relationship	
Independent Director	Taiwan (R.O.C.)	Kuang-Tzu Wang	Female/ B	August 30 th , 2023	3	August 30 th , 2023	—	—	—	—	—	—	—	—	EMBA Master, NCCU Department of Public Finance, National Chengchi University Vice-President of Cathay Venture Inc. President of Cathay Investment Inc. Manager of International Investment Department, Cathay Life Insurance Co., Ltd. Director of Symphox Information Co., Ltd. Director of Cathay Securities Investment Consulting Co., Ltd. Director of Taipei Financial Center Corp.	Compensation Committee member and Audit Committee member of the Company; Independent Director, Compensation Committee member and Audit Committee member of Brighton-Best International (Taiwan) Inc	—	—	—	None

Note 1: Chairman of Brighton-Best International (Taiwan) Inc., Chairman of Ta Chen (B.V.I.) Holdings, Ltd., Chairman of Shijiazhuang Yi Tai Precision Casting Co., Ltd., Chairman of Ta Chen (Boye) Machinery Co., Ltd., Director of Brighton-Best International (UK), Limited., Chairman and General Manager of Brighton-Best International (Canada), Inc., Director of Brighton-Best International (AU), Pty Ltd., Director of Brighton-Best International (NZ), Limited, Chairman of WEI MEI ROLLER BLIND CO., LTD., Director of Brighton-Best International Inc. (Cayman), Director of Chengrong (Shanghai) International Trade Co., Ltd., Chairman of Ta Chen Empire Co. Ltd., Director of Brighton-Best (Hong Kong) Corp. Limited, Director of Brighton-Best (Hong Kong) Holding Limited, Chairman of Yinrong (Shanghai) Investment Management Corp. Ltd., Chairman of Ta Chen (Hong Kong) Corp. Limited, Director of TA CHEN LUNG MEI HOME LIFE CO., LTD. and Chairman of Wei Mei Hsin Shu Interior Decoration Co., Ltd., Chairman of Xie Xin Enterprise Co., Ltd., Chairman of Hupao Technology Co., Ltd., Chairman of Noei Geeng Enterprise Co., Ltd., Chairman of Right Way Industrial Co., Ltd., Chairman of Right Way Industrial (Malaysia) Sdn. Bhd, Chairman of TRIM-Telesis Engineering Sdn Bhd., Chairman of Excellent Growth Investments Limited, Director of Clarke St. Property Holding, LLC.

Note 2: Director of Ta Chen International, Inc., Director/CEO of Brighton-Best International (Taiwan) Inc., Director of Ta Chen (B.V.I.) Holdings, Ltd., Director and CEO of Shijiazhuang Yi Tai Precision Casting Co., Ltd., Director and CEO of Ta Chen (Boye) Machinery Co., Ltd., Director of TCI Investment Group, Inc., Director of Brighton-Best International, Inc., Director of Brighton-Best International (UK), Limited., Director of Brighton-Best International (AU), Pty Ltd., Director of Brighton-Best International (NZ), Limited, Director and General Manager of Ta Chen Empire Co. Ltd.

Note 3: Director and CEO of Fang Sheng Screw Co., Ltd., Supervisor of Fang Sheng Precision Technology Co., Ltd., Director of Taiwan TV Co., Ltd., Director of Brighton-Best International (Taiwan) Inc., Chairman of Chao Han Co., Ltd.

Note 4: Chairman of Jinn Her Enterprise Co., Ltd., Chairman of Tamron Construction Co. Ltd., Chairman of Tamron Recreation Co. Ltd., Chairman of Long Teng Recreation Co. Ltd., Chairman of Te Teng Investment Co. Ltd., Chairman of Foundation of Kaohsiang City Jin Her Social Welfare Charity Foundation, Director of Brighton-Best International (Taiwan)

Inc.and Supervisor of Jinn Chiang Construction Co., Ltd. , Director of Yong Fu Yu Green Energy Technology Co., Ltd.

Note 5: Graduated from National Chung Hsing University, Accounting and Statistics, Embry-Riddle Aeronautical University MBA, USA, Chief/Deputy Director of National Taxation Bureau of Taipei, Ministry of Finance, Deputy Director of National Taxation Bureau of Taipei, Ministry of Finance, Deputy Director of Taxation Administration, Ministry of Finance, Director of National Taxation Bureau of Tainan, Ministry of Finance, Supervisor of Taiwan Tobacco & Liquor Corporation, Supervisor of Taiwan Financial Holdings Co., Ltd., Independent Director and Member of Remuneration Committee and Audit Committee of Brighton-Best International (Taiwan) Inc., Independent Director and Member of Remuneration Committee and Audit Committee of Voltronic Power Technology Corp., Director of HungKuo Delin University of Technology, Independent Director and Member of Remuneration Committee and Audit Committee of AAEON Technology Inc.

Note 6: Li-Yun Hsieh first served as the Company's Director on June 15, 2006 until now. Notwithstanding, the juristic person represented by her has changed during the period. She was elected as the Company's Chairman on July 28, 2010.

Note 7: I-Lan Ou first served as the Company's Director on December 6, 2013 until now. Notwithstanding, the juristic person represented by her has changed during the period.

Note 8: Rung-Kun Shieh first served as the Company's Director on January 17, 1990 until now. Notwithstanding, the juristic person represented by him has changed during the period.

Note 9: Yong-Yu Tsai first served as the Company's Director on June 22, 2020 and was discharged on June 25, 2023. On August 30, 2023, he served as a director of the Company again.

Note 10: The age range codes stand for the following: A: 41-50 years old, B: 51-60 years old, C: 61-70 years old and D: 71-80 years old.

Note 11: If the Company's Chairman and President or equivalent (the supreme management) are the same person, spouses or relatives within 1st degree of kinship, disclose the reason, rationality, necessity and responsive measures: None.

1. Main corporate shareholder of the Company :

April 21th, 2024

Name of Corporate Shareholder	Main Shareholders of Corporate Shareholder
Ta Ying Cheng Investment Co., Ltd.	Kun Hua Yong Cheng Social Welfare Foundation, Tainan.(49.5%)、Ling-Hwa Wang (49.9%)、Wei-Yi Investment Co., Ltd. (0.6%)
Linfangjin Charitable Foundation	Sheng Xian Lin (50.9%)、You Mei Lin (37.6%)、Fang-Jin Lin (11.5%)
Wei-Yi Investment Co., Ltd.	Wei-Ting Guo(50.00%)、Si-Yao Guo50.00%)
Wise Creation Investment Ltd.	I-Lan Ou(55.09%)、Yu-Zhi Lin(17.63%)、Wei-Lun Ou (13.64%)、Shi-Yu Wang (13.64%)
Brighton-Best International (Taiwan) Inc.	Ta Chen Stainless Pipe Co., Ltd. (42.72%)、Jinn Her Enterprise Co., Ltd.(6.58%)、Chao Sheng Co., Ltd.(2.99%)、Tong Yi Investment Co., Ltd.(2.86%)、Pei-Rong Hsieh (2.25%)、Fang-Kuan Lin (2.17%)、GAINS Investment Corp. (2.12%)、Han-Yin Hsieh (2.07%)、De Teng Investment Co., Ltd. (1.71%)、Tri-Treasure Co., Ltd.(1.52%)
Ta Chen Empire Co., Ltd.	Brighton-Best International (Taiwan) Inc.(100.00%)
Tong Yi Investment Co., Ltd.	Hong-Quan Tsai (40.00%)、Su-Gan Tsai Chen (20.00%)、Zhen Rong Tsai (20.00%)、Jia-Yan Tsai (20.00%)
Jinn Her Enterprise Co., Ltd.	Yong-Yu Tsai (20.92%)、Xi-Hui Chen (17.99%)、Xiong-Tian Tsai (14.43%)、Rong-Tai Tsai (12.13%)、Rong-Xian Tsai (formerly Song-Han Tsai))(9.32%)、De Teng Investment Co., Ltd. (6.63%)、Zhen Jiang Investment Co., Ltd.(6.63%)、Xie Tai Asset Management Co., Ltd. (6.63%)、Yong-Quan Tsai (2.78%)、Xiu-Xiang Tsai Zhang (2.24%)
Divine Pacific Enterprise Limited	Sharp Advanced International Limited (100.00%)

2. Main shareholders of corporate shareholder as main shareholder of other corporate shareholders :

April 21th, 2024

Name of Corporate Shareholder	Main Shareholders of Corporate Shareholder
Kun Hua Yong Cheng Social Welfare Foundation, Tainan.	Rung-Kun Shieh (50.35%)、Ling-Hwa Wang (29.34%)、Li-Yun Hsieh (5.75%)、Bing-Shan Cheng

	(3.01%)、Chao-Mei Hung (2.85%)、Ta Chen Stainless Pipe Co., Ltd. (2.74%)、Ta Ying Cheng Investment Co., Ltd. (2.63%)、Ya-Hua Yang (2.38%)、Ying-Rui Lu (0.95%)
Chao Sheng Co., Ltd.	Sheng-Han Tsai (13.34%)、Chao-Chin Tsai (6.67%)、Chao-Sheng Tsai (6.67%)、Chao-Song Tsai (6.67%)、Chao-Fang Tsai (6.67%)、Chao-Qin Tsai (6.67%)、Ming-Zhi Tsai (6.67%)、Bin-Yao Tsai (6.67%)、Zhe-Di Tsai (6.67%)、Ming-Xuan Tsai (6.67%)
GAINS Investment Corp.	China Steel Corporation (99.9988%)、Zhong-Yu Wang (0.0002%)、Zhen-Rong Chen (0.0002%)、Ruo-Qi Zou (0.0002%)、Guo-Hua Zheng (0.0002%)、Le-Min Zhong (0.0002%)、Li-Ren Hu (0.0002%)
De Teng Investment Co., Ltd.	Yong-Yu Tsai (90.00%)、Xi-Hui Chen (10.00%)
Tri-Treasure Co., Ltd.	Onion Family International Co. Ltd.(54.18%)、I-Lan Ou (25.32%)、Yu-Zhi Lin (6.61%)、Wei-Lun Ou (6.61%)、Shi-Yu Wang (6.62%)、You-Xi Lin (0.66%)
Zhen Jiang Investment Co., Ltd.	Xiong-Tian Tsai (90.00%)、Xi-Hui Chen (10.00%)
Xie Tai Asset Management Co., Ltd.	Rong-Tai Tsai (90.00%)、Xi-Hui Chen (10.00%)
Sharp Advanced International Limited	Yung-Chuan Tsai (15.00%)、Hsiu-Hsiang Tsai Chang (10.00%)、Chia-Ling Tsai (25.00%)、Cheng-Hsun Tsai (25.00%)、Chla-Wen Tsai (25.00%)

3. Information disclosure of director's professional qualifications and independence of the independent directors

Conditions Name	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
Chairman Li-Yun Hsieh	The Company's current Chairman of Board With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	-	-
Director I-Lan Ou	With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	-	-

Conditions Name	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
Director Shi-Hsien Tu	With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	-	-
Director Rung-Kun Shieh	Current President of the Company; once serving in San Shing Fastech Corp. in charge of international business. With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	-	-
Director Chao-Jin Tsai	With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	-	-
Director Yong-Yu Tsai	With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	-	-
Director Erh-Yi Hsieh	With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	-	-
Director Mei-Feng Lin	With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	-	-
Independent director Ming-Chang Shen	The Company's current Independent Director, serving as a member of the Company's Remuneration Committee and Audit Committee. Once serving as Senior Associate General Manager of Capital Securities, Bonds and Finance Manager of Union Bank of Taiwan, Director of Entie Securities Finance Co., Ltd. With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.	2

<div>Conditions</div> <div>Name</div>	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
Independent director Chun-An Hsu	The Company's current Independent Director, and a member of the Company's Remuneration Committee and Audit Committee; once serving as Section Chief/Deputy Director-General of National Taxation Bureau of Taipei, MOF; Deputy Director-General of National Taxation Bureau of the Northern Area, MOF; Deputy Director-General of Taxation Administration, MOF; Director-General of National Taxation Bureau of the Southern Area, MOF; Supervisor of Taiwan Tobacco & Liquor Corp.; Supervisor of Taiwan Financial Holding Co., Ltd.; Independent Director/Remuneration Committee member and Audit Committee member of Voltronic Power Technology Corp.; Director of Hungkuo Delin University of Technology; Independent Director/Remuneration Committee member and Audit Committee member of AAEON Technology Inc. With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer in the preceding subparagraph (1) or any of the persons in the preceding subparagraphs (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of any juristic-person shareholder that has 5% or more of the total shares issued by the Company, or of top-5 juristic-person shareholders of the Company, or of the juristic-person shareholders who appoint their representatives to serve as the director or supervisor the Company in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act.</p> <p>(6) Not a director, supervisor or employee of any company controlled by the same person that holds a majority of the directors or voting shares of the Company.</p> <p>(7) Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company.</p>	2
Independent director Guang-Hsiang Wang	The Company's current Independent Director, and a member of the Company's Remuneration Committee and Audit Committee. Chief of Department of General Affairs, MOF; Supervisor of Financial Information Service Co., Ltd.; Director of Bank Taiwan Securities Co., Ltd.; Director of Taiwan Business Bank; Standing Supervisor of Small and Medium Business Credit Guarantee Fund; Supervisor of Farmers Bank of China; Director of the General Affairs Department, Directorate General of Budget, Accounting and Statistics, Executive Yuan; Inspector/Director/Section Chief/Senior Executive Officer/Chief Secretary of Department of Finance, Taipei City Government; Assistant Revenue Officer/Revenue Officer/Subsection Chief/Revenue Assessor of Taipei City Revenue Service. With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	<p>(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2</p>	1

Conditions Name	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
Independent director Kuang-Tzu Wang	The Company's current Independent Director, and a member of the Company's Audit Committee. Once serving as Vice-President of Cathay Venture Inc.; President of Cathay Investment Inc.; Manager of International Investment Department, Cathay Life Insurance Co., Ltd.; Director of Symphox Information Co., Ltd.; Director of Cathay Securities Investment Consulting Co., Ltd.; Director of Taipei Financial Center Corp. With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof. Note: (2) 、(5)~(7) of the above mentioned do not apply to independent directors appointed in accordance with Securities and Exchange Act, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent company.	1

4. The Board of Directors' diversity and independence:

(1) The Board of Directors' diversity

The Company adopted the composition of the Board of Directors to be determined by taking diversity into consideration, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- A. Basic requirements and values: Gender, age, nationality, and culture.
- B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

All members of the Board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- A. Ability to make operational judgments.
- B. Ability to perform accounting and financial analysis.
- C. Ability to conduct management administration.
- D. Ability to conduct crisis management.
- E. Knowledge of the industry.
- F. An international market perspective.
- G. Ability to lead.
- H. Ability to make policy decisions.

There are currently twelve directors in the Board of Directors, including four independent directors and three directors who also concurrently serve as the employees of the Company (accounting 33.33% and 25% of the all directors, respectively). The seniority of the three independent directors are between three to nine years. One director aged 41-50 years old only;

Two directors aged 51-60 years old; four aged 61-70 years old, and five aged 71-80 years old. They possess abundant experience, industrial knowledge, and rich experience in the professional areas such as operation and management. Other than the aforesaid, the Company also emphasizes the gender equality of the Board's composition. There are four female directors in the Board, as much as 33.33%.

The implementation of the Board of Directors' diversity policy is as follows:

(1) Basic composition:

Diversity cores Name of director	Basic composition:							
	Nationality	Gender	Serving as an employee concurrently	Age				Seniority as an independent director
				41-50	51-60	61-70	71-80	3-9 years
Li-Yun Hsieh	Republic of China	Female					V	
I-Lan Ou		Female				V		
Shi-Hsien Tu		Male	V		V			
Rung-Kun Shieh		Male	V				V	
Chao-Jin Tsai		Male				V		
Yong-Yu Tsai		Male				V		
Erh-Yi Hsieh		Male	V	V				
Mei-Feng Lin		Female				V		
Ming-Chang Shen		Male					V	V
Chun-An Hsu		Male					V	V
Guang-Hsiang Wang		Male					V	V
Kuang-Tzu Wang		Female			V			

(2) Professional knowledge and skills:

Diversity cores Name of director	Professional knowledge and skills							
	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions
Li-Yun Hsieh	V	V	V	V	V	V	V	V
I-Lan Ou	V	V	V	V	V	V	V	V
Shi-Hsien Tu	V	V	V	V	V	V	V	V
Rung-Kun Shieh	V	V	V	V	V	V	V	V
Chao-Jin Tsai	V		V	V	V	V	V	V
Yong-Yu Tsai	V		V	V	V	V	V	V
Erh-Yi Hsieh	V		V	V	V	V	V	V
Mei-Feng Lin	V	V	V	V		V	V	V
Ming-Chang Shen	V	V	V	V		V	V	V
Chun-An Hsu	V	V	V	V		V	V	V
Guang-Hsiang Wang	V	V	V	V		V	V	V
Kuang-Tzu Wang	V	V	V	V		V	V	V

The concrete management target and the current achievement of the Board of Directors' diversity policy are as follows:

A. Concrete management target:

- a. at least five directors possessing one of the aforesaid abilities among all directors;
- b. individual director shall have five abilities in the table above.

B. Current achievement: The current Board members all meet the target of diversity policy.

(2) The Board of Directors' independence:

Among twelve directors of the Company, there are four independent directors, accounting for 33.33%. Other than the Chairman, Li-Yun Hsieh, and Director Rung-Kun Shieh are relatives within 2nd degree of kinship with each other; the other ten directors are not spouses or relatives within 2nd degree of kinship with each other, in conformity with Paragraph 3, Article 26-3 of the Securities and Exchange Act.

II Information of CEO, Vice CEO, Assistant Manager, Other Department and Branch Office Manager :

April 21th, 2024

Post	Nationality	Name	Sex	Date of Inauguration	Shareholding		Shareholding of Partner, Underaged Children		Shareholding In the Name of Others		Main Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Post	Name	Relationship	
CEO	Taiwan (R.O.C.)	Rung-Kun Shieh	Male	January 17 th , 1990	40,629,657	1.67%	29,762,209	1.22%	—	—	Graduated from Fu Jen University, Business Management Sales manager of San Shing Fastech Corp. Director /CEO of Ta Chen (Changsu) Machinery Co., Ltd. Director of Wei Mei Roller Blind Co., Ltd.	Note 1	Assistant Manager	Rui-Cai Guo	Brother-in-law	None
Senior Vice CEO	Taiwan (R.O.C.)	Di-Jin Chang	Male	April 24 th , 1994	327,651	0.01%	42,956	—	—	—	Chung Yuan Christian University, Mechanical Engineering Head of San Shing Hardware Technology Screw Set Factory Director of Shijiazhuang Yi Tai Precision Casting Co., Ltd. Director /CEO of Ta Chen (Changsu) Machinery Co., Ltd.	Director/Vice CEO of Brighton-Best International (Taiwan) Inc. Supervisor of Wei Mei Roller Blind Co., Ltd. Director of TA CHEN EMPIRE CO., LTD. Supervisor of Ta Chen Lung Mei Home Life Co., Ltd. Supervisor of Wei Mei Hsin Shu Interior Decoration Co., Ltd.	—	—	—	
Assistant Manager of Production Department	Taiwan (R.O.C.)	Huai-Yi Yang	Male	October 1 st , 1996	939,746	0.04%	48	—	—	—	National Cheng Kung University, Mechanical Engineering Taiwan Mechanics engineer	None	—	—	—	
Assistant Manager of Sales Department	Taiwan (R.O.C.)	Rui-Cai Guo	Male	July 1 st , 2002	383,758	0.02%	143,860	0.01%	—	—	Tatung Institute of Commerce and Technology Person in charge of Sichuan Huiyuan Optical Communications Co., Ltd. Director of Ta Chen (Changsu) Machinery Co., Ltd.	None	CEO	Rung-Kun Shieh	Brother of Wife	
Assistant Manager of Foreign Investment Department	Taiwan (R.O.C.)	Man-Ting Chen	Female	July 1 st , 2002	658,522	0.03%	—	—	—	—	Shih Chien Institute of Commerce and Technology Manager of En Lin Enterprise	None	—	—	—	

Post	National ity	Name	Sex	Date of Inauguration	Shareholding		Shareholding of Partner, Underaged Children		Shareholding In the Name of Others		Main Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Post	Name	Relationship	
Assistant Manager of Research and Development Department	Taiwan (R.O.C.)	Song-Mao Chen	Male	July 1 st , 2002	520,279	0.02%	850	—	—	—	National Tung-Shih Senior High School Head of Yu-Nion Machinery Factory	None	—	—	—	
Manager of Finance Department	Taiwan (R.O.C.)	Jian-Chong Weng	Male	October 24 th , 2007	941,901	0.04%	114,486	—	—	—	Tunghai University, Accounting Manager of Deloitte Touche Tohmatsu Limited	Director of Wei Mei Roller Blind Co., Ltd.	—	—	—	

Note 1: Director of Ta Chen Stainless Pipe Co., Ltd., Director of Ta Chen International, Inc., Director/CEO of Brighton-Best International (Taiwan) Inc., Director of Ta Chen (B.V.I.) Holdings, Ltd., Director and CEO of Shijiazhuang Yi Tai Precision Casting Co., Ltd., Director and CEO of Ta Chen (Boye) Machinery Co., Ltd., Director of TCI Investment Group, Inc., Director of Brighton-Best International, Inc., Director of Brighton-Best International (UK), Limited., Director of Brighton-Best International (AU), Pty Ltd., Director of Brighton-Best International (NZ), Limited, Director and General Manager of TA CHEN EMPIRE CO., LTD., Director of Ta Chen Lung Mei Home Life Co., Ltd..

3.3. Remuneration of Directors, independent directors, supervisors, general managers and deputy general managers in the recent fiscal year

(I) Remuneration of Directors and Independent Directors

December 31st, 2023 Unit: NT\$

Post	Name	Director Remuneration								Gross profit ratio of A, B, C and D in the total remuneration		Relevant Remuneration for Part-time Employees								Gross profit ratio of A, B, C, D, E, F and G in the total remuneration		Compensation paid by an reinvested company other than the subsidiary or the parent company
		Remuneration (A)		Retirement Pension (B)		Director Remuneration (C)		Business Execution Expense (D)				Salary, Bonus and Special Allowance (E)		Retirement Pension (F)		Employee Remuneration (G)						
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company		All Companies included in the Financial Report		The Company	All Companies included in the Financial Report			
Chairman	Wei-Yi Investment Co., Ltd.	-	-	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000	-	-	-	-	-	-	-	-	3,000,000	3,000,000	None
										0.06%	0.06%									0.06%	0.06%	
	Company Representative Li-Yun Hsieh	-	-	-	-	-	-	90,000	90,000	90,000	90,000	-	-	-	-	-	-	-	-	90,000	90,000	
										-	-	-	-	-	-	-	-	-	-	-	-	
Director	Wise Creation Investment Ltd.	-	-	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000	-	-	-	-	-	-	-	-	3,000,000	3,000,000	
										0.06%	0.06%									0.06%	0.06%	
	Company Representative I-Lan Ou	-	-	-	-	-	-	90,000	90,000	90,000	90,000	-	-	-	-	-	-	-	-	90,000	90,000	
										-	-	-	-	-	-	-	-	-	-	-	-	
Director	Shih-Hsien Tu	-	-	-	-	3,000,000	3,000,000	90,000	90,000	3,090,000	3,090,000	-	8,466,856	-	-	-	-	-	-	3,090,000	11,556,856	
										0.06%	0.06%									0.06%	0.22%	
Director	Ta Ying Cheng Investment Co., Ltd.	-	-	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000	-	-	-	-	-	-	-	-	3,000,000	3,000,000	
										0.06%	0.06%									0.06%	0.06%	
	Company Representative Rung-Kun Shieh	-	-	-	-	-	-	-	-	-	-	14,040,275	14,040,275	108,000	108,000	-	-	-	-	14,148,275	14,148,275	
										-	-	-	-	-	-	-	-	-	-	-	0.27%	0.27%
Director	Chao-Jin,Tsai	-	-	-	-	3,000,000	3,000,000	90,000	90,000	3,090,000	3,090,000	-	-	-	-	-	-	-	-	3,090,000	3,090,000	
										0.06%	0.06%									0.06%	0.06%	
Director	Yong-Yu Tsai	-	-	-	-	3,000,000	3,000,000	90,000	90,000	3,090,000	3,090,000	-	-	-	-	-	-	-	-	3,090,000	3,090,000	
										0.06%	0.06%									0.06%	0.06%	
Director	Erh-Yi Hsieh	-	-	-	-	3,000,000	3,000,000	-	-	3,000,000	3,000,000	740,274	740,274	45,216	45,216	1,103,429	-	1,103,429	-	4,888,919	4,888,919	
										0.06%	0.06%									0.09%	0.09%	
Director	Linfangjin Charitable Foundation	-	-	-	-	3,000,000	3,000,000	90,000	90,000	3,090,000	3,090,000	-	-	-	-	-	-	-	-	3,090,000	3,090,000	
										0.06%	0.06%									0.06%	0.06%	
	Company Representative Mei-Feng Lin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Independent Director	Chun-An Hsu	960,000	1,440,000	-	-	-	-	-	-	960,000	1,440,000	-	-	-	-	-	-	-	-	960,000	1,440,000	
										0.02%	0.03%									0.02%	0.03%	
Independent Director	Ming-Chang Shen	1,200,000	2,880,000	-	-	-	-	-	6,372	1,200,000	2,886,372	-	-	-	-	-	-	-	-	1,200,000	2,886,372	
										0.02%	0.05%									0.02%	0.05%	

Post	Name	Director Remuneration								Gross profit ratio of A, B, C and D in the total remuneration		Relevant Remuneration for Part-time Employees								Gross profit ratio of A, B, C, D, E, F and G in the total remuneration		Compensation paid by an reinvested company other than the subsidiary or the parent company
		Remuneration (A)		Retirement Pension (B)		Director Remuneration (C)		Business Execution Expense (D)				Salary, Bonus and Special Allowance (E)		Retirement Pension (F)		Employee Remuneration (G)						
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	The Company	All Companies included in the Financial Report	
Independent Director	Guang-Hsiang Wang	960,000	1,440,000	-	-	-	-	-	-	960,000	1,440,000	-	-	-	-	-	-	-	-	-	960,000	1,440,000
										0.02%	0.03%									0.02%	0.03%	
Independent Director	Kuang-Tzu Wang	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
										-	-									-	-	
Director (resignation)	Ta Ying Cheng	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Investment Co., Ltd.									-	-									-	-	
										-	-									-	-	
	Company Representative	-	-	-	-	-	-	-	-	-	-									-	-	
	Ling-Hwa Wang (note 3)									-	-	568,821	568,821	108,000	108,000	1,414,588	-	1,414,588	-	2,091,409	2,091,409	
										-	-									0.04%	0.04%	
Former Director	Jung-Huei Hsieh	-	-	-	-	-	-	-	-			-	-	-	-	-	-	-	-			
	(note 4)																					
* Apart from the above-disclosed table, remuneration enlisted by company directors for the providence of service as stated in the financial report in the recent fiscal year is (such as the post as consultant for part-time employees): 0																						

* Apart from the above-disclosed table, remuneration enlisted by company directors for the providence of service as stated in the financial report in the recent fiscal year is (such as the post as consultant for part-time employees): 0

Note 1. Please state the policy, system, standard and structure for paying the remuneration to ordinary directors and independent directors, as well as the relation between factors, such as duties, risks, devotion time, and the paid amount of remuneration paid:

The independent directors of the Company receive fixed remuneration, do not participate in profit distribution, and they are entitled to receive transportation expenses based on actual attendance at meetings. Moreover, the policy and standard for paying the remuneration to directors are regulated by Article 18.1 of the Company's by-law:" 3% of the Company's annual net profit before deduction of employee compensation and directors' remuneration shall be allocated to the employee's remuneration, while no more than 1.5% shall be director's remuneration. However, if the company still has accumulated losses (including adjustment of retained earnings amount), the amount of compensation should be retained in advance.

The employee's remuneration mentioned in the preceding paragraph can be given by shares or cash, and the objects of payment may include the employees of the subordinate companies that meet the conditions set by the board of directors. Nevertheless, the directors' remuneration can only be paid in cash. The resolution of the previous two items shall be passed by the board of directors and reported to the shareholders' meeting." and regulated by Article 16 of the Company's by-law:" The resolution of directors' remuneration is authorized to the board of directors and is made based on the level of the industry." In addition, the Company also utilizes the individual director performance evaluation results according to the "Board of Directors Performance Evaluation Procedures" as a reference for salary compensation.

2. In addition to the disclosure in the preceding table, the remuneration given to the directors for providing services to all the companies in the financial statement during the most recent year (including as a non-employee advisor for all companies/investees under the parent company/in the Financial Report): None.

3.The Directors Ling-Hwa Wang was newly elected during the directors' re-election of the Annual Shareholder's Meeting on June 26, 2023. Date of resignation was August 29, 2023.

4. The re-election was held during the Annual Shareholders' Meeting on June 26, 2023. The Directors Jung-Huei Hsieh was dismissed.

(II) Supervisor Remuneration: In 2017, Audit Committee replaces the role of supervisors.

Therefore, supervisor remuneration was not distributed in 2023.

(III) CEO and vice CEO remuneration

December 31st, 2023 Unit: NT\$

Post	Name	Remuneration (A)		Retirement Pension (B)		Bonus and Special Allowance (C)		Employee Remuneration (D)				Gross profit ratio of A, B, C and D in the total remuneration (%)		Received transfer investment remuneration from companies other than that of subsidiaries or the company
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company		All Companies included in the Financial Report		The Company	All Companies included in the Financial Report	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
CEO	Rung-Kun Shieh	14,040,275	14,040,275	108,000	108,000	-	-	-	-	-	-	14,148,275	14,148,275	None
												0.27%	0.27%	
Vice CEO	Di-Jin Chang	3,024,275	3,024,275	66,680	66,680	-	-	6,119,689	-	6,119,689	-	9,210,644	9,210,644	None
												0.17%	0.17%	

(IV) Managerial officers with the top five highest remuneration amounts in a TWSE/TPEX-listed company

December 31st, 2023 Unit: NT\$

Post	Name	Remuneration (A)		Retirement Pension (B)		Bonus and Special Allowance (C)		Employee Remuneration (D)				Gross profit ratio of A, B, C and D in the total remuneration (%)		Received transfer investment remuneration from companies other than that of subsidiaries or the company
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company		All Companies included in the Financial Report		The Company	All Companies included in the Financial Report	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
CEO	Rung-Kun Shieh	14,040,275	14,040,275	108,000	108,000	-	-	-	-	-	-	14,148,275	14,148,275	None
												0.27%	0.27%	
Vice CEO	Di-Jin Chang	3,024,275	3,024,275	66,680	66,680	-	-	6,119,689	-	6,119,689	-	9,210,644	9,210,644	None
												0.17%	0.17%	
Assistant Manager of Sales Department	Rui-Cai Guo	2,239,571	2,239,571	49,038	49,038	-	-	1,227,271	-	1,227,271	-	3,515,880	3,515,880	None
												0.07%	0.07%	
Assistant Manager of Foreign Investment Department	Man-Ting Chen	1,676,375	1,676,375	37,260	37,260	-	-	1,012,520	-	1,012,520	-	2,726,155	2,726,155	None
												0.05%	0.05%	
Manager of Finance Department	Jian-Chong Weng	1,460,075	1,460,075	108,000	108,000	-	-	713,526	-	713,526	-	2,281,601	2,281,601	None
												0.04%	0.04%	

(IV) Remuneration distributed to Managers, Name and Amount Distributed

December 31st, 2023 Unit: NT\$

	Post (Note)	Name (Note)	Stock Bonus	Cash Bonus	Total	Gross profit ratio in total remuneration (%)
Executive Officers	CEO	Rung-Kun Shieh	-	9,959,145	9,959,145	0.19%
	Vice CEO	Di-Jin Chang				
	Vice CEO	Liang-Cheng, Hsi				
	Assistant Manager	Song-Mao Chen				
	Assistant Manager	Huai-Yi Yang				
	Assistant Manager	Rui-Cai Guo				
	Assistant Manager	Man-Ting Chen				
	Finance Manager	Jian-Chong Weng				

(V) Comparison and analysis of total remuneration paid to company directors, supervisors, CEO and vice CEO of the Company and all companies included in the consolidated report in the recent two years, rate of which in gross profit after tax, and explanation of remuneration policies, standards and combos, and the relevance of procedure of setting remuneration, operation performance and future risks.

1. Director, supervisor, CEO and vice CEO remuneration standard

Items	2023		2022	
	The Company	All Companies included in the Consolidated Report	The Company	All Companies included in the Consolidated Report
Director's total remuneration	45,788,603	56,901,831	44,495,198	50,167,612
Ratio of director's total remuneration to net income after tax	0.86%	1.07%	0.37%	0.42%
President and vice president's total remuneration	23,358,919	23,358,919	31,538,684	31,538,684
Ratio of president's and vice president's total remuneration to net income after tax	0.44%	0.44%	0.26%	0.26%

2. Remuneration policies, standards and packages, and the procedures through which remuneration is determined

The Company's remuneration policies, standards and packages, and procedures through which the remuneration is determined are evaluated by the Company's Remuneration Committee and then proposed to the Board of Directors as reference for its

decision making. The remuneration to directors and employees is allocated pursuant to the Articles of Incorporation, and submitted to the Board of Directors for approval and then to a shareholders' meeting for ratification. The remuneration to employees is determined in reference to the pay level among peer companies and industrial competition, as an important basis for the distribution.

(1) Determination of remuneration to directors

(a) The independent directors of the Company receive fixed remuneration, do not participate in profit distribution, and they are entitled to receive transportation expenses based on actual attendance at meetings. Moreover, the policy and standard for paying the remuneration to directors are regulated by Article 18.1 of the Company's by-law: "3% of the Company's annual net profit before deduction of employee compensation and directors' remuneration shall be allocated to the employee's remuneration, while no more than 1.5% shall be director's remuneration. However, if the company still has accumulated losses (including adjustment of retained earnings amount), the amount of compensation should be retained in advance. The employee's remuneration mentioned in the preceding paragraph can be given by shares or cash, and the objects of payment may include the employees of the subordinate companies that meet the conditions set by the board of directors. Nevertheless, the directors' remuneration can only be paid in cash. The resolution of the previous two items shall be passed by the board of directors and reported to the shareholders' meeting." and regulated by Article 16 of the Company's by-law: "The resolution of directors' remuneration is authorized to the board of directors and is made based on the level of the industry." In addition, the Company also utilizes the individual director performance evaluation results according to the "Board of Directors Performance Evaluation Procedures" as a reference for salary compensation.

(b) Upon review by the Remuneration Committee, the proposal was submitted to the Board of Directors. The Board of Directors resolved on June 30, 2020 to pay each independent director NT\$80,000 per month. Then, the meeting of the Board of Directors convened on May 12, 2021 resolved to approve that since June 2021, the monthly remuneration to Independent Director Ming-Chang Shen should be adjusted to NT\$100,000.

(2) The standards for payment of remuneration to the President and vice presidents were approved by the Chairman and also the Board of Directors. The year-end bonus to the management varies depending on the business performance and future industrial risk.

3. The correlation with risks and business performance for director

In addition to the annual evaluation results generated according to the "Regulations Governing Performance Evaluation on the Board of Directors," the Company performed the evaluation of the procedures for determining the remuneration also based on and the directors' participation in the Company's operations and personal performance contributions. The evaluation items included the occurrence of ethical risk incidents or

other risk incidents posing adverse effects on the Company's image/goodwill, and staff corruption practices. The proportion of remuneration is also calculated in reference to the target achievement rate, profitability, operating efficiency, and degree of contribution, and the reasonable remuneration is paid. Meanwhile, the remuneration system for directors, as well as the reference for future nomination for reappointment, is reviewed from time to time subject to the actual operating condition and relevant laws and regulations.

The management's important decisions made after balancing various risk factors. The performance of relevant decisions is reflected in the Company's profitability. Bonuses are calculated based on individual performance based on achievement rate, growth rate, risk, and performance, and are then sent to the Salary and Remuneration Committee for review before being submitted to the Board of Directors for resolution. Therefore, director remuneration is related to the performance of controlling future risks.

4. The correlation with risks and business performance for president and vice president

The management's performance important decisions made after balancing various risk factors. The performance of relevant decisions is reflected in the Company's profitability. The remuneration for managers is determined based on their professional experience and industry standards. Bonuses are awarded based on performance indicators, including financial and business metrics (such as profit growth, operational management quality improvement, and net profit after tax), comprehensive management indicators (such as organizational leadership and management ability, risk management, innovation and integration, and ESG sustainable development strategies), as well as other special contributions or significant achievements. The remuneration for managers are reviewed by the remuneration committee and passed by the board of directors, therefore, the remuneration of the management level is related to the performance of risk control.

3.4 Operation of Company Governance

(I) Operation of the Board of Directors

In 2023, the Board of Directors meeting was held for 7(A) times. Attendance of directors, supervisors are as follows:

Post	Name (Note 1)	Number of actual attendance (B)	Number of entrusted attendance	Ratio of actual attendance (%) [B / A] (Note 2)	Remarks
Chairman	Li-Yun Hsieh Company representative: Wei-Yi Investment Co., Ltd.	6	1	85.7%	Re-elected on June 26, 2023 and the juristic person represented by him was changed; required to attend 7 meetings.
Director	I-Lan Ou Company representative: Wise Creation Investment Ltd.	7	0	100%	Re-elected on June 26, 2023 and as the juristic person representative; required to attend 7 meetings.
Director	Shih-Hsien Tu	1	6	14.3%	Re-elected on June 26, 2023; required to attend 7 meetings.
Director	Rung-Kun Shieh Company representative: Ta Ying Cheng Investment Co., Ltd.	7	0	100%	Re-elected on June 26, 2023 and as the juristic person representative; required to attend 7 meetings.
Director	Chao-Jin Tsai	6	1	85.7%	Re-elected on June 26, 2023; required to attend 7 meetings.
Director	Yong-Yu Tsai	3	1	75.0%	Discharged after the reelection on June 26, 2023, and elected as new director after the by-election on August 30, 2023; required to attend 4 meetings.
Director	Jung-Huei Hsieh	3	0	100%	Discharged after the reelection on June 26, 2023; required to attend 3 meetings.
Director	Erh-Yi Hsieh	4	0	100%	Newly elected after the reelection on June 26, 2023; required to attend 4 meetings.
Director	Ling-Hwa Wang Company representative: Ta Ying Cheng	3	0	100%	Newly elected after the reelection on June 26, 2023, and discharged on

Post	Name (Note 1)	Number of actual attendance (B)	Number of entrusted attendance	Ratio of actual attendance (%) [B / A] (Note 2)	Remarks
	Investment Co., Ltd.				August 29, 2023; required to attend 3 meetings.
Director	Mei-Feng Lin Company representative: Linfangjin Charitable Foundation	7	0	100%	Reelected on June 26, 2023; required to attend 7 meetings.
Independent Director	Chun-An Hsu	6	1	85.7%	Reelected on June 26, 2023; required to attend 7 meetings.
Independent Director	Ming-Chang Shen	7	0	100%	Reelected on June 26, 2023; required to attend 7 meetings.
Independent Director	Guang-Hsiang Wang	7	0	100%	Reelected on June 26, 2023; required to attend 7 meetings.
Independent Director	Kuang-Tzu Wang	1	0	100%	Newly elected after the co-optation on August 30, 2023; required to attend 1 meeting.

Other important items :

- I. If operation of the Board of Directors fulfills any of the following conditions, the date, period, content of motion of BoD meetings, opinions of all independent directors and the Company's opinion on independent directors shall be processed in accordance with:
- (I) Regulations stated in Article 14-3 of the Securities and Exchange Act:
Refer to page 38-40 of the current annual report for the operation of the Audit Committee and other information to note Item 1-1.

(II) Apart from the above-mentioned items, other board resolutions that have been objected to or retained by independent directors with written record: None.

- II. For execution of directors' evasion of interest motions, the name of the directors, content of motion, reason for interests to be evaded and participation in voting shall be stated in detail :

Date of Board of Directors Meeting	Name of Directors	Content of Motion	Reason for Interests to be Evaded	Participation in Voting
March 13 th , 2023	Li-Yun Hsieh Rung-Kun Shieh	Bonus remuneration of the Company's directors, supervisors and managers shall reference to the usual condition of companies of the industry, and in consideration of personal performance, in order to decide the bonus remuneration of the Company's directors, supervisors and managers. Such decision shall be passed by the Compensation and Remuneration Committee.	Based on the regulations set by the Board of Directors, the interests of stakeholders shall be evaded.	Passed without Objection
July 12 th , 2023	Ming-Chang Shen Chun-An Hsu Kuang-Hsiang Wang	Review on salaries and bonuses for independent directors and the Remuneration Committee, already approved by the Remuneration Committee.	Based on the regulations set by the Board of Directors, the interests of stakeholders shall be evaded.	Passed without Objection
November 9 th , 2023	Rung-Kun Shieh	Review on salaries and bonuses for independent directors, already approved by the Remuneration Committee.	Based on the regulations set by the Board of Directors, the interests of	Passed without Objection

Post	Name (Note 1)	Number of actual attendance (B)	Number of entrusted attendance	Ratio of actual attendance (%) [B / A] (Note 2)	Remarks
				stakeholders shall be evaded.	

III. The TWSE/TPEX-listed company shall disclose the evaluation cycle and period, scope of evaluation, method and contents of evaluation about the Board of Directors' self (or peer) performance evaluation :

The Company has formulated the regulations governing performance evaluation on the Board of Directors, which were already approved by the Board of Directors, in order to specify that the internal performance evaluation of the Board of Directors shall be carried out every year, and that an external professional independent institution or external experts and scholars shall conduct the evaluation at least once every three years. The scope of Board of Directors' evaluation includes the performance evaluation on the overall Board of Directors, individual directors and functional committees.

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Internal evaluation conducted per year, and the external evaluation is conducted at least once triennially	2023.01.01-2023.12.31	Board of Directors, Board Members and Board's Functional Committees	Directors' Self-Evaluation	<p>(1) Performance evaluation on the Board of Directors: Degree of engagement in the Company's operation, quality of the Board of Directors' decision making, formation and structure of the Board of Directors, election and continuing education of directors, and internal control.</p> <p>(2) Performance evaluation on Board members: Alignment with the Company's goals and mission, awareness toward directors' responsibilities and duties, degree of engagement in the Company's operation, management of internal relations and communication, expertise and continuing education of directors, and internal control.</p> <p>(3) "Performance evaluation on functional committees: Degree of engagement in the Company's operation, awareness toward functional committees' responsibilities and duties, enhancement of quality of the functional committees' decision making, formation of the functional committees and election of the committee members, and internal control.</p>

In 2023, the Company contracted an external institution, "Qin An Management Consulting Co., Ltd.," to evaluate the effectiveness of the Board of Directors during the period from June 26, 2022 to June 25, 2023. The institution took into consideration the best practice development tools for the performance evaluation on the Board of Directors in Taiwan. The evaluation covers five major aspects, namely, participation in the operation of the Company, improvement of the quality of the Board of Directors' decision-making, composition and structure of the Board of Directors, election and continuing education of directors, and internal control. The evaluation method is conducted through a combination of data analysis and questionnaires, and a performance evaluation report is issued based on the evaluation results. The institution has no business dealings with the Company and acts independently. It submitted an evaluation report on December 25, 2023, and said recommendations and expected measures were reported to the Board of Directors on March 12, 2024. The relevant general comments and measures are as follows:

(I) General comments of the evaluation report

1. The Board of Directors members and the management team trust each other. The discussion about the Company's future operation, business development and potential business opportunities has been fully disclosed. Generally, the management will also take the initiative to consult independent directors, and the information exchange is open and transparent.
2. The Board of Directors is composed of directors with rich experience and independent directors, who can fully contribute professional opinions and fulfill their duties as directors precisely.
3. The communication channels between the Audit Committee and internal auditors and CPAs are free from any barrier, thus helping the Audit Committee to perform its functions, including directions and

Post	Name (Note 1)	Number of actual attendance (B)	Number of entrusted attendance	Ratio of actual attendance (%) [B / A] (Note 2)	Remarks
supervision, completely.					
4. The directors' continuing education schedule was planned and arranged by the Company. The directors' training hours met the relevant standards, and the course areas covered legal compliance and international market trends, thus helping directors understand legal regulations and market trends. Improvement suggestions and future improvement plans					
(II) Future improvement suggestions and the Company's countermeasures					
Recommendations of the evaluation report		Countermeasures expected to be adopted by the Company			
Suggest that the Company compile and formulate a written succession plan for directors and management. In response to the Company's talent needs at different stages in the future, formulate succession plans based on strategic consensus, corporate culture and talent retention system.		The Company has formulated a succession plan (including directors and key management). The members of the Board of Directors are expressly defined in accordance with the Company's “Procedures for Election of Directors” and “Corporate Governance Best Practice Principles,” and the diversity policy is formulated with respect to the Company's own operations, business models and development needs. The details are disclosed on P.50 ((9) Other important information to enhance the understanding of the Company's corporate governance: the succession planning for directors and key management).			
To further enhance the independent directors' diversity policy, it is recommended that independent directors with industry knowledge should be increased in the future re-election of independent directors.		In order to enhance the functions of the Board of Directors and prevent more than half of the independent directors from serving more than three terms of office, it is planned to adjust the list of independent directors at the time of re-election upon expiration of the term of office of directors of the next Board of Directors. Independent directors are required by law to have work experience in commerce, legal affairs, finance, accounting, or work experience necessary for the Company's business.			
The Company re-elected directors in 2023. In order for the new Board members to be familiar with the Company's business and directors' responsibilities, the chief corporate governance officer is advised to arrange orientation for new directors, so that the new directors can fully understand the Company's operations and industry information.		Provide new directors with relevant information and reports to help new directors understand the Company's industry and the external environment affecting the Company's operations, and gain an in-depth understanding of industry overview, corporate strategic planning, goal setting, formulation of annual business plans and mid-term/long-term strategic planning, the Company’s core competence and competitive advantage, and assist new directors in completing the minimum continuing education hours and keeping attending continuing education.			
IV. Evaluation on the goal (such as the establishment of Audit Committee, improve information transparency, etc.) and execution of strengthening the role of the Board of Directors for the recent years:					
(i) The Company has already established the method of proceedings for its Board of Directors, which shall be followed for the operation of the BOD.					
(ii) All major motions passed by the Company’s Board of Directors shall be announced according to set regulations.					
(iii) The Company elected independent directors at the shareholders' meeting on June 26th, 2023 and The Special Shareholders Meeting on August 30 th , 2023, and established the audit committee to replace the role of supervisors.					

Note 1: For when directors and supervisors are of corporates, the name of corporate shareholders and its representatives shall be disclosed.

Note 2:

- (1) Before the end of the year, if directors or supervisors resign, the date of resignation shall be listed in the remarks column. Ratio of actual attendance (%) is calculated according to the number of BOD meeting held during his or her employment and the number of actual attendances.
- (2) Before the end of the year, if directors or supervisors are re-elected, the name of both the new and old director or supervisor shall be listed, stating in the remarks column if the director or supervisor is the old or new one, as well as the date of re-election. Ratio of actual attendance (%) is calculated according to the number of BOD meeting held during his or her employment and the number of actual attendances.

(II) Operation of Audit Committee Participation in the Board of Directors:

1. Audit Committee

The Company elected independent directors at the shareholders' meeting on June 26th, 2023 and The Special Shareholders Meeting on August 30th, 2023, and established the audit committee to replace the role of supervisors. In 2023, 7 audit committee meetings were held in total (A). Attendance of independent directors are as follows:

Post	Name (Note 1)	Number of Actual Attendance (B)	Number of Entrusted Attendance	Ratio of Actual Attendance (%) [B/A] (Note 1, 2)	Remarks
Independent Director	Chun-An Hsu	6	1	85.7%	Reelected on June 26, 2023; required to attend 7 meetings.
Independent Director	Ming-Chang Shen	7	0	100%	
Independent Director	Guang-Hsiang Wang	7	0	100%	
Independent Director	Kuang-Tzu Wang	1	0	100%	Newly-elected on August 30, 2023; required to attend 1 meeting

Other important items:

I. If operation of the Board of Directors fulfills any of the following conditions, the date, period, content of motion of Board of Directors meetings, opinions of all independent directors and the Company's opinion on independent directors shall be processed in accordance with:

(I) Regulations stated in Article 14-5 of the Securities and Exchange Act:

Date of Board of Directors Meeting	Period	Content of Motion	Resolution of Audit Committee	Resolution of Board of Directors
January 6 th , 2023	27 th meeting, 12th Session	The proposal for the Company to lend funds of NT\$25,000,000 to Wei Mei Hsin Shu Interior Decoration Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
March 13 th , 2023	28 th meeting, 12th Session	The proposal for the Company to provide a guarantee/endorsement of US\$30,000,000 to TCI TEXARKANA, INC. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to lend funds of US\$30,000,000 to TCI TEXARKANA, INC. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for The Company has prepared the 2022 statement of internal control system submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the The Company proposed 2022 business report and financial statement submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the allocation of 2022 earnings submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for issuance of new shares upon capital increase out of earnings 2023 submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for deliberate the Company's "Evaluation for CPA's Independence" submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to lend funds of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for increased investment of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
May 11 th , 2023	29 th meeting, 12th Session	The proposal for the subsidiary, Ta Chen International, Inc. increased investment of US\$100,000,000 to TCI TEXARKANA, INC. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The Audit Committee submits the "Regulations Governing the Pre-approval of Non-Assurance Services" approved by the Company.	Passed without Objection	Passed without Objection
		The Audit Committee submits the list of director (independent director) candidates nominated by shareholders to the Board of Directors for review.	Passed without Objection	Passed without Objection
		The proposal for amendment to "Articles of Incorporation." submitted by the Audit Committee.	Passed without Objection	Passed without Objection

			The proposal for the Company's consolidated financial statement for the 2023 first quarter submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the amendment to "Revisions of Regulations of Endorsements and Guarantees" for subsidiary submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company to lend funds of NT\$80,000,000 to Wei Mei Roller Blind Co., Ltd. submitted by the Audit Committee..		
			The proposal for the Company to lend funds of NT\$50,000,000 to Wei Mei Hsin Shu Interior Decoration Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for increased investment of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for amendment to "Rules and Procedure of Shareholders' Meeting" submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for add and amend the Company's "internal control systems", related management msasures submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company's wholly owned reinvestment subsidiary, Ta Chen (B.V.I.) Holdings Ltd. for disposal part of shares inShijiazhuang Tachen Jitai Machinery Co., Ltd. andTa Chen (Boye) Machinery Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
	June 26 th , 2023	1 st meeting, 13 th Session	The Audit Committee nominates the convener and meeting chair of the third Audit Committee.	Passed without Objection	Passed without Objection
	July 12 th , 2023	2 nd meeting, 13 th Session	The proposal for the Company to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal by Audit Committee to sell assets to Right Way.	Passed without Objection	Passed without Objection
			The proposal for the subsidiary, Ta Chen International, Inc. to provide a guarantee/endorsement of US\$318,000,000 to TCI TEXARKANA, INC. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The Audit Committee submits the Company's proposal to amend the Regulations Governing the Employee Stock Ownership Trust.	Passed without Objection	Passed without Objection
	August 11 th , 2023	3 rd meeting, 13 th Session	The proposal for the Company's consolidated financial statement for the 2023 second quarter submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company to lend funds of US\$30,000,000 to TKA submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company's wholly owned reinvestment subsidiary, Ta Chen (B.V.I.) Holdings Ltd. to lend funds of RMB30,000,000 and US\$1,000,000 to Ta Chen (Boye) Machinery Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company to lend funds of US\$5,000,000 to Ta Chen (Hong Kong) Limited submitted by the Audit Committee.	Passed without Objection	Passed without Objection
	November 9 th , 2023	4 th meeting, 13 th Session	The proposal for the Company's consolidated financial statement for the 2023 third quarter submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company to provide a guarantee/endorsement to Wei Mei Hsin Shu Interior Decoration Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for increased investment of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
			The proposal for the Company to provide a	Passed without	Passed without

		guarantee/endorsement of RMB36,000,000 to Ta Chen (Boye) Machinery Co., Ltd. submitted by the Audit Committee.	Objection	Objection
Procedures for adopting Audit Committee's opinions: All proposals must be approved by a majority vote of all Audit Committee members and by resolution of the Board of Directors.				
(II) Apart from the above-mentioned items, other motions not approved by the Audit Committee or resolved by more than two-third of all directors: None.				
II.	For execution of independent directors' evasion of interest motions, the name of the independent directors, content of motion, reason for interests to be evaded and participation in voting shall be stated in detail: None			
III.	Communication between independent directors, internal audit manager and accountants (including method and results of communication of major events such as corporate finance, business performance).			
	(i) Audit manager shall present audit reports to independent directors regularly, and present audit reports to the Board of Directors on a regular basis, allowing corporate governance unit to fully understand the Company's risk assessment and control status.			
	(ii) Where the CPAs has communicated with the Company's corporate governance unit under the Statement of Auditing Standards No. 62, and also communicated with the corporate governance unit about the key audit matters identified in the audit report pursuant to the Statement of Auditing Standards No. 58.			

Note 1: Before the end of the year, if an independent director resigns from his/her position, the resignation date should be marked in the remarks column. The actual presence rate (%) should be calculated based on how often the Audit Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

Note 2: If a re-election of independent directors had taken place prior to the close of the financial year, old and new independent directors are listed, in which case, the remarks column would specify whether they are former, newly elected or re-elected directors, and the date of the reelection. The actual presence rate (%) should be calculated based on how often the Audit Committee meeting was convened (times) and his/her actual presence (times) during his/her term of office.

(III) Differences and reasons of company governance and code of practice of listed and OTC corporate governance

Item for Evaluation	Operation			Differences and reasons of which with code of practice of listed and OTC corporate governance
	Yes	No	Summary	
I. Did the Company follow regulations stated in “Corporate Governance Best Practice Principles for Listed and OTC Companies” and disclose corporate governance guidelines?	√		The Company has stipulated a “corporate governance code” and gets approved by the board of directors.	No major differences found.
II. Structure of Company shareholding and shareholder equity				
(i) Did the Company establish internal operating procedures to deal with shareholder recommendations, doubts, disputes and litigation matters, and implement which according to procedures.	√		(i) The Company has established the spokesman and the agent spokesman system in charge of handling shareholders’ suggestions, doubts and disputes.	No major differences found.
(ii) Does the Company possess the name list of main shareholders in control of the Company, and the name list of major shareholders with the ultimate control?	√		(ii) The Company appoints a professional stock agency and a speciality to take charge of relevant businesses, and has the list on hand which lists major shareholders who substantially control the company.	No major differences found.
(iii) Did the Company establish, execute risk control and firewall mechanism between the Company and its affiliates submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?	√		(iii) The Company has established the “Rules Governing Financial and Business Matters Between Affiliated Enterprises” in order to establish the risk control mechanism and adequate firewall with affiliated companies.	No major differences found.
(iv) Did the Company establish internal regulations, and prohibit insiders from using unpublished information to buy and sell securities?	√		(iv) The Company stipulates “Regulations for handling internal material information and preventing insider trading” to ban against insiders for trading with undisclosed information.	No major differences found.
III. Formation of Board of Directors and its responsibilities				
(i) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?	√		(i) The Company’s Board of Directors is composed of 12 members, including 4 independent directors. Each director specializes in their own area of expertise, including business management, finance, civil engineering, professional abilities. The Company has also implemented a diversified approach in its formation of the Board of Directors. For details, please refer to Page 23 (4. The Board of Directors’ diversity and independence).	No major differences found.
(ii) Apart from establishing the reimbursement and salary committee and audit committee, did the Company voluntarily formulate committees of other functions?		√	(ii) The Company has established a remuneration and salary committee according to legal regulations; in the future, the Company will formulate committees of other functions according to needs for which.	Will be processed according to the related regulations according to actual needs
(iii) Did the Company set methods for evaluation for performance of the Board of Directors? Would such performance evaluation be conducted yearly on a regular basis?		√	(iii) The Company has formulated the Regulations for Evaluating Board of Directors’ Performance and the evaluation method. Since 2020, the Company has conducted performance evaluations on the Board of Directors at the end of each year. Meanwhile, the Company will report the performance evaluation results to the Board of Directors and take such results as a reference for each director’s remuneration, nomination, and re-appointment.	No major differences found.
(iv) Does the Company evaluate the independency of accountants on a regular basis?		√	(iv) The Company’s Audit Committee evaluates the independence and competency of the CPAs once a year and submits to the board of directors for resolution. The Company demands that the external auditors should provide “Statement of Independence” and “AQI Report”, and also conduct the assessment in accordance with the norms referred to in the notes and 13 AQIs. Upon confirmation, it was found that, except the fees for certification and taxation affairs, the CPAs	No major differences found.

Item for Evaluation	Operation			Differences and reasons of which with code of practice of listed and OTC corporate governance																																	
	Yes	No	Summary																																		
			<p>had no financial interests or business relationship with the Company. The CPAs’ family members were also found free from any violations of the independence requirements. Meanwhile, in reference to the AQI information, the audit quality provided by the CPAs and their firms were also held satisfying the Company’s requirements. The assessment results for the most recent year have been discussed and approved by the Audit Committee on March 12, 2024, and also reported to and approved by the Board of Directors on the same day. As a result, they were all held meeting the Company’s criteria of independence and competency.</p> <p>(Note), and sufficient to serve as the Company’s CPAs.(Note) Evaluation criteria for independence and competency of CPAs</p> <table><tr><th>Evaluation item</th><th>Yes</th><th>No</th></tr><tr><td>1. Not an employee of the company or any of its affiliates.</td><td>✓</td><td></td></tr><tr><td>2. Not a director or supervisor of the company or any of its affiliates. (Not applicable concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).</td><td>✓</td><td></td></tr><tr><td>3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.</td><td>✓</td><td></td></tr><tr><td>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer or any of the persons in the preceding three subparagraphs.</td><td>✓</td><td></td></tr><tr><td>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company.</td><td>✓</td><td></td></tr><tr><td>6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.</td><td>✓</td><td></td></tr><tr><td>7. Not a spouse or relative within the second degree of kinship with other directors.</td><td>✓</td><td></td></tr><tr><td>8. None of the circumstances in the subparagraphs of Article 30 of the Company Act.</td><td>✓</td><td></td></tr><tr><td>9. Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.</td><td>✓</td><td></td></tr><tr><td>10. Not served as a director, managerial officers or position may greatly</td><td>✓</td><td></td></tr></table>	Evaluation item	Yes	No	1. Not an employee of the company or any of its affiliates.	✓		2. Not a director or supervisor of the company or any of its affiliates. (Not applicable concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).	✓		3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.	✓		4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer or any of the persons in the preceding three subparagraphs.	✓		5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company.	✓		6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.	✓		7. Not a spouse or relative within the second degree of kinship with other directors.	✓		8. None of the circumstances in the subparagraphs of Article 30 of the Company Act.	✓		9. Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	✓		10. Not served as a director, managerial officers or position may greatly	✓		
Evaluation item	Yes	No																																			
1. Not an employee of the company or any of its affiliates.	✓																																				
2. Not a director or supervisor of the company or any of its affiliates. (Not applicable concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).	✓																																				
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.	✓																																				
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer or any of the persons in the preceding three subparagraphs.	✓																																				
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company.	✓																																				
6. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.	✓																																				
7. Not a spouse or relative within the second degree of kinship with other directors.	✓																																				
8. None of the circumstances in the subparagraphs of Article 30 of the Company Act.	✓																																				
9. Not elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.	✓																																				
10. Not served as a director, managerial officers or position may greatly	✓																																				

Item for Evaluation	Operation					Differences and reasons of which with code of practice of listed and OTC corporate governance
	Yes	No	Summary			
			<div>influence the audit cases.</div> <div>11. Not in the managerial functions involving the Company’s decision-making.</div>			
IV. Has the Company established adequate and competent corporate governance personnel, and assigned a corporate governance manager in charge of corporate governance affairs (including but not limited to provision of information required by directors and supervisors for business execution, by laws for matters relating to board meetings and Shareholder’s meetings, and information on corporate registration and amendment registration, as well as record minutes of board meetings and shareholders meetings, etc.)?	√		<p>The board of directors approved the establishment of “corporate governance manager” by resolution on May 13, 2019. Manager of finance and accounting division, Jian-Chong Weng serves as the corporate governance manager to protect shareholders’ equity and enhance the functionality of board of directors.</p> <p>1.Scope of duties</p> <p>(1) Handle relevant matters to board of directors’ meeting and shareholders’ meeting.</p> <p>(2) Prepare the minutes of board of directors’ meeting and shareholders’ meeting.</p> <p>(3) Assist the directors to take office and continued advanced studies.</p> <p>(4) Provide the information required by the directors to conduct operations.</p> <p>(5) Assist the directors in law compliance.</p> <p>(6) Other matters established in accordance with Articles of Incorporation or contract.</p> <p>2.Implementation situation in 2023</p> <p>(1) Handle relevant matters of board of directors’ meeting and shareholders’ meeting in accordance with the law.</p> <p>(2) Assist the directors on relevant matters of advanced studies (the situation of advanced studies of directors have been declared on Market Observation Post System).</p> <p>(3) Inspect whether the Company satisfied the scoring criteria for corporate governance evaluation indicators.</p> <p>(4) Comply with the latest law related to business operation fields and corporate governance, revise internal regulations related to corporate governance and submit to board of directors for resolution.</p> <p>3.Advanced studies of corporate governance manager :</p> <p>(1) Name of the Course : Legal risks and countermeasures of corporate investment and financing - from the perspective of corporate directors' responsibilities Date : March 13, 2023 Institute : Taiwan Corporate Governance Association Duration : 3 hours</p> <p>(2) Name of the Course : Global economic outlook and investment strategies Date : April 14, 2023 Institute : Taiwan Securities Association Duration : 3 hours</p> <p>(3) Name of the Course : Discussion on Practice of Commercial Litigation and Dispute Resolution Date : June 2, 2023 Institute : Taiwan Corporate Governance Association Duration : 3 hours</p> <p>(4) Name of the Course : Global economic outlook and investment strategies Date : November 9, 2023 Institute : Taiwan Securities Association Duration : 3 hours</p>			No major differences found.
V. Did the Company establish channels for communication with stakeholders (including but not limited to shareholders, employees, clients and suppliers, etc.), setup stakeholder areas on the Company website, and respond appropriately to important corporate social	√		<p>The Company has established on our website specialized session for stakeholder : http://www.tachen.com.tw/ .</p> <p>The Company has established the post of a spokesperson and acting spokesperson, as a channel for communication with stakeholders. If necessary, please contact the Company at all times by telephone, letter, fax or email.</p>			No major differences found.

Item for Evaluation	Operation			Differences and reasons of which with code of practice of listed and OTC corporate governance
	Yes	No	Summary	
responsibility issues of concern to stakeholders?				
VI. Did the Company entrust professional stock personnel(s) to handle relevant affairs regarding the hosting of shareholders' meetings?	√		The Company has entrusted professional stock personnel(s) from President Securities Corp. to handle relevant affairs regarding the hosting of shareholders' meetings.	No major differences found.
VII. Information disclosure				
(i) Did the Company establish a Company website to disclose financial and corporate governance information?	√		(i) The Company website is managed and maintained by professional personnel(s). Changes of information are updated at once for referencing by shareholders and stakeholders.	No major differences found.
(ii) Did the Company adopt other methods of information disclosure (such as constructing an English website, appoint professional personnel for collection and disclosure of the Company's information, establish the spokesperson system, including legal corporates meetings in the Company website, etc.)?	√		(ii) The Company adopts other methods of information disclosure: 1. Appoint professional personnel responsible for regularly and irregularly report financial and business information on information disclosure channels. 2. Apart from having established the spokesperson system, the Company also respond to legal corporate incoming calls or receive legal organizations to the Company for visits at all times, and discloses such information on the Company website.	No major differences found.
(iii) Did the company announce and file its annual financial reports within 2 months from the end of the fiscal year? Does the company announce and file the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date?		√	(iii) The Company announces and files the annual financial report within 75 days after the end of the fiscal year according to the requirements of the Securities and Exchange Act and related laws and regulations. In addition, the financial reports for the 1st, 2nd, and 3rd quarters, as well as the operating status for each month, are announced before the specified deadline.	It will be subject to the provisions of applicable laws and regulations based on the actual condition.
VIII. Are there any other important information of the Company that are useful for understanding the operation of corporate governance (including but not limited to employee equity, employee care, relationship with investors, relationship with suppliers, rights of stakeholders, training of directors and supervisors, execution of risk management policies and standards of risk evaluation, execution of customer policies, insurance the Company purchased for directors and supervisors, etc.)?	√		(i) Protection of employee equity of the Company is executed in full according to legal regulations. (ii) Apart from encouraging department managers to proactively care for their employees, employee care is also executed through the proper functioning of Employees' Welfare Committee. (iii) The Company sustains communication between professionals and investors, publish instant self-closing profit and loss and Company's major information, so as to protect the rightful equity of investors. (iv) Maintain and sustain long-term cooperation with suppliers, ensuring easiness in cooperation. (v) Interested rights: Under legal regulations of which, the Company protects the rights of stakeholders, ensures all motions with possible interest conflict for directors have been evaded. (vi) Training for directors and supervisors: The Company irregularly provides relevant information according to amendments of the Securities Law. The related training of which also complies with the regulations of governing agencies. (vii) Execution of risk management policy and risk evaluation standards: The Company produced its internal management manual according to legal regulations, and conducts the different risk management and evaluation according to which. (viii) Execution of customer policy: The Company maintains smooth channels of communication with customers, execution of which is good. (ix) Insurance the Company purchased for directors and supervisors: Yet to be implemented. In the future, the Company will execute which according to actual needs and relevant legal regulations.	No major differences found.
IX. According to the recent publication of corporate governance evaluation report by Taiwan Stock Exchange Corporate Governance Center, improvements made and areas to be improved (with priorities to be strengthened				

Item for Evaluation	Operation			Differences and reasons of which with code of practice of listed and OTC corporate governance
	Yes	No	Summary	
and ways of improvement stated) have been explained in detail. 1. According to the results of the 10th Company Corporate Governance Report, improvements made are as follows : (1) The Company has formulated a succession plan, and details are disclosed on Annual Report of 2023. (2) The Company has according with formulated the regulations governing performance evaluation implement the external evaluation. 2. In 2024, the relevant items of corporate governance will be disclosed in priority according to the 11th Company Corporate Governance Evaluation System Handbook.				

(IV) Composition, function and operation of Remuneration Committee:

(1) Information about the Remuneration Committee members: All are the Company's independent directors. Please refer to Pages 20-23 for the information disclosure of director's professional qualifications and independence of the independent directors.

(2) Operation of Reimbursement and Salary Committee

I. The Company's Remuneration and Salary Committee is composed of a total of 3 members.

II. The current tenure of members is from June 26th, 2023 to June 25th, 2026. The recent (2023) Reimbursement and Salary Committee held a total of 3 meetings (A). Qualifications of members and attendance of which are as follows:

Post	Name	Number of actual attendance (B)	Number of entrusted attendance	Ratio of actual attendance (%) [B/A]	Remarks
Convener	Ming-Chang Shen	3	0	100	Reelected on June 26, 2023; required to attend 3 meetings.
Member	Chun-An Hsu	3	0	100	
Member	Guang-Hsiang Wang	3	0	100	

Other important items:

I. If the Board of Directors does not adopt or modify according to suggestions of the reimbursement and salary committee, the date and period of BoD meeting, content of motion, BoD decision and the Company's processing of suggestions of the reimbursement and salary committee shall be listed (if the reimbursement and salary passed by the BoD is higher than the suggested reimbursement and salary by the reimbursement and salary committee, the difference and reason of which shall be stated): None.

II. For decisions made by the reimbursement and salary committee, if members with opposing or reserved opinions presents records or written statements, he or she shall state the date and period of the reimbursement and salary committee meeting, content of motion, opinions of all members as well as processing of members' opinions:

Date of Reimbursement and Salary Committee Meeting & Period	Content of Motion	Resolution
March 13 th , 2023 9 st meeting, 4th Session	1. Deliberated the distribution of directors' remuneration and employees' remuneration of 2022. 2. Review on the salary, bonus and remuneration to the Company's managers and directors.	Passed without Objection
July 12 th , 2023 1 st meeting, 5th Session	Review on the salary, bonus and remuneration to the Company's managers and directors.	Passed without Objection
November 9 th , 2023 2 st meeting, 5th Session	Review on the salary, bonus and remuneration to the Company's managers and directors.	Passed without Objection

(V) Implementation status of sustainable development practices, and variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does the Company implement a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the Board of Directors and run by senior management, and how does the Board supervise progress?		√	<p>1. The Finance Department is the unit that specializes in the promotion of sustainable development to aid the President is in charge of the overall planning about the sustainability issues, and has each department use the best effort to perform the corporate social responsibility ex officio, in order to ensure that the sustainable development strategies are precisely practiced in the Company's routine operation.</p> <p>2. In 2023, the main promotion items included the sustainable development of the Company's GHG inventory and verification. The determination of "GHG inventory and verification schedule planning" was already proposed to the Board of Directors on March 13, 2023, and the execution progress thereof was reported to the Board of Directors on a quarterly basis (on May 11, 2023, August 11, 2023 and November 9, 2023), together with the report on the implementation of ethical corporate management in 2023 (Date: November 9, 2023). The Board of Directors reviewed the relevant issues and provided opinions when necessary, and provided the management team with suggestions for improvement.</p>	Will be processed according to the related regulations according to actual needs.
II. Has the Company conducted risk evaluation for the environmental, social and corporate governance issues related to the operations of the Company based on the materiality principle, and formulated related risk management policies or strategies? (Note)		√	<p>The boundary of risk assessment refers to the Company and its subsidiaries in Taiwan, and the results of communication with internal and external stakeholders in accordance with the principle of materiality are used to assess environmental, social and corporate governance issues related to operations. The management guidelines for related risk issues are shown in the table below :</p> <p>(I) Environmental issues:</p> <p>1. Climate change:</p> <p>Conduct regular inventory of greenhouse gas emissions in accordance with ISO 14064-1 to check the impact posed on the Company's operations. Based on the results of carbon inventory, continue to implement carbon reduction measures, such as implementation of energy-saving equipment and installation of new solar power generation units, to effectively reduce the risk over Scope 1 emissions and the indirect emission of Scope 2 GHG caused by consumption of power</p> <p>(II) Social issues:</p> <p>1. Sustainable supply chain:</p> <p>The Company partners with high-quality supply chain partners to distribute to various locations around the world for sales. The Company keep promote suppliers' environmental and social self-commitment and supplier self-assessment, to lead the sustainable promotion among suppliers, to reduce the impact and risk that the Company is exposed to in the supply chain management.</p> <p>2. Talent attraction and retention/ diversity,</p>	Will be processed according to the related regulations according to actual needs.

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			<p>inclusion and equality: The Company holds the principle of equality and openness, and does not discriminate based on gender, religion, race and political preference. Health checks are scheduled regularly, and related health courses are arranged to promote the health of employees.</p> <p>3. Information security: The Company implements various information security management mechanisms, conducts various information security education, training and promotion from time to time; the regular backup mechanisms are in place for key systems and databases, and various information security events are simulated and tested, to ensure the security control over the information systems and user.</p> <p>4. Occupational Safety: Fire protection drills and labor safety education and training are held regularly each year to cultivate employees' abilities in emergency response and self-safety management.</p> <p>(III) Corporate Governance: 1. Financial Performance: The Company utilizes the advantages residing in the e-commerce platform to expand the product lines that meet the needs of customers for one-stop shopping and build up the competitive advantage of the global layout.</p> <p>2. Business ethics: The Company has established ethical management best practice principles and code of conduct. In compliance with external regulations and internal regulations, the Company will continue to promote and communicate with all directors and colleagues for the goal of zero violations, organize educational and training programs regularly and establish the grievance mechanism protecting whistleblowers. The supervisor of the President's Office accepts the reported cases and reports the same to the President.</p>	
III. Environmental issues:				
(1) Does the Company establish proper environmental management systems based on the characteristics of its businesses?	√		(1) The industrial water of the factory is recycled and reused, and the sewage and wastewater are treated and discharged after it is confirmed to have no adverse impact on the environment.	No major differences found.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	√		(2) All departments strictly implement the resource classification and recycling system, and regularly assign personnel to assist the recycling of resources in the local villages and towns every week.	No major differences found.
(3) Does the Company evaluate the current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues?	√		As for (3), and (4), The Company has established the risk management regulations. The Board of Directors is the highest decision-making body on risk management-related issues. Finance Department is the dedicated unit for the implementation of risk management, and Audit Committee supervises the implementation thereof. The Company's overall risk management is promoted from top to bottom. The related risk issues include financial risks, operational risks, information security risks, environmental risks, and other risks. Starting from 2021, the TCFD recommendation framework has been taken into consideration to include climate change risk into the risk management, and the climate change risk identification process and inter-departmental climate change task force were established, and coordinated by the Finance Department.	No major differences found.
(4) Does the company calculate the greenhouse gases (GHG) emission, water consumption and total weight of wastes for the past two years, and formulated the strategies for energy conservation, carbon reduction, GHG emission reduction, water saving and management of other wastes?	√			

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			<p>The Company also pays close attention to the temperature control over air-conditioning at the business premises and offices at all times, uses energy efficiently, and achieves the goal of energy conservation and carbon reduction. Starting from May 11, 2023 the company's ethical corporate management and sustainability promotion team reported to the Board of Directors will be reported on a quarterly basis.</p> <p>Within the scope of the company's individual operations, the total greenhouse gas emissions in 2023 were 11,109.4855 metric tons-CO₂e, a decrease of 1,909.2637 compared with 2022; The water use category is domestic water and is not located in water stress areas. Water consumption in 2023 will be 95.8 million liters, a decrease of 14 million liters compared with 2022; All waste is non-hazardous waste, and the product intensity per unit in 2023 is 0.0127, a 26% decrease from 2022</p>	
IV. Social issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	√		(1) The Company strictly abides by the laws and regulations of Taiwan. In addition to complying with the "Labor Standards Act" of Taiwan, has established the "Human Rights Policy" in order to maintain and protect employees' basic human rights. The Company also supports and follows the human rights protection spirit and basic principles disclosed in the "Universal Declaration of Human Rights" and "United Nations Global Compact and International Labour Conventions" to treat and respect all colleagues fairly and impartially.	No major differences found.
(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?	√		(2) The employees are paid based on the position level and work experience, and the salary raise or promotion is announced randomly. The bonus is distributed randomly based on the performance of employees. Moreover, the employee remuneration is appropriated based on the Articles of Association.	No major differences found.
(3) Does the Company create a safe and healthy working environment and provide safety and health education for employees regularly?	√		<p>(3) the Company has obtained ISO 45001:2018 certification. The certificate is effective from August 17, 2022 to August 16, 2025. In 2023, a total of 12 safety and health education and training courses were executed, attended by a total of 807 persons. Meanwhile, a number of emergency response drills and personnel training programs were organized too. Safety and health work was carried out in accordance with the regulations, and the relevant measures and implementation are as follows:</p> <ol style="list-style-type: none"> 1. To strengthen employees' daily safety awareness and prevent serious occupational disasters, the Company implements hazard identification and risk assessment. If a safety risk is found by the on-site unit, a target management program will be proposed, and followed up until the improvement is completed. There were 13 target programs in 2023, and all of them were improved. There were 3 occupational injury cases in 2023. The Company has performed root cause analysis for it and enhanced the education for employees about the operations to prevent such accidents from occurring again. 2. The Company has completed the employees' health protection and promotion pursuant to laws, in order to boost the labor health service guidelines as stipulated by the Ministry of Labor. The Company arranges the health checkup that meets laws and regulations regularly, and plans the health courses and arranges physicians to provide on-site services on a monthly basis. Further, with regards to the maternal health protection plan, the responsible 	No major differences found.

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			<p>personnel will interview pregnant employees to evaluate the potential impact on their health and determine if said employees require health interviews or relevant health information.</p> <p>3. For employees struggling with overwhelming work load due to shift work, night shifts, or extended work hours, the Company has formulated the relevant illness prevention plan for potential employees. When carrying out the active employees' health checkup, complete the risk identification checklist. Based on the risk factors evident from the result of their health check-up, select and verify the health risk levels. High risk employees would be interviewed by a physician, who will also provide specific health advice and reminders. In addition, the physician will also notify their supervisors to ensure that appropriate assistance is provided. Our occupational health specialist would provide relevant health information by email or notify employees with medium to low health risks to arrange for interviews.</p> <p>4. The Company has 24-hour security personnel to maintain the safety of the factory premises in the operating environment. It also arranges fire protection equipment inspections on a quarterly basis each year, and maintains the soundness and safety of various facilities to ensure a safe working environment. No fire incidents occurred in 2023</p>	
(4) Does the Company provide employees with opportunities for career development and training?	√		(4) In addition to arranging the necessary trainings for new recruits based on the duties of the target position, the Company also encourages the training courses to enhance the competencies of the employees. In case of courses suitable for further study or training, it will also assign personnel to participate in, so as to improve the working efficiency.	No major differences found.
(5) Does the Company follow regulations and international standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set policies and appeal procedures for protection of consumer's rights and interests?	√		(5) Due to the characteristics of the industry, the Company's related products and services are in compliance with relevant laws and regulations, and provide warranty. Moreover, it has fully established channels for consumer complaints.	No major differences found.
(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on environmental protection, occupational safety and health, or labor's human rights, and disclose the implementation?	√		(6) The Company established the "Cod of Ethics for Suppliers" to enable the suppliers to understand and satisfy the social, environmental and ethical requirements on the Company's labor interest and right, health and occupational safety & health, environmental protection, ethical conduct and management system.	No major differences found.
V. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?	√		The 2022 Report has been compiled and prepared in accordance with the GRI (Global Reporting Initiative) Standards Core option published by the GRI. Meanwhile, relevant disclosures have been made according to the SASB Standards for the iron steel producers industry in the extractives and mineral processing sector as well as the TCFD. Legendary & Steadfast Accountancy (LSA) provided the independent limited assurance in accordance with the ISAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information.	No major differences found
VI. If the Company has established its own sustainability policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies," please describe the current practices and any deviations thereof from such principles: The Company is yet to establish its own corporate social responsibility guidelines according to "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". For the corporate social responsibilities guidelines stated in "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", the Company has considered the current operation of the Company and the legal regulations. The Company will implement which gradually, with no major differences found.				
VII. Other important information beneficial for understanding the operation of corporate social responsibility:				

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
<p>(i) Environmental protection: The waste generated by the Company is processed by competent units according to environmental protection regulations. General waste is concentrated for management and sorted before processing; all in compliance with the relevant environmental protection act proposed by the government, so as to protect the environment and save resources.</p> <p>(ii) Social participation, social contribution, social service and social welfare: The company actively participates in community development and related public welfare activities, continues to give back its business results to the society every year, and also invites company colleagues to participate in the event. Donations and service targets range from infants and young children to the elderly, physically and mentally handicapped, etc. A total of NT\$1,085,910,000 was donated in 2023.</p> <p>(iii) Consumer equity: The Company values product quality and safety, instantly handle class complaints and provide customers with complete product information to protect consumer rights.</p> <p>(iv) Human rights:</p> <p>1. The relevant human resource guidelines of the Company complies with regulations of the Labor Standards Act. The employee-related matters are handled by professional personnel(s) so as to protect the basic rights of employees.</p> <p>2. Recruitment, interview, promotion, performance evaluation or changes in post for job-seekers and employees of the Company shall not be different by sex; relevant regulations have been set to protect the implementation of which.</p> <p>(v) Safety and hygiene: The Company has obtained ISO 45001:2018 certification, and provides employees with safety and health education and disaster prevention training measures based on their work to ensure a safe working environment.</p>				

Note: The materiality principle refers to those related to environmental, social and corporate governance issues that have significant influence on the Company's investors and other interested parties.

(VI) Climate-related information of TWSE/TPEX listed companies

1 Climate-related information implementation

Item	Status of implementation														
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	<p>(1) The highest decision-making unit for the Company’s risk management is the Board of Directors. The Board is responsible for approving risk management policy and important risk management system and to monitor the system’s execution. This is to ensure the effectiveness of risk management. Climate risks and opportunities-related topics will be incorporated into the regular reporting items.</p> <p>(2) The chief corporate governance officer is the person in charge of promoting issues related to sustainability and climate change, and continues to identify the risks and opportunities of climate change every year, and manages response plan and progress tracking.</p>														
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the Company (short-, mid-, and long-term).	<p>The Company conducts the climate change risk (laws & regulations, technology, market, goodwill, immediate physical risk and long-term physical risk) and opportunity assessments each year, in order to understand the potential operational and financial impacts posed by significant climate-related risks and opportunities to the Company. Assess the part of the value chain where risk and opportunity factors are occurring (own operations, upstream suppliers or downstream customers), time interval (1~3 years for the short term, 3~5 years for the medium term, and over 5 years for the long term), possibility and level of impact; after that, select three significant risks upon discussion, as the risks to be addressed by the Company, and assess the possible opportunities.</p> <table><tr><th colspan="2">Risk factor</th><th>Period of occurrence</th><th>Financial impact</th><th>Responsive strategy</th></tr><tr><td rowspan="2">Transition risk</td><td>Laws & regulations: Carbon pricing mechanism</td><td>Mid-term (within 3-5 years)</td><td>Increased operating cost</td><td><ul style="list-style-type: none">Continue to promote manufacturing process for reduced carbon, and replacement of old equipment for new onesIncorporated energy-saving and carbon reduction requirements into procurement policyContinue to pay attention to policy and law changes and related requirements in the country of the transaction party</td></tr><tr><td>Market: Increase in raw material costs</td><td>Mid-term (within 3-5 years)</td><td>Increased direct cost</td><td><ul style="list-style-type: none">Strengthen local supply chain, continue to manage raw material warehouse stock level, and incorporate climate factors into management considerationsEnhance negotiations with suppliers, evaluate and promote supplier carbon inventory</td></tr></table>	Risk factor		Period of occurrence	Financial impact	Responsive strategy	Transition risk	Laws & regulations: Carbon pricing mechanism	Mid-term (within 3-5 years)	Increased operating cost	<ul style="list-style-type: none">Continue to promote manufacturing process for reduced carbon, and replacement of old equipment for new onesIncorporated energy-saving and carbon reduction requirements into procurement policyContinue to pay attention to policy and law changes and related requirements in the country of the transaction party	Market: Increase in raw material costs	Mid-term (within 3-5 years)	Increased direct cost	<ul style="list-style-type: none">Strengthen local supply chain, continue to manage raw material warehouse stock level, and incorporate climate factors into management considerationsEnhance negotiations with suppliers, evaluate and promote supplier carbon inventory
Risk factor		Period of occurrence	Financial impact	Responsive strategy											
Transition risk	Laws & regulations: Carbon pricing mechanism	Mid-term (within 3-5 years)	Increased operating cost	<ul style="list-style-type: none">Continue to promote manufacturing process for reduced carbon, and replacement of old equipment for new onesIncorporated energy-saving and carbon reduction requirements into procurement policyContinue to pay attention to policy and law changes and related requirements in the country of the transaction party											
	Market: Increase in raw material costs	Mid-term (within 3-5 years)	Increased direct cost	<ul style="list-style-type: none">Strengthen local supply chain, continue to manage raw material warehouse stock level, and incorporate climate factors into management considerationsEnhance negotiations with suppliers, evaluate and promote supplier carbon inventory											

Item	Status of implementation				
		Laws & regulations: Compulsory use of renewable energy	Mid-term (within 3-5 years)	Increased operating cost Increase in capital investments	● Continue to promote solar energy power generation installation plan.
	Physical risk	Short-term: Increase in the frequency and intensity of extreme weather events	Short-term (within 1-3 years)	Increased operating cost	● Enhance the evaluation on the system and drills for the emergency response capability of factory premises and offices ● Continue to maintain operations responding to climate hazard mechanisms
	Opportunity	Financial impact		Strategy for realizing opportunities	
	Adopting low carbon energy	Decreased operating cost		● Change in fuel for the use of boiler ● New system development and reduced power usage ● Gradual switch to self-use for renewable energy ● Continue to evaluate low-carbon energy sources	
	Adopt incentive policy	Decreased operating cost		● Evaluate solar power installation and matching level to government reward policy	
	Establishment of supplier sustainability management mechanism	Decreased direct cost		● Collaborate with suppliers to mitigate the effects posed by climate impacts on the Company. ● Suppliers with climate change response capabilities shall be selected as the first priority.	
3. Describe the financial impact of extreme climate events and transformation actions.	<p>1) Financial impact of extreme climate events: Extreme weather and climate events might affect the supply of raw materials, including increase in raw material costs and operating costs (logistics and transportation). Meanwhile, it might affect factory operations, including factory operation and personnel safety, etc., thus resulting in increase in operating costs.</p> <p>(2) Financial impact of transformation actions: In response to climate change, and in consideration of the Company's characteristics, the Company has planned two major transformation directions:</p> <p>a. Supplier sustainability management: Strengthen the frequency, and diversity of issues, of the communication with suppliers, understand the current market situation, establish the supply chain flexibility, seek second suppliers, local suppliers, etc., and provide customers with diversified products and alternative products as options, which might increase operating costs in the short term, but may reduce direct costs and operating costs in the long run.</p> <p>b. Business location planning: For the new business locations, the consideration is given to areas with low climate sensitivity, and the adjustment of business activities during the renovation period to meet the low-carbon demand, which might result in decrease in operating costs.</p>				
4. Describe how climate risk identification,	The Company has established the climate change risk management process. By identifying the climate-related risks and opportunities regularly, the Company				

Item	Status of implementation
assessment, and management processes are integrated into the overall risk management system.	has various responsible departments control risks and formulates responsive measures against the risk management status and disclosure in accordance with the Company's "Risk Management Regulations," to produce internal and external reports on a regular basis. The Company has incorporated the climate change risk management procedure into the Company's existing risk management procedures.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used shall be explained.	The Company is engaged in the industry other than those with high carbon intensity and total carbon emissions. In order to verify the impact posed by the climate change on operations, the Company assesses climate risks and opportunities through scenario analysis. The transformation risk primarily takes the net zero emission in 2050 into consideration when setting the scenario, while the physical risk primarily takes into account the SSP-8.5 scenario.
6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, and the indicators and goals used to identify and manage physical risks and transformation risks.	By 2025, Ta Chen Group will complete the GHG inventory of all of its business locations, and continue to identify risks and opportunities based on the area and nature of each business location and to improve the countermeasures. Accordingly, the Group's future climate-related indicators and target items are set as a basis for demonstrating the performance of active mitigation and adaptation of climate impacts of Ta Chen Stainless Pipe.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	The Company has not yet adopted an internal carbon pricing policy.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>In response to international trends and the national targets for Net Zero by 2050, Ta Chen Stainless Pipe identifies the climate change risks and opportunities and develops the carbon management reduction plan year by year, in order to combine the sustainability goals promoted currently.</p> <p>Considering the characteristics of the industry and the Group's existing inspection plan, 2023 is tentatively set as the base year, and the Scope 2 operating activities of all entities within Ta Chen Stainless Pipe are reduced by 7% by 2030.</p> <p>Greenhouse gas reduction strategy and specific action plan in 2023:</p> <ol style="list-style-type: none"> 1. Replace fixed frequency air compressor with variable frequency air compressor. 2. Energy-saving improvement of lighting equipment in central kitchen: Replace 75 fluorescent tubes with 50 LED flat lights. 3. Replace a complete set of polishing equipment to reduce the amount of operating current. 4. Reduce the outlet pressure of the operating air compressor and improve the average operating current. <p>Achievement status in 2023:</p> <p>The company takes 2023 as the baseline year for emissions reduction, the</p>

Item	Status of implementation
	reduction measures implemented in 2023 have saved 483.322 kilowatt-hours of electricity consumption. Since 2023 is the base year for reduction, the reduction target has not yet been achieved.
9. GHG inventories, assurance status, and reduction goals, strategies, and concrete action plans (to be specified in 1-1 and 1-2 separately).	Please refer to Tables 1-1 and 1-2 below.

1-1 The Company's GHG Inventory and Assurance in the Recent Two Years

1-1-1 GHG inventory information

Describe the GHG emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NTD million), and data coverage for the most recent two years.

Item/Year	2022		2023	
	Total Emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e / Millions of NTD)	Total Emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO ₂ e / Millions of NTD)
Data coverage - Scope 1	1,287.4397	0.0883	1,347.1867	0.1411
Data coverage - Scope 2	11,731.3095	0.8042	9,762.2988	1.0227

Note: The Company's Scope 1 or 2 emission intensity = the Company's Scope 1 or 2 emissions ÷ Operating Revenue of the parent company only financial statement

1-1-2 GHG assurance information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.

Item/Year	2022	2023
Scope of assurance	Have not yet undertaken assurance	Scope 1 and Scope 2
Assurance organization	Have not yet undertaken assurance	SGS Taiwan Limited (SGS)
Assurance criteria	Not applicable	ISO14064-1:2018
Assurance opinion	Not applicable	(Note)

Note: As of the date of publication of the annual report, the organization has verified that the direct/indirect GHG emission inspection of the organizational boundary of the scope in 2023 has been verified according to the standard requirements of "ISO 14064:2018" (SGS), and the physical inspection of the factory has been completed.

1-2 GHG reduction goals, strategies and concrete action plans

Describe the GHG reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals.

In response to international trends and the national targets for Net Zero by 2050, Ta Chen Stainless Pipe identifies the climate change risks and opportunities and develops the carbon management reduction plan year by year, in order to combine the sustainability goals promoted currently. By 2025, Ta Chen Group will complete the GHG inventory of all of its business locations, and continue to identify risks

and opportunities based on the area and nature of each business location and to improve the countermeasures. Accordingly, the Group's future climate-related indicators and target items are set as a basis for demonstrating the performance of active mitigation and adaptation of climate impacts of Ta Chen Stainless Pipe. The company takes 2023 as the baseline year for emissions reduction. Please refer to Table 1-1-1 for a comprehensive inventory of total emissions. Additionally, emissions are compared annually to those of the baseline year to understand the company's emission trends, serving as a basis for future review and improvement efforts. For the time being, the scope of business locations of entities within Ta Chen Stainless Pipe shall apply: Goal: Reduction by 7% for Scope 2 by 2030.

GHG reduction strategies and specific action plans:

1. Replace the fixed frequency air compressor with a variable frequency air compressor
2. Energy-saving improvement of lighting equipment in the central kitchen: Replacement of 75 fluorescent tubes with 50 LED panel lights
3. Replace the complete set of polishing equipment and reduce the operating current
4. Reduce the air outlet pressure of the operating air compressor to improve the average operating current

Achievement status in 2023:

The reduction measures implemented in 2023 saved 483.322 kWh of electricity. Since 2023 is the base year for reduction, the reduction target has not yet been achieved.

(VII) Operation of the Company's business integrity, deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons

Item for Evaluation	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	Summary	
I. Establish ethical management policy and procedure				
(i) Does the Company have bylaws and external documents approved by the Board that uphold its policy and business integrity, and are the Board and top management team committed to implementing such policy?	√		(i) The Company has stipulated "Guidelines for ethical management operations and behaviors.	No major differences found
(ii) Does the company establish the evaluation mechanism for the risk of unethical conducts, so as to regularly analyze and evaluate the operating activities associated with high risk of unethical conduct, and establish appropriate preventive measures at least for the business activities prescribed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	√		(ii) Aside from prohibition of unethical behaviors by "Guidelines for ethical management operations and behaviors", the followed decree and policy is also disclosed."	No major differences found.
(iii) Has the Company established relevant programs which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, penalties and grievance channels? Does the Company implement and regularly review to revise them?	√		(iii) "Guidelines for ethical management operations and behaviors" stated clearly the range of protected programs and the responsible unit	No major differences found
II. Implementation of ethical corporate management				
(i) Does the Company evaluate the ethical record of transacting bodies, and clarify ethical behavior terms in the contracts with transacting bodies?	√		(i) The Company adopts credit operation for transacting bodies. When cooperating with the enterprise, the Company will fulfill the stated content of signed contracts, in order to implement the concept of ethical business management.	No major differences found
(ii) Has the company set up a special (concurrent) unit under the direct supervision of the Board, to handle the implementation of the Company's ethical standards and report the ethical policies and unethical conduct prevention program to the BoD periodically (at least annually)?	√		(ii) 1. The Company's Finance Department is a dedicated unit for the promotion of ethical management. It is responsible for the formulation and supervision of the implementation of ethical management policies and preventive plans, assists the President in formulating policies and coordinates with relevant departments to implement ethical management related issues. 2. On November 9, 2023, the Company's Finance Department reported to the Board of Directors on the implementation of ethical corporate management for the year ended December 31, 2023. The Board of Directors reviewed the relevant issues and provided opinions when necessary, and provided the management team with suggestions for improvement.	No major differences found
(iii) Did the Company establish anti-interest conflict policy, provide suitable channels for statements, and implement the execution of which?	√		(iii) The Company's "Procedure for Ethical Management and Guidelines for Conduct" has expressly stated the requirements about avoidance of conflict of interest. Anyone shall recuse themselves from the motion with which he/she has a conflict of interest at the time of resolution. The Company provides employees with uninterrupted grievance channels. Any employee may file a complaint with his/her immediate supervisor via such channels, directly or indirectly.	No major differences found.
(iv) To implement relevant policies on ethical conduct, does the Company establish effective accounting and internal control systems? Does the internal audit unit make related audit plans based on the evaluation results of the unethical conduct prevention program, so as to audit the	√		(iv) Internal audit of the Company is implemented according to set audit plans, so as to ensure that the Company's internal operation follows the different legal regulations and policies.	No major differences found.

Item for Evaluation	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	Summary	
compliance with unethical conduct prevention program by the internal auditors or the entrusted CPA? (v) Does the Company regularly host internal and external training on ethical management?	√		(v) The Company takes advantage of important meetings to communicate the ethical management best-practice principles from time to time, and demand strict implementation of the same principles.	No major differences found.
III. Operation of the Company's reporting system (i) Does the Company establish the actual report and reward system, and formulate a convenient report channel, assign responsible personnel according to the reported target?	√		(i) Article 23 of the "Ethical Corporate Management Best Practice Principles" and Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct" of the Company are the provisions related to the whistleblowing system. When any of the Company's personnel finds any unethical conducts, he/she should take the initiative to report to independent directors, managerial officers, the internal audit officer, or other appropriate person.	No major differences found.
(ii) Does the Company establish standard operating procedures for investigating complaints, and the subsequent measures taken after the investigation and ensuring that such complaints are handled in a confidential manner?	√		(ii) The Company has established the standard operating procedures and related confidentiality mechanisms for the investigation of reported matters in Article 23 of the "Ethical Corporate Management Best Practice Principles" and Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct."	No major differences found.
(iii) Does the Company adopt protective measures to ensure that the reporting party is not mistreated due to reporting?	√		(iii) The Company has prescribed the relevant protection measures in Article 23 of the "Ethical Corporate Management Best Practice Principles" and Article 21 of the "Procedures for Ethical Management and Guidelines for Conduct."	No major differences found.
IV. Enhance information disclosure Does the Company disclose the content of its set ethical management guidelines and efficiency of which on its website and public information observatories?	√		The Company website publishes the relevant financial and management information, allowing investors to learn more about the operation of the Company. The information is also disclosed in public information observatories.	No major differences found.
V. If the Company has its own corporate ethical management guidelines according to "C Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please clarify differences between the operation of which and the set guidelines: The Company is yet to establish its own corporate ethical management guidelines according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". For the corporate ethical management guidelines stated in "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Company has considered the current operation of the Company and the legal regulations. The Company will implement which gradually, with no major differences found.				
VI. Other important information beneficial for understanding the operation of corporate ethical management: (such as review and amendments of its set ethical management guidelines, etc.): None.				

(VIII) If the company has established the ethical corporate management policies and related regulations, please disclose the way to search them:

Please refer to the link <http://www.tachen.com.tw/aboutTachenGrp.asp> or it is disclosed on "Corporate Governance" Section of the MOPS.

(IX) Other important information that can increase understanding to the Company's corporate governance:

Succession planning for directors and key management

1. Board of Directors members

The Board of Directors is elected in accordance with the "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" of the Company, which stipulate that the composition of the Board of Directors shall be diversified. Meanwhile, the Company also formulates the diversity policy based on the Company's own operation,

business model and development needs, including but not limited to, basic conditions and values, and professional knowledge and skills.

- (1) The Company's succession planning for directors will be based on the following criteria for selection of talents internally and externally:
- (2) Possessed the ability in planning, decision-making, and leadership over the Company's operations;
- (3) Uphold the values consistent with the Company's core values;
- (4) Have experience in the industry relevant to the Company's operation;
- (5) Able to provide the Company a board of directors that can effectively coordinate and meet the needs of the Company.

The Company plans the succession of directors in the following manners:

- (1) The incumbent directors shall recommend suitable candidates;
- (2) Directors recommended by shareholders;

The results of the performance evaluation of the Board of Directors shall be used as the reference for the nomination of directors for re-election.

2. Succession planning and operation of key management personnel

The Company's employees at managerial level (inclusive) or above are important to the management, and the Company has implemented the succession planning for key management step by step, including cross-disciplinary training of senior executives, and implementation of the job representative system. Each management level has a functional substitute. In order to cultivate key management personnel and their functional substitutes, the Company organizes internal and external training courses from time to time. In addition to professional ability training, the training contents also contain cultivation of the ability of judgment, management and solution of problems to improve the quality of decision-making by the management and prepare the high-quality manpower for the Company's long-term development.

The successors to the Company's key management should not only possess integrity, innovation, customer-oriented core competence, professional knowledge and technical skills, but also share the same values as the Company's, so that the Company's spirit and culture may be shaped from top to bottom.

(IX) Execution of the internal control system:

1. Internal control statement

Ta Chen Stainless Pipe Co., Ltd
Internal Control Statement

Date: March 12th, 2024

Regarding the Company's internal control system in the year 2023, according to the results of self-check, statements are made as follows:

- I. The Company is aware of the construction, implementation and maintenance of the internal control system is the responsibility of the Company's Board of Directors and managers, and has established the system of which. The goal is to achieve the goals in operation performance and efficiency (including profit gained, performance and protection of asset safety, etc.), reliability of financial reports and compliance with the relevant legal regulations, thereby providing reasonable guarantee.
- II. The internal control system has its own natural limitations, regardless of how complete its design is, effective internal control system can only provide reasonable guarantee to achieving of the above-mentioned three goals; moreover, due to changes in environment and situations, the effectiveness of the internal control system may be due to change. The Company's internal control system is designed with a self-supervision mechanism. If problems are identified, the Company will take immediate correction.
- III. The Company determines whether the design and implementation of the internal control system is effective according to the items of determination for the effectiveness of an internal control system as stated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"). The items of determination for the effectiveness of an internal control system adopted by the "Governing Regulations" divides an internal control system to its five main key components according to the management control process: 1. Control environment, 2. Risk evaluation, 3. Control operation, 4. Information and communication, and 5. Supervision. Each component includes various sub-items. For details of which, please see the regulations of the "Governing Regulations".
- IV. The Company has adopted the above-mentioned the items of determination for the effectiveness of an internal control system, in order to check the design of the internal control system and the effectiveness of its implementation.
- V. Based on the results of the previous check, the Company believes that the design of the Company's internal control system (including supervision and management to subsidiaries) on December 31st, 2023 (including the operation performance and achievement of effectiveness goals, reliability of financial reports and compliance to the relevant legal regulations) and the implementation of which are effective. Therefore, the system can reasonably ensure the achievement of the above-mentioned goals.
- VI. This Statement will be the main content of the Company's annual report and public explanatory report and made available to external parties. If the above-mentioned public content is found to be false, concealing, or any other unlawful condition, the Company fall liable to the legal responsibilities stated in Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This statement is accepted by the Company's Board of Directors on March 12th, 2024. Amongst the 12 listed directors, 0 opposed to the statement, the remaining attendance agreed to the content of this statement, thereby issued this statement officially.

Ta Chen Stainless Pipe Co., Ltd

Chairman: Li-Yun Hsieh Stamp
CEO: Rung-Kun Shieh Stamp

2. For when accounts are entrusted to audit internal control system, information of the accountants' audit report shall be disclosed: Not applicable to the Company.

(X) In the recent fiscal year, until the date of the publication of this annual report, major problems and improvements made regarding punishment of the Company and its internal employees according to law, punishment of the Company on its internal employees out of violation of the regulations of the internal control system: Not applicable to the Company.

(XI) In the recent fiscal year, until the date of the publication of this annual report, important decisions made by the Shareholders' meeting and the Board of Directors

1. The contents of important resolution made by 2023 annual general meeting, and implementation status thereof :

(1). Ratification of 2022 business report and financial statements.

Implementation status: The motion has been passed unanimously.

(2). Ratification of the 2022 earnings distribution plan, distribution of cash out of capital reserve and issuance of new shares upon capital increase out of earnings.

Implementation status: August 5, 2023 was set as the record date. All have been distributed in full per the resolution made by the shareholders' meeting on September 4, 2023. (The cash dividend was NT\$2.4 per share, The stock dividend was NT\$2 per share.)

(3) The proposal for amendments to certain provisions of the "Articles of Incorporation."

Implementation status: The motion has been passed unanimously.

(4). Election of 11 directors of the Company's 13th Board of Directors.

Implementation status: Registered upon approval of Ministry of Economic Affairs and disclosed on the MOPS on July 17, 2023.

(5). Agreement to termination of the non-competition restriction on the Company's new directors.

Implementation status: Already disclosed on the MOPS on June 26, 2023.

2. The contents of important resolution made by 2023 1st Special Shareholders Meeting, and implementation status thereof :

(1). Election of 1 director and 1 independent director of the Company's 13th Board of Directors.

Implementation status: Registered upon approval of Ministry of Economic Affairs and disclosed on the MOPS on September 15, 2023.

(2). Agreement to termination of the non-competition restriction on the Company's new directors.

Implementation status: Already disclosed on the MOPS on August 30, 2023.

3. Important resolutions of the Board of Directors:

Date of Meeting	Session	Important resolutions
January 6 th , 2023	27 st meeting, 12th Session	<p>1. Approval of the proposal for Syndicated Loan.</p> <p>2. Approval of the proposal for the Company plan to lend funds of NT\$25,000,000 to Wei Mei Hsin Shu Interior Decoration Co., Ltd.</p> <p>3. Approval of the proposal for the Company's 2023 business plan.</p>

Date of Meeting	Session	Important resolutions
March 13 th , 2023	28 st meeting, 12th Session	<ol style="list-style-type: none"> 1. Approval of the proposal for the company plan to provide a guarantee/endorsement of US\$30,000,000 to TCI TEXARKANA, INC.(TKA) 2. Approval of the proposal for the Company's plan to loan the fund US\$60,000,000 to TKA. 3. Approval of the Company's 2022 Declaration of Internal Control. 4. Approval of the proposal for suspension of repatriation of various overseas subsidiaries' accumulated earnings to the parent company 5. Approval of the 2022 business report and financial statements. 6. Approval of distribution of directors' remuneration and employees' remuneration of 2022. 7. Approval of the case of re-election of directors. 8. Approval of the nomination of directors (including independent directors) to be accepted by the Company's 2023 annual general meeting. 9. Approval of releasing the prohibition for newly elected directors to work concurrently in competing companies. 10. Approval of the 2022 earning distribution table. 11. Approval of the proposal for issuance of new shares upon capital increase out of earnings 2023. 12. Set the date, time, place and agenda of the Company's 2023 annual general meeting. 13. Approval of the proposal for review on the salary, bonus and remuneration to the Company's directors and managers by the Remuneration Committee meeting. 14. Approval of the proposal for "evaluation on the independence and competency of the Company's external auditors." 15. Approval of the proposal for the Company plan to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. 16. Approval of the proposal for the Company plan to lend funds of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. 17. Approval of the proposal for increased investment of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. 18. Approval of the proposal for increased investment of US\$100,000,000 to TCI TEXARKANA, INC. 19. Approval of the Group's "GHG Accounting and Verification Schedule Planning."
May 11 th , 2023	29 st meeting, 12th Session	<ol style="list-style-type: none"> 1. Approval of the inspection of the candidate's list of directors (independent directors). 2. Approval of the amendments to the Company's Articles of Incorporation 3. Approval of 2023 Annual General Shareholders' Meeting additional matters for discussion. 4. Approval of the proposal for the Company's consolidated financial statement for the 2023 first quarter. 5. Approval of the amendment to the subsidiary's "Operating Procedure for Making of Endorsements/Guarantees". 6. Approval of the proposal for the Company's plan to loan the fund, NT\$80,000,000 to Wei Mei Roller Blind Co., Ltd. 7. Approval of the Company plan to lend funds of NT\$50,000,000 to Wei Mei Hsin Shu Interior Decoration Co., Ltd. 8. Approval of the proposal for increased investment of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. 9. Approval of the amendments to the Company's "Procedures of the Board of Directors". 10. Approval of the proposal for add and amend the Company's "internal control systems", related management measures. 11. Approval of the proposal for disposal of the equity in the investee, Shijiazhuang Tachen Jitai Machinery Co., Ltd. and Ta Chen (Boye) Machinery Co., Ltd., in part by Ta Chen B.V.I., a subsidiary wholly owned by the Company.
June 26 th , 2023	1 st meeting of 13th Session	<ol style="list-style-type: none"> 1. Approval of the proposal for election of the Company's Chairman. 2. Approval of the proposal for appointment of the Company's 5th Remuneration Committee members.

Date of Meeting	Session	Important resolutions
July 12 th , 2023	2 st meeting of 13th Session	<ol style="list-style-type: none"> 1. Approval of the proposal for authorization of the Chairman to deal with the banking business with full power within the business scope. 2. Approval of the proposal for remuneration to independent directors and Remuneration Committee members. 3. Approval of the proposal for review on the salary, bonus and remuneration to the Company's directors and managers. 4. Set the ex-right and ex-dividend dates. 5. Approval of the proposal for by-election one Director and one Independent Director. 6. Approval of the inspection of the candidate's list of directors (independent directors) 7. Approval of 2023 1st Special Shareholders Meeting matters for discussion. 8. Approval of the proposal for the Company plan to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. 9. Approval of the proposal for the Company plan to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. 10. Approval of the proposal to sell assets to Right Way. 11. Approval of the Company's proposal to amend the Regulations Governing the Employee Stock Ownership Trust. 12. Approval of the proposal for the subsidiary, Ta Chen International, Inc. plan to provide a guarantee/endorsement of US\$318,000,000 to TCI TEXARKANA, INC.
August 11 th , 2023	3 st meeting of 13th Session	<ol style="list-style-type: none"> 1. Approval of the proposal for the Company's consolidated financial statement for the 2023 second quarter. 2. Approval of the proposal for the Company plan to lend funds of US\$30,000,000 to TKA 3. Approval of the proposal for the Company's wholly owned reinvestment subsidiary, Ta Chen (B.V.I.) Holdings Ltd. plan to lend funds of RMB30,000,000 and US\$1,000,000 to Ta Chen (Boye) Machinery Co., Ltd. 4. Approval of the proposal for the Company plan to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. 5. Approval of the proposal for the Company plan to lend funds of US\$5,000,000 to Ta Chen (Hong Kong) Limited.
November 9 th , 2023	4 st meeting of 13th Session	<ol style="list-style-type: none"> 1. Approval of the proposal for the Company's consolidated financial statement for the 2023 third quarter. 2. Approval of the proposal for the Company plan to provide a guarantee/endorsement to Wei Mei Hsin Shu Interior Decoration Co., Ltd. 3. Approval of the proposal for the Company plan to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd. 4. Approval of the proposal for increased investment of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. 5. Approval of the Company's 2024 business plan. 6. Approval of the "2024 Annual Audit Plan." 7. Approval of the proposal for the distribution of remuneration to independent directors. 8. Approval of the proposal for the salary, bonus and remuneration to the Company's managers. 9. Approval of the proposal for the Company plan to provide a guarantee/endorsement of RMB36,000,000 to Ta Chen (Boye) Machinery Co., Ltd.
March 12 th , 2024	5 st meeting of 13th Session	<ol style="list-style-type: none"> 1. Approval of the 2023 business report and financial statements. 2. Approval of the Company's 2023 Declaration of Internal Control. 3. Approval of the proposal for suspension of repatriation of various overseas subsidiaries' accumulated earnings to the parent company. 4. Approval of the proposal for distribution of directors' remuneration and employees' remuneration of 2023. 5. Approval of the proposal for remuneration of Directors. 6. Approval of the 2023 earning distribution. 7. Set the date, time, place and agenda of the Company's 2024 annual general meeting. 8. Approval of the proposal for the Company's plan to loan the fund US\$60,000,000 to TKA. 9. Approval of the proposal for the Company to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd.

Date of Meeting	Session	Important resolutions
		<p>10. Approval of the proposal for the Company to lend funds of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd.</p> <p>11. Approval of the proposal for the Company's wholly owned reinvestment subsidiary, Ta Chen (Hong Kong) Limited to lend funds of US\$1,000,000 to Ta Chen (Boye) Machinery Co., Ltd.</p> <p>12. Approval of the amendments to "Rules of Procedure for the Board of Directors" and "Audit Committee Charter"</p> <p>13. Approval of the proposal to amend the "Procedure Governing the Acquisition or Disposal of Assets" for the company and Subsidiaries.</p> <p>14. Approval of the proposal for "evaluation on the independence of the Company's external auditors."</p>
May 9 th , 2024	6 st meeting of 13th Session	<p>1. Approval of the proposal for the Company's consolidated financial statement for the 2024 first quarter.</p> <p>2. Approval of the proposal for the Company's plan to loan the fund, NT\$80,000,000 to Wei Mei Roller Blind Co., Ltd.</p> <p>3. Approval of the proposal for the Company plan to provide a guarantee/endorsement to Ta Chen Lung Mei Home Life Co., Ltd.</p>

- (XII) In the recent fiscal year, until the date of the publication of this annual report, opposing opinion of directors or supervisors on the passing of major decisions with records or written statements, the major content of which: Not applicable to the Company.
- (XIII) In the recent fiscal year, until the date of the publication of this annual report, the Company's chairman, CEO, accounting manager, financial manager, internal audit manager, corporate governance manager, research and development manager, etc.): Not applicable to the Company.

3.5 Auditor Reimbursement Information

(I) Paid to CPA, CPA's firm and its affiliates the audit, non-audit fees and the non-audit service content should be disclosed.

Units: NT\$ Thousand

Name of the CPA's firm	The CPA name	The audit period	Audit fee	Non-audit fee					Total	Remarks
				System design	Business registration	Human resources	Others (Note)	Sum		
Deloitte & Touche	Chi-Chen Lee Chao-Chin, Yang	January 1st, 2023 ~ December 31st, 2023	14,086	-	35	-	3,390	3,425	17,511	—

Note: Non-audit fees - others, including the transfer pricing and tax consultation service fees.

(II) The Company has not changed accounting firm, and the audit public fee has not decreased more than 10% compared to that of the previous year.

3.6 Information on Change of Auditors: NA.

3.7 If Company Directors, CEO, Managers of Financial or Accounting Affairs Have Worked for an Auditing Office or Affiliates in The Previous Year: Not applicable to the Company.

3.8 Changes in Equity Transfer and Pledge for Directors, Supervisors, Managers and Major Shareholders

(I) Changes in equity of directors, supervisors, managers and main shareholders

Post	Name	2023		2024 until April 21 th		Remarks
		Increased (decreased) number of shares hold	Increased (decreased) number of pledged shares	Increased (decreased) number of shares hold	Increased (decreased) number of pledged shares	
Chairman	Li-Yun Hsieh	23,976	—	—	—	—
Company Representative	Wei-Yi Investment Co., Ltd.	31,292	—	—	—	Re-elected on June 26, 2023
Director	I-Lan Ou	368,916	—	—	—	—
Company Representative	Wise Creation Investment Ltd.	74,393	—	—	—	Re-elected on June 26, 2023
Director	Shih-Hsie, Tu	1,281,877	—	—	—	—
Director and CEO	Rung-Kun Shieh	6,771,609	(100,000)	—	—	—
Company Representative	Ta Ying Cheng Investment Co., Ltd.	15,850,301	(100,000)	—	—	—
Director	Ling-Hwa Wang	4,960,368	—	—	—	Re-elected on June 26, 2023 Dismissed on August 29, 2023
Company Representative	Ta Ying Cheng Investment Co., Ltd.	15,850,301	(100,000)	—	—	Re-elected on June 26, 2023 Dismissed on August 29, 2023
Director	Yong-Yu Tsai	141,269	—	—	—	Dismissed on June 26, 2023 Re-elected on August 30, 2023
Director	Chao-Chin Tsai	682,863	—	—	—	—
Director	Erh-Yi Hsieh	178,190	—	—	—	—
Director	Jung-Huei Hsieh	—	—	—	—	Dismissed on June 26, 2023
Director	Mei-Feng Lin	41,712	—	—	—	—
Company Representative	Linfangjin Charitable Foundation	339,359	—	—	—	—
Independent Director	Chun-An Hsu	—	—	—	—	—
Independent Director	Ming-Chang Shen	—	—	—	—	—
Independent Director	Guang-Hsiang Wang	160	—	—	—	—
Independent Director	Kuang-Tzu Wang	—	—	—	—	Re-elected on August 30, 2023

Post	Name	2023		2024 until April 21 th		Remarks
		Increased (decreased) number of shares hold	Increased (decreased) number of pledged shares	Increased (decreased) number of shares hold	Increased (decreased) number of pledged shares	
Vice CEO	Di-Jin Chang	54,608	—	—	—	—
Assistant Manager	Huai-Yi Yang	112,457	—	—	—	—
Assistant Manager	Man-Ting Chen	109,753	—	—	—	—
Assistant Manager	Rui-Cai Guo	86,713	—	—	—	—
Assistant Manager	Song-Mao Chen	7,293	—	(10,000)	—	—
Finance (accounting) Department Manager	Jian-Chong Weng	44,483	—	—	—	—

(II) Information of rights transfer: None.

(III) Information of pledged rights: None.

3.9 Shareholding Ratio Accounts for the Relationship Between the Top Ten Shareholders

April 21th, 2024

Name	Stocks hold by the person		Stocks hold by the partner, underaged children		Stocks hold by the name of others		For top 10 shareholders that are the 6 th related party, partner, close relative of another according to Financial and Accounting Standards, the name and relationship of which		Remarks
	Numbers of shares	Ratio of shares hold	Numbers of shares	Ratio of shares hold	Numbers of shares	Ratio of shares hold	Name	Relationship	
Brighton-Best International (Taiwan) Inc.	167,203,884	6.87%	—	—	—	—	—	—	
Person in charge: Li-Yun Hsieh	143,860	0.01%	383,758	0.02%	—	—	Rung-Kun Shieh	Sister	
Ta Chen Empire Co., Ltd.	123,148,371	5.06%	—	—	—	—	—	—	
Person in charge: Li-Yun Hsieh	143,860	0.01%	383,758	0.02%	—	—	Rung-Kun Shieh	Sister	
Yuanta/P-shares Taiwan Dividend Plus ETF	112,977,311	4.64%	—	—	—	—	—	—	
Ta Ying Cheng Investment Co., Ltd.	95,101,808	3.91%	—	—	—	—	—	—	
Representative: Bing-Shan Cheng	560	—	271,038	0.01%	—	—	—	—	
Han-Yin Hsieh	75,361,246	3.10%	—	—	—	—	Rung-Kun Shieh Pei-Rong, Hsieh	Father Sister	
Pei-Rong Hsieh	65,773,756	2.70%	—	—	—	—	Rung-Kun Shieh Han-Yin, Hsieh	Father Brother	
Tong Yi Investment Co., Ltd.	42,284,478	1.74%	—	—	—	—	—	—	
Person in charge: Su-Gan, Tai Chen	—	—	—	—	—	—	—	—	
Rung-Kun Shieh	40,629,657	1.67%	29,762,209	1.22%	—	—	Li-Yun, Hsieh Han-Yin, Hsieh Pei-Rong, Hsieh	Sister Father Father	
Jinn Her Enterprise Co., Ltd.	37,516,128	1.54%	—	—	—	—	—	—	
Representative: Yong-Yu Tsai	847,618	0.03%	3,510,472	0.14%	—	—	—	—	
Divine Pacific Enterprise Limited	31,565,320	1.30%	—	—	—	—	—	—	

3.10 Comprehensive Shareholding Ratio

Unit: Share; % April 21th, 2024

Transfer investment business (Note)	The Company's investment		Investment by directors, supervisors, managers and direct or indirect controlled businesses		Comprehensive investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholdin g Ratio	Number of Shares	Shareholding Ratio
Ta Chen International Inc	734,836	100.00%	—	—	734,836	100.00%
Ta Chen (B.V.I.) Holdings, Ltd.	32,625,300	100.00%	—	—	32,625,300	100.00%
Brighton-Best International (Taiwan) Inc.	440,610,040	42.72%	15,101,037	1.46%	455,711,077	44.18%
WEI MEI ROLLER BLIND CO., LTD.	7,000,000	70.00%	—	—	7,000,000	70.00%
TA CHEN LUNG MEI HOME LIFE CO., LTD	29,987,363	99.96%	—	—	29,987,363	99.96%
Ta Chen (Hong Kong) Limited	10,000,000	100.00%	—	—	10,000,000	100.00%
Yinrong (Shanghai) Investment Management Co., Ltd.	—	100.00%	—	—	—	100.00%
TY Steel Co., Ltd.	105,583,200	38.75%	—	—	105,583,200	38.75%
Ta Chen GREEN SYSTEM CO., LTD.	6,000,000	50%	—	—	6,000,000	50%
Right Way Industrial Co., Ltd.	779,000	0.26%	53,540,000	17.86%	54,319,000	18.12%
City Mocean Co., Ltd.	490,000	49%	—	—	490,000	49%

Note: Long-term investment of the Company with the equity method.

4. Fundraising

4.1 Source of Equity:

Unit: NTD

April 21th, 2024

Date	Publishing price (NTD)	Authorized share capital		Paid-in share capital		Remarks		
		Number of shares	Value	Number of shares	Value	Source of shares	Shares paid by assets other than cash	Others
September, 2018	-	950,000,000	9,500,000,000	983,790,052	9,837,900,520	Surplus 37,838,079 shares	None	Note 1
October, 2018	42	1,500,000,000	15,000,000,000	1,233,790,052	12,337,900,520	Seasoned public offerings 250,000,000 shares	None	Note 2
October, 2019	-	1,800,000,000	18,000,000,000	1,233,790,052	12,337,900,520	Authorized share capital offerings 300,000,000 shares	None	Note 3
August, 2020	-	1,800,000,000	18,000,000,000	1,258,465,853	12,584,658,530	Surplus 24,765,801 shares	None	Note 4
October, 2020	18	1,800,000,000	18,000,000,000	1,658,465,853	16,584,658,530	Seasoned public offerings 400,000,000 shares	None	Note 5
October, 2021	43	2,200,000,000	22,000,000,000	2,008,465,853	20,084,658,530	Seasoned public offerings 350,000,000 shares	None	Note 6
August, 2022	-	3,000,000,000	30,000,000,000	2,028,550,512	20,285,505,120	Surplus 20,084,659 shares	None	Note 7
August, 2023	-	3,200,000,000	32,000,000,000	2,434,260,615	24,342,606,150	Surplus 405,710,103 shares	None	Note 8

Note 1: Approved by Ministry of Economic Affairs on September 18, 2018 economic attribute No. 10701115690

Note 2: Approved by Ministry of Economic Affairs on October 29, 2018 economic attribute No. 10701133230

Note 3: Approved by Ministry of Economic Affairs on October 29, 2019 economic attribute No. 10801077700

Note 4: Approved by Ministry of Economic Affairs on September 4, 2020 economic attribute No. 10901140830

Note 5: Approved by Ministry of Economic Affairs on November 5, 2020 economic attribute No. 10901205840

Note 6: Approved by Ministry of Economic Affairs on November 15, 2021 economic attribute No. 11001205380

Note 7: Approved by Ministry of Economic Affairs on August 2, 2022 economic attribute No. 11101147830

Note 8: Approved by Ministry of Economic Affairs on August 23, 2023 economic attribute No. 11230155170

Type of stocks	Authorized share capital			Remarks
	Circulating shares	Unissued shares	Total	
Registered common stock	2,434,260,615	765,739,385	3,200,000,000	Listed shares

4.2 Shareholder Structure

April 21th, 2024

Shareholder structure Number	Government agency	Finance agency	Other legal bodies	Personal	Foreign organization and foreigners	Total
Number of people	-	-	374	169,484	328	170,186
Shares hold	-	-	843,170,826	1,176,299,164	414,790,625	2,434,260,615
Shareholding ratio (%)	-	-	34.64	48.32	17.04	100.00

4.3 Decentralized Number of Shares

NT\$10 per share

April 21th, 2024

Level of shares hold		Number of shareholders	Number of shares hold	Shareholding ratio (%)
1 to	999	36,264	7,343,828	0.30
1,000 to	5,000	96,528	209,841,492	8.62
5,001 to	10,000	18,549	133,889,962	5.50
10,001 to	15,000	7,612	93,839,513	3.85
15,001 to	20,000	3,016	53,899,005	2.21
20,001 to	30,000	3,386	83,494,213	3.43
30,001 to	40,000	1,450	50,626,484	2.08
40,001 to	50,000	834	38,085,779	1.57
50,001 to	100,000	1,397	96,839,474	3.98
100,001 to	200,000	599	82,769,600	3.40
200,001 to	400,000	253	70,435,923	2.89
400,001 to	600,000	92	44,729,939	1.84
600,001 to	800,000	46	31,207,422	1.28
800,001 to	1,000,000	16	14,072,394	0.58
1,000,001 and above		144	1,423,185,587	58.47
Total		170,186	2,434,260,615	100.00

4.4 Major Shareholders

April 21th, 2024

<div>Shares</div> <div>Name of major shareholders</div>	Numbers of shares hold	Shareholding ratio (%)
Brighton-Best International (Taiwan) Inc.	167,203,884	6.87%
Ta Chen Empire Co., Ltd.	123,148,371	5.06%
Yuanta/P-shares Taiwan Dividend Plus ETF	112,977,311	4.64%
Ta Ying Cheng Investment Co., Ltd.	95,101,808	3.91%
Han-Yin Hsieh	75,361,246	3.10%
Pei-Rong Hsieh	65,773,756	2.70%
Tong Yi Investment Co., Ltd.	42,284,478	1.74%
Rung-Kun Shieh	40,629,657	1.67%
Jinn Her Enterprise Co., Ltd.	37,516,128	1.54%
Divine Pacific Enterprise Limited	31,565,320	1.30%

4.5 Price Per Share, Net Worth, Surplus, Dividends and Related Information for The Previous Two Years:

Year		2022	2023	The current year until March 31 st , 2024 (Note 8)
Item				
Market price per share (Note 1)	Highest	56.3	49.95	47.45
	Lowest	32.9	35.5	42.0
	Average	45.48	42.80	44.67
Net value per share (Note 2)	Before allocation	31.19	25.91	26.42
	After allocation	28.79	24.71(註 9)	26.42
Earnings per share	Weighted average shares (1,000 shares)		1,930,713	2,322,211
	Earnings per share (Note 3)	Before adjustment	6.23	2.30
		After adjustment	5.15	2.30
Dividend per share	Cash dividend		2.4	1.2
	Bonus shares	—	2	—
		—	—	—
	Accumulated unpaid dividends (Note 4)		—	—
Investment	Price-earnings ratio (Note 5)		7.30	18.61
Reimbursement	Price-dividend ratio (Note 6)		18.95	35.67
Analysis	Cash dividend yield (Note 7)		5.28	2.80

Note 1: List the highest and lowest market price of the year, calculate the year's average market price according to the year's transaction value and amount of transaction.

Note 2: Please list based on the year's number of issued shares and according to Board of directors or shareholders' meeting decision of the following year on allocation.

Note 3: If adjustments are to be made due to occurrences such as issuance of bonus shares, earnings per share before and after adjustment shall be listed.

Note 4: If the publishing condition of equity bonds stipulates that the year's unissued dividends shall be accumulated until the year with surplus for distribution, the accumulated unpaid earnings until the current year shall be disclosed respectively.

Note 5: Price-earnings ratio = The year's average closing price per share / Earnings per share.

Note 6: Price-dividend ratio = The year's average closing price per share / Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / The year's average closing price per share.

Note 8: Net value per share, surplus per share columns shall list information audited by accountant(s) of the recent season before publication of the annual report; the remaining columns shall list the current year's information until publication of the annual report.

Note 9: The proposal for the distribution of 2023 profits was passed at the meeting of the Board of Directors, and will be discussed at the annual shareholders' meeting.

4.6 Company Dividend Policy and Implementation:

(I) Company's dividend policy:

If the Company's yearly account is found to have net profit after tax, such profit shall be prioritized for the use of making up for accumulated losses (including adjustment of the amount of retained earnings). By law, 10% of which shall be listed as lawful earned surplus. However, if the accumulated lawful earned surplus has reached the Company's paid-in capital, the limitation does not apply to the situation, then the special earned surplus shall be allocated or evaded according to legal regulations or competent authorities. The remaining surplus, combined with the undistributed surplus earnings by the beginning of the current period (including adjustment of the amount of undistributed surplus earnings), shall be planned for distribution by the Board of Directors before asking the shareholders' meeting to decide upon distribution of shareholders' bonus dividends.

The Company's dividend policy is based on the current and future plans of development upon consideration of the investment environment, capital requirement, local and international competition. Combined with considerations such as that of shareholder profits, surplus earnings to be distributed per year shall allocate no less than 50% for shareholders' bonus dividends; when distributing shareholders' bonus dividends, such distribution shall be paid in cash or stocks, the cash dividend within shall be no less than 20% of the total dividend.

(II) Distribution of bonus dividends by the current shareholders' meeting is as follows:

	Amount distributed per share	Source
Cash dividend	NT\$1.20	Unappropriated earnings

4.7 Impact of The Current Free Placement of the Company's Operating Performance and Earnings Per Share:

The Company does not disclose complete financial forecast and therefore does not apply.

4.8 Salary of Employees, Directors and Supervisors:

(I) Ratio and scope of remuneration of employees, directors and supervisors according to the Company Act :

According to Article 18-1 of the Company Act, for the current gross profit before tax of the Company of the year before deduction of employee and director remuneration, 3% of which shall be listed as employee remuneration, and that for director remuneration shall be no more than 1.5%. However, if the Company is still suffering from accumulated losses (including adjustment of the amount of undistributed surplus earnings), the amount of compensation shall be retained in advance.

The above-listed employee remuneration can be delivered in stocks or cash. The subject of payment shall include the employees of the subordinate company that meet the conditions set by the Board of Directors. The above-listed director remuneration can only be delivered by cash. The above two items shall be decided by the Board of Directors, and reported in shareholders' meeting.

(II) The annual financial statement of parent company only has approved and publicized that in the Board of Directors' resolutions if any material changes are made for the distributed amounts, the changed adjustment should be shown in the annual fee. Further amount changes after the approval and publicized date of the annual financial statement of parent company only should be coped with by accounting estimation change and be input to the statement for the year followed. If the Board of Directors' meeting made a resolution that the employee's compensations are distributed by stock, the stock bonus amount should be decided by the resolution bonus amount divided by the stock fair value, where the stock fair value refers to the closing price of the previous day of the shareholders' meeting (considering the influence of ex-right and ex-dividend)

(III) Information of employee, director and supervisor remuneration passed by the Board of Directors:

1. Compensation for employees: NT\$185,806,919 distributed in the form of cash
2. Compensation for directors: NT\$24,000,000 distributed in the form of cash
3. Amount of dividend to be delivered to employees and ratio of which in the total of the

current net profit after tax and employee dividend: Not applicable.

(IV) Remuneration delivered to employee, director and supervisor from surplus earnings in the previous year:

In 2022, the Company's estimated listed employee, director and supervisor remuneration were NT\$395,989,620 and NT\$24,000,000 in cash respectively. The ratio of which in the year's profit before tax were 3.00% and 0.18% respectively; the actual distributed amount is approximately identical to that of the estimated value.

4.9 Shares Bought Back of The Company:

(I) Repurchases already completed: None.

(II) Repurchases Still in execution: None.

4.10 Corporate Bonds Processing:

(I) Corporate bond processing: None.

(II) Information of transferred corporate bond : None.

(III) Issued of exchanged corporate bond : None.

(IV) Fundraising and issuance of common bond in shelf registration: None.

(V) Issued recognized dividend corporate bond : None.

(VI) Privately raised corporate bond processing in the recent three years: None.

4.11 Special Stock Processing: None.

4.12 Overseas Depositary Receipt Processing: None.

4.13 Employee Stock Option Certificate Processing: None.

4.14 Limitation of Employees' Rights for New Shares: None.

4.15 Merging, Acquisition or Transfer of Shares of The Company to Issue New Shares: None.

4.16 Execution of Funding Plans: Not applicable.

5. Operation Overview

5.1 Business Item

(I) Business scope

1. Major content of operating business:

- Production and sales of products such as stainless steel pipes, square pipes, flat irons, pipe joints, valves, nipples, and castings.
- Production and sales of products such as aluminum coil plates.
- Manufacturing and processing business of plastic curtain boards and trading business of wooden curtain boards
- Trading of aluminum products, stainless steel products, screw and nut products, hand tools, and industrial consumables

2. Current major product and ratio in operation:

Name of product	Percentage %
Stainless steel product	36%
Screws, screw-nuts	22%
Aluminum product	39%
Window decoration and other products	3%

3. Development plan of new products and services: None.

(II) Industry overview

1. Current industry and development

(1) Stainless steel manufacturing industry:

The steel industry is an industry of capital and skills. Its linkage with industries is deep and broad, industries such as the metal manufacturing industry, machinery industry, transportation industry, construction industry and mechanical appliance industry rely on steel materials as its basic material. The development of which is closely related to the overall economy, acting as the basic industry of the nation's construction. Steel products can be categorized into common steels and special steels according to the manufacturing process of which. Special steels refer to the steel products where alloys such as nickels are added in the production of which, in order to improve the original characteristic of common steels, or equip which with other characteristics to produce the needed steels for different uses. Such steels are referred to as high-grade steel materials. Stainless steel is a main type of such special steels. It is anti-corrosion, antioxidant, electromagnetic, aesthetic and hygienic, creating a wide application field for stainless steels. In recent years, in the development of stainless steels, "alternative growth" is a force for growth for the industry. Nowadays, carbon steels and timber are gradually replaced by stainless steels as carbon steels require processing such as sandblasting and painting for its transformation from raw materials to finished products when applied in the different major industries. Such processing can generate pollution to the environment, which is against the increasingly popular trend of environmental protection of recent years. On the other hand, production with stainless steels can skip such processing procedures. With its appealing appearances and features such as being easy to clean, stainless steels are gradually widely applied in the production of medical and food appliances. Timber is most widely used in traditional

construction and the manufacturing of furniture. However, with drastic changes in climate globally in recent years, in order to ease global warming, forest protection has become an important topic of future development. As a result, the demand for timber is gradually enlarging with the decreasing supply of which. Stainless steel can act as an alternative substitute in some markets. As stainless steels can replace carbon steels, the use of which can be wider in the more industrialized countries. Therefore, the production of stainless steels and the level of consumption of a country can reflect the level of industrial development and national living standard of the country itself. Looking forward to 2024, given the sluggish lift rate pace in Europe and the U.S., customer demands are expected to increase gradually, and the performance of the global steel market is expected to outperform that of 2023.

Notwithstanding, how the possible market variables, including the impacts posed by geopolitical risks and uncertainties, effect of the EU CBAM and the global net zero emission requirements, will affect the cost of steel still remains to be observed.

(2) Screw and screw-nut industry:

Fasteners are made from wires (coil). The fastener has two categories, one is thread products, which include bolt, stud, screws, and nuts; another is non-thread products, which includes packing ring, rivet, tip, and anchor. The main function of fasteners is to combine various components into a unit or system, making it easier to assemble or disassemble assembler, through the securing function of the fastener, complete assembling a product, show its ability, and enhance the convenience on assembly, repair, replacement, or re-assembly, although it is not a cutting-edge technology, its relevant industries such as machine tool, industry machinery, electronics, electric machine, transportation, household appliances, furniture, and aerospace industry, etc. The area covers large to architectural engineering small to IC chip and applies broadly, known as “the rice of industry”, it plays a big part in modernized industry, the amount of its usage often is seen as the index of the development in a country’s industry. The application of the fastener industry is so broad that its sales performance is not affected by a single industry, he performance is mainly affected by the global economy.

Additionally, the usage of fastener products is positively correlated with the industrial development level of a country, the market of fastener is mainly centralized highly industrialized countries, the top two markets are the United States and EU. For import demand of a single country in 2022, the highest country was the US of US\$7,762 million, and in recent years, Mainland China has been the country of fastest growth in the import price, which kept up with the US becoming the second largest import country. From the view of the global fastener market demands, for the time being, the most high-profile project is the US\$1.2 trillion Plan of Infrastructure signed by US President Biden in November 2021. The infrastructure plan is intended for the hardware facility construction extending to highway, railway, bridge and power supply system. Said hardware facility construction is expected to drive the demand for raw materials including plastics, steel and cement needed by the bridge and road construction project. Notwithstanding, in consideration of the Russia-Ukraine War, post-epidemic inflation and lift rates, the global economic environment has not seen significant recovery, resulting in sluggish

demand in 2023. Despite the Fed's implication that the probability of an interest rate cut in 2H of 2024 is increasing, and the inventory level is adjusted to a low level, the market economy is still unpredictable. Therefore, the fastener market is expected to bottom up in 2024, but it still remains observable.

Under the influence of gradual recovery in the global economy, continuous rise in durable goods, and the manufacturing activities in Asia-Pacific countries which are on consistent demand for refined construction parts are expected to stimulate the growth in demand of industrial fasteners, Asia-Pacific region has become the fastest growing market, mostly from the continuing growth of durable goods manufacturing industry in Mainland China and India, and the ceaseless demand of new and old parts in the infrastructure where they will stimulate the growth of industrial fasteners. However as for the developed countries like the US, Japan, and West Europe, the growth on demand of the fasteners is far slower than the developing countries, mainly due to the reason that these areas' production in durable goods is relatively mature, nonetheless the revival of automobile production and the cost of architecture after the recession will speed up the growth of the fastener market.

Statistics of the Purchase Value of Major Fastener Import Countries 2017~2023

Unit: US\$ million

Country	2017	2018	2019	2020	2021	2022	2023
EU	5,888	6,691	6,713	5,322	6,767	8,591	NA
United States	4,901	5,733	5,554	4,805	6,063	7,762	6,340
Mainland China	3,121	3,220	2,839	2,789	3,281	2,858	2,446
Canada	1,507	1,643	1,659	1,384	1,639	1,983	1,980
Japan	993	1,097	1,105	892	1,000	1,151	985

Note: N/A, the latest statistics are yet to be published

Source of data: Fastener World, ITSI, "Customs Statistics" for China data; Brighton-Best International (Taiwan) Inc. compilation

From the global export market point of view, the major fastener export countries have been growing approximately steadily from 2017 to 2023, Asia (Mainland China, Taiwan, and Japan) is the main global supply region, among those three countries, China and Taiwan are the main supply country for medium and low carbon steel; Although North American and EU are the main import regions, at the same time export fasteners with high added value, forming a global division and complementary ecology, supplying industries in different countries.

Statistics of Purchase Value of Major Fastener Export Countries 2017~2023

Unit: US\$ million

Country	2017	2018	2019	2020	2021	2022	2023
Mainland China	5,054	6,451	6,419	6,961	9,305	11,179	9,149

Taiwan	4,090	4,637	4,829	3,969	5,323	6,129	4,600
United States	4,316	4,348	4,397	3,622	4,127	4,765	5,447
EU	4,794	5,299	5,494	4,886	5,535	5,707	NA
Japan	2,888	3,033	2,807	2,363	2,827	2,592	2,407
Canada	441	483	505	429	522	625	644

Note: N/A, the latest statistics are yet to be published

Source of data: Fastener World, ITSI, “Customs Statistics” for China data;
Brighton-Best International (Taiwan) Inc. compilation

(3) Aluminum industry:

Aluminum is a relatively soft and malleable silvery white metal. It is the third most abundant element on earth (third only to oxygen and silicon). It is also the most abundant metal, the mass of which is around 8% of solid matters on earth. In the recent fifty years, aluminum has become one of the most widely applied metals in the world. After being refined to the structure of aluminum alloys, it is light, durable to heat, durable to corrosion with excellent electrical and thermal conductivity and easy to be processed in terms of metal characteristics. Therefore, apart from acting as key materials in aerospace and military industries, it is also widely used in transportation, mechanical appliances, construction, publishing, electronics, electronic appliances and furniture. Also, in the current trend for lighter and environmentally friendly products in metal industries, aluminum is regarded as one of the new green materials.

According to the latest data released by the International Aluminium Institute (IAI), the global primary aluminum output in 2023 totaled 70.59 million metric tons, of which China's output was 41.67 million metric tons, accounting for 59.03%. China is still the main origin of primary aluminium. However, after the U.S. Department of Commerce imposed anti-dumping and countervailing duties on Chinese aluminum alloy products in 2018, the volume of direct sales of Chinese aluminum products to the U.S. has been greatly declined. In 2019, the manufacturers in Europe and the Middle East were rising and sold a large number of products to the United States. On March 9, 2020, the Aluminum Association has filed the application for investigation on anti-dumping and countervailing duty imposed on 18 countries. The U.S. Trade Commission (USTC) ruled on April 23, 2020 that the U.S. aluminum market was indeed damaged, and initiated the investigation on the 18 countries officially. The ruling was finalized on March 2, 2021. At present, the relevant manufacturers from said countries shall still be subject to anti-dumping or countervailing duty, respectively, when selling the relevant products to the United States.

(4) Window decoration industry:

Ta Chen Lung Mei Home Life Co., Ltd. Invested by the Company owns 72 sales locations throughout Taiwan, engaged in selling the curtain products made by itself, and also roller blinds, dimming curtains, venetian blinds, vertical blinds, soft gauze curtains (upright soft gauze curtains/horizontal soft gauze curtains/big S soft gauze curtains/Venus soft gauze curtains)/organ curtains/3D art curtains made by the affiliated company, WEI MEI HSIN SHU INTERIOR DECORATION CO., LTD., as well as the blinds produced by the Company. In June 2022, the Company acquired the equity of Right Way via the subsidiary, Brighton-Best International. Therefore, the Company is expected to

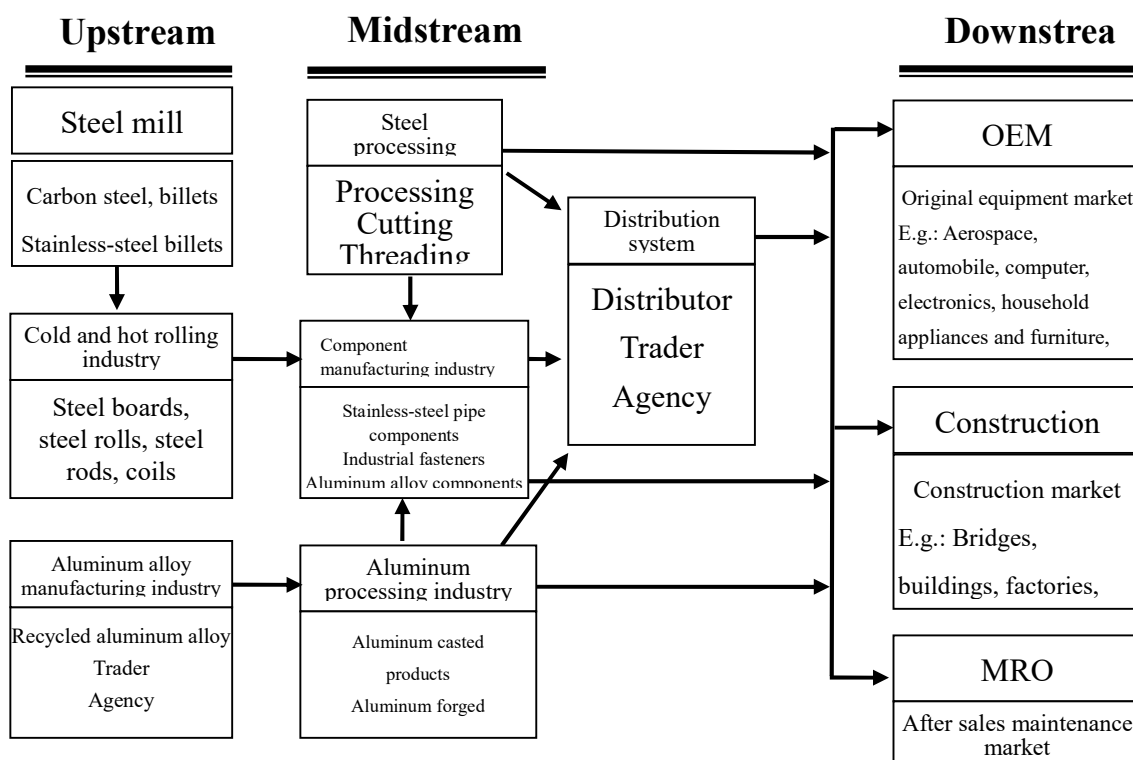
launch into the production of system furniture.

Ta Chen Lung Mei Home Life Co., Ltd. also worked with banks to provide consumers with the cardless installment consumption preferential treatment. Meanwhile, coupled with the convenience delivered by the one-stop shopping service for various products provided by the Company, the Company will continue to increase its market share in the domestic market.

2. Linkage between the industry's upstream, midstream and downstream enterprises

Ta Chen Stainless Pipe Co., Ltd. and its subsidiaries are mainly in the business of stainless steel, aluminium, fasteners, and related industries. Its upstream source is metal refineries such as China Steel, Tang Eng Iron Works, and Yieh Hsing Enterprise, who produce stainless steel or carbon steel slabs or billets, which are then processed by hot rolling, cold rolling, and wire drawing, to produce stainless steel or carbon steel plates, tapes, and coils, to be sold to manufacturers through steel distributors, processing, and parts companies. In aluminium production, upstream manufacturers refine recycled aluminium to produce secondary aluminium alloy ingot and aluminium alloy ingots for extrusion (primary aluminium and scraps of aluminium), which are processed by casting and forging to produce aluminium products (plates, sheets, rolls, foils, bars, wires, drops), to be sold through distributors to manufacturers. International sales of metal materials and fasteners are through a complex global network of inter-connected supply chains in each country, forming competitive-cooperative relationships between international distributors and local distributors. Overall, the capacity of any single manufacturer of metal materials and fasteners is limited. As a result, in terms of an industry, the midstream and downstream are tied closely together, with high degree of dependency on each other. Ta Chen Stainless Pipe Co., Ltd. integrates suppliers in Asia to provide high-quality stainless steel and aluminum materials and fasteners through our own offline and online distribution channels to retailers, distributors, and resellers.

Inter-relationship Diagram of the upstream, midstream and downstream of the stainless-steel, aluminum and fastener industries



3. Development trend and competition

With the development of time and space, in the current trends of globalization and liberalization, the industry supply chain is circulated via the globalized network from acquisition of raw materials to the production and delivery of the final product to the hands of consumers. Not only are consumers of products globalized, competitions also exist across the globe. As the Company falls under the stainless-steel, aluminum and industrial fastener international channel industry, there are two main trends of development: 1. Lower cost; 2. Increase value. The future development trends of the international channel industry are as follows:

(1) Trend of global operation management

The development of the international channel industry is moving towards the operation of “Global Logistics”, especially for global cross-national large OEM leading enterprises. In response to global competition, OEM end-users are focusing their internal resources on core operations, outsourcing the rest of its operations to external professional channel industries. By doing so, the large number of suppliers is greatly reduced. The non-core procurement items such as raw materials or components would be outsourced to a single or few quality professional channel enterprises in the way of turnkey by signing a long-term supplying contract, forming a long-term partnership. By Vendor Managed Inventory (short for “VMI”), the company gets to significantly improve the service of which. Channel enterprises are responsible for items including continue to lower cost of purchase, take up liability of product quality with free inspection, construct and manage inventory by request, manage suppliers by request, provide JIT on-time delivery, so as to lower overall cost and achieve the goal of JIT on-time production, sales and delivery. For the trend, as professional distributors or agencies possess inventory management abilities, they are gradually overtaking the OEM market. Small manufacturers and importers are gradually forced out of the market in the fierce competition created by the decrease of suppliers by OEM customers. This might be due to insufficient width of supplying goods or being unable to manage inventory and other add-on services by request. Under global operation management, professional distributors or agencies must also bear issues such as huge inventory and capital backlog. Therefore, they must seek out the supporting service of primary wholesalers to create partnership with which for its smooth operation. The primary wholesale industry is moving towards the development of logistics management and e-commerce in hope to achieve the operation goals of “buy all at once” and “customer virtual warehouse”, in order to cater to the demand for stocks of professional distributors or wholesalers at all times while reducing inventory costs effectively. In such situations, the primary wholesale industry integrates the demand for stocks of professional distributors or wholesalers to take on greater power in procurement, so as to enjoy a greater space for negotiations on pricing, lowering the cost of which and promote its competitiveness in the professional channel market.

(2) Development of integration of the industrial network

In the fierce competition of the channel market, enterprises must respond to the demand of upstream and downstream customers faster. In its chase for maximum competitiveness, many enterprises have started to integrate their different commercial channel mechanisms. By joint planning and operation, the enterprises communicate with one another to share information on operation and business strategies, creating a highly integrated supply chain channel system, significantly raising the performance of the channel industry in general; also, by introducing an information management system to enhance the add-on value of products, the new method of operation is promised to hold the analysis of Big Data as one of the major trends in the future. With the analytic technique of which, enterprises target previous records of use and habits of customers to

gradually construct the habits of use of customers of their own. By understanding the demand of customers to its fullest, the channel enterprises can tailor design the suitable product or service for which, such as the order of a certain type of fasteners at certain times throughout the year, or possible orders than happen only once in a few years, the enterprise can proactively request upon such orders when the time for order draws close, so as to increase the possibility of order confirmation.

4. Product competition

Now, as an international primary distributor, the Company and its subsidiaries (referred to as “Ta Chen Stainless Steel Group”) mainly provide the global regions with quality and cheap products such as stainless-steel materials and components, aluminum alloy materials and components and industrial fasteners through 41 operating spots in 8 countries such as the USA, Canada, the UK, Belgium, Australia, New Zealand and Brazil to local retailers, distributors or secondary wholesalers. As such, the Group becomes the largest import primary wholesaler of stainless-steel materials, aluminum materials and industrial fasteners in the USA.

The production, supply and demand of China's stainless steel play a very important role in the global stainless steel market. The capacity arrangement of steelmakers in China and the domestic demand in China will indirectly affect the price of the global stainless steel market. In order to prevent the dumping of stainless steel products from China, countries around the world have imposed anti-dumping and countervailing duty measures against China. Meanwhile, the measures, such as M&A and alliances, are also applied to control the low cost of raw materials and expand the production scale to reduce costs and increase market share.

Looking into the future development of Taiwan's stainless-steel industry, it is estimated that the future trend is industry holding company. The combo structure of which can include upstream production to processing of cold rolling stainless-steels, paired with the infusion of international outlook, making the original money-losing procedure to a money-making treasure, bringing profit to all participants.

Fasteners are used in multiple industries. There are up to 600,000 types of products, the competition between which is complex and diverse. Taiwan's fastener industry is mostly for the supply of the MRO market, only a small number of enterprises focus on the OEM market. The main MRO product is the common fasteners. It is basically a market of free competition based on the pricing of products. Level of competition depends on the supply and demand of the market at the time. When the economy is weak with a low demand, some enterprises would lower the pricing of their products out of operating pressure, resulting in a decrease of quotation for the industry, reducing the profits earned by fellow enterprises and even causes severe losses. Taiwan is actually in a leading position in the international MRO export sales market; competition from countries such as mainland China, Thailand, Malaysia and Vietnam is in fact still led by Taiwanese enterprises. The differences between which are only in the different locations of factories. In other words, as the entry barrier for MRO export sales market is relatively low, competition has always been fierce. In recent years, due to shifting out of some enterprises, competition has expanded from local Taiwan to China and Southeast Asia, while the actual competition remains between that of Taiwanese enterprises. Despite the fact that a few mainland Chinese enterprises chose to enter into the competition, they are still immature to challenge the leading position of Taiwanese fastener enterprises (generally speaking) in the MRO export sales market.

In recent years, due to trade protectionism in the international market, high anti-dumping tax penalty appears from time to time. However, “high anti-dumping

tax penalty” is not the most suited strategy and weapon for solving the imbalance between export and import trades. Especially with the current rise of global environmental protection thinking, raw materials can be hard to obtain. As a result, prices of raw materials gradually increase. Some enterprises even choose to set a lower price for orders, forcing fastener import countries to stop low price dumping through legal means in order to protect the local fastener industry. Nonetheless, in the international supply and demand of the fastener trading industry, many enterprises are striving to lower cost by operating strategies such as wittiness, ability, technology and management skills in order to provide competitive, high-quality and cheap fastener products for importers to enter the international market. Compared with those that decrease their prices through cheap factory appliances, taking advantage of labors, raw materials or even violate environmental policies to create the illusion of products with unbelievably low costs, such enterprises have invested a lot of effort and resources in their operations. Anti-dumping protectionism is undoubtedly unfair to them. Especially for major importing countries such as Europe, the USA and Japan, the topic of anti-dumping protectionism is often raised, and most of which is against Asian countries. Such a phenomenon has created endless trouble for many Taiwanese enterprises that devote themselves in the development of high-quality products. The use of anti-dumping protectionist means to lower trade deficit creates a negative influence on the increasingly globalized international market. Countries should strengthen their communication channels for both parties to communicate and understand each other smoothly. It is only through understanding and trust that enterprises can accurately position their products and find the best direction for product development. By such, the industry would give up on uncompetitive products and price-cutting competition, benefiting not only the enterprises themselves but importing customers too, raising national competitiveness of the country’s overall fastener industry, creating a win-win situation for both transacting parties. In the current trend for environmental production, as a key downstream industry of the international manufacturing industry, the fastener industry must be in line with international environmental protection policies and strive to contribute to the global environment.

(III) Technology, research and development overview

1. Technical level and R&D of business lines

The stainless steel tubes, accessories and valves are all manufactured by the Group with the matured production technology. Meanwhile, the Group has adopted materials of the same quality for several decades. None of the mid-stream processors is capable of catching up with the Group in the R&D of automated machines and substitute materials. Nevertheless, the production process design and planning, improvement of output efficiency, arrangement for production routes and control over stable quality may be completed only relying on the R&D Dept. staff's experience and directions. The Company's R&D Dept. is primarily engaged in improving the overall production process, reducing wear and tear to improve the output and production efficiency, and cutting production costs. The staff establishes the standard product design and production procedures based on their skills and experience gained from physical achievements to ensure product quality. They also keep improving their own technical abilities through R&D and production personnel's internal and external training programs.

2. Investment in R&D expenses: The Company's R&D Dept. is primarily engaged in improving the overall production process. Therefore, no R&D expenses should be disclosed.

3. Results of research and development:

- (1) Improve and reduce the use of welding gas in pipe factory.
- (2) Complete automation and optimization of tailor plan in cutting factory.
- (3) Improve and reduce the use of acids in pickling treatment in fitting factory.
- (4) Improve surface renovation cost plan of casting factory and reduce drying time for shell molds in casting factory.
- (5) To improve efficiency of sales, production of raw materials and assembly of customized products of curtain boards have been planned to be carried out in the same factory. Information system is to be used for monitoring the production progress of orders, in order to overcome the long-term risk of customized production orders for not being able to be delivered on time, raising Company competitiveness significantly. Automation and optimization of packing plans in curtain board factory have also been completed.

(IV) Short-term and long-term operation development plan

Short-term: Apart from focusing on the manufacturing of aluminum plates, stainless-steel pipes, pipe components and valves, the Company also actively expands to the manufacturing of products of the different areas of expertise. The main target of which is plastic curtain boards. In the short term, the Company aims to strengthen self-brand promotion and mass production in order to expand market share.

Long-term: Taking Taiwan and mainland China as the center of product production, the USA as center of sales channels, Taiwan as the operational management control hub, the Company hopes to create a strong and unbreakable operational structure. In the long term, based on the finished American channel construction, the Company hopes to seek out for other competitive products, create a basis for sustainable operation of the Company based on the channel network the Company holds in the international market.

5.2 Market, Production and Sales Overview

(I) Market analysis

1. Sales regions of the Company's main products

Unit: NTD thousand

Year	2023	
Value		
Item	Value	%
Export revenue		
America	93,189,417	92
Europe	2,271,257	2
Australia	2,820,801	3
Asia	690,648	1
Others	193,821	-
Subtotal	99,165,944	98
Domestic sales revenue	2,090,657	2
Total	101,256,601	100

2. Market share:

Ta Chen Stainless Steel Group is a primary distributor of stainless-steel materials, aluminum materials and industrial fasteners. Sales of the Group can be found in more than 50 countries across the world. Nonetheless, it remains insufficient compared to that of the vast international market of stainless-steel materials, aluminum materials and industrial fasteners. However, the focus of the operation of Ta Chen Stainless Steel Group is mainly based on the American market. Its American subsidiary, Ta Chen International Inc. (hereinafter referred to as "TCI") specializes in stainless steel and aluminum channel trading. In the part of stainless steel, TCI is the largest primary stainless-steel product distributor in the USA. In the part of aluminum, TCI acquired ERI in May 2017 and acquired the plant under Alcoa in October, 2018, whose aluminum sales accounts for more than half of the market share of non-continuous casting general-purpose aluminium. Furthermore, Brighton-Best International, Inc. (hereinafter referred to as "BBI-USA") is also the largest primary industrial standard fastener distributor in the USA.

3. Supply, demand and growth of the market in the future:

The Company specializes in the production of welded stainless-steel pipes and components. Under the effort of all employees, the Company has become one of the most important supply in the production of welded stainless-steel pipes and components in Taiwan. 100% of the products are exported. The main export country is the American market, with certain market share in markets such as that of Europe, Australia, Southeast Asia, Africa and Israel. Stainless-steel pipes and components are mainly used in the petrochemical and food industries as stainless-steel possess the metal characteristics of being non-corrosive and anti-rust. Therefore, many industries have gradually chose to use stainless-steel pipes in order to increase the service years of which. The industry holds great promises. The Company is a professional manufacturer of stainless-steel welded pipes. Competitiveness can be greatly increased with reduced production costs with excellent product quality and the construction of a sales economy.

After the listing of the Company, channels for capital acquisition becomes smoother. Through active use of the long-established sales channel in foreign countries, America's largest stainless-steel product channel enterprise is constructed. The Company has established shipping warehouses in 8 major cities in the USA (Los Angeles, Chicago, Houston, Atlanta, Florida, Philadelphia, Seattle, Cleveland). After years of effort and a rigorous and strict information linkage control system, the Company can monitor the channel sales in the USA accurately in Taiwan, providing the

basis for adjustments of pricing according to instant feedback of the market at all times.

This year, upon customers' completion of destocking and increasing basic industrial demand in the USA, the Company expects to keep growing relying on the strengths residing in marketing channels and integrated production and sales.

4. Advantages and disadvantages of competitive niche, countermeasures and development prospects of market shares:

(1) Competitive niche

A. Geographical advantage, being able to negotiate with buyers and sellers on pricing

The Company is located in Southern Taiwan, which is close to the production center in mainland China and Southeast Asia. From its location, the Company acts as a supply center of stainless-steel materials, aluminum materials and fasteners, so as to seek out for the best source of products to expand supply basis. In terms of analysis on procurement bargaining ability, Asia is the supply center of stainless-steel materials and fasteners. Asian countries are export-oriented, presenting a buyer-oriented market. However, the Group is the largest stainless-steel and industrial fastener channel enterprise in the USA. The economic scale of sales performance of the Group attracts stainless-steel products and industrial fastener manufacturers across the globe for their products to be sold to the USA through the Group's subsidiaries, TCI and BBI-USA, making them the best sales channels. Moreover, as the Group has a large procurement demand for secondary channel industry, it is also beneficial to the bargaining capability of the Company, giving its pricing stronger market competitiveness. Furthermore, the Company complies with recent trends of globalization and integration. Apart from integrating vertically with upstream manufacturers of its product groups, the Company also ships low-cost high-quality products to places of high profit and demand, displaying a strong management ability of the international supply chain. In the scale of economies, the Company provides one of the most competitive advantages in local procurement costs, reducing downstream channel operation costs effectively. The level of dependency and convenience is relatively higher for purchasing customers. Therefore, in terms of bargaining capability with purchasing customers, the Company is more than adequate in the area of expertise.

B. Strong logistics coordinating ability

The Company owns an e-commerce platform and a total of 41 physical warehouses across the globe. As a result, the Company can integrate the complex procedures of commercial flow management, logistics management and product information management into a 24-hour e-commerce operation and management. Around 80% of the Company's customers order online, which not only raises operation efficiency, but also lowers operation costs; also, orders made in the morning can be delivered in the afternoon of the same day, freeing customers of the problem of least procurement amount or stocking period. The Company thus becomes the virtual warehouse of customers, deepening the partnership relationship between which. This e-commerce platform system and vast physical warehouses are not built in a few years' time. Also, with the domination of the Ta Chen Stainless Steel Group in the American market, the space for operation of emerging enterprises or that with a smaller scale has been compressed. In other words, the entry barrier for the American market is relatively high, ensuring the competitive advantage for the Ta Chen Stainless Steel Group in the industry.

(2) Advantages

A. The American market has the advantage of economic scale

Looking back into the developing experience of channel industries across the world, key to the industry is the formation of an economic scale, so as to achieve the needed capability and channel brand value to bargain with buyers. Ta Chen Stainless Steel Group is already in a leading position in the league of major

enterprises of stainless-steel materials, aluminum materials and industrial fasteners, occupying a dominant portion of market share, thereby gradually displaying a more significant economic scale. For now, the Group has already established many distribution networks in the USA, with more than 3,800 customers, thereby strengthening the Group's capability and channel brand value to bargain with buyers. With the growth of its operating scale, the unit operating costs are decreased by year, making the Group one of the most competitive enterprise in the industry. By such, the Group can assist downstream channel enterprises to lower operating costs efficiently, which is an advantage no small-scale enterprises can offer. Moreover, in terms of potential competitors, as the construction of channels is both of a high cost and hard, especially as Ta Chen Stainless Steel Group is the dominant enterprise in America's primary wholesale market, operation of emerging enterprises in the future is relatively limited, resulting in limited influence of which on the overall stainless-steel materials and industrial fastener market.

B. Having a category economic potential

Apart from economic scale, another key to channel industry is the formation of a category scale, so as to provide customers with a complete one-stop purchase solution. Ta Chen Stainless Steel Group currently possess international competitiveness in the channel service expertise. When the Group was first established, channel services were based only on stainless-steel valves, the supply of products such stainless-steel materials, industrial fasteners, aluminum alloy materials and industrial tools were gradually added by year. The type of products supplied now has already reached more than 70,000. Furthermore, with the help of physical warehouses and e-commerce system, the Group developed category economy effectively, thereby lowering operating costs. Also, the Company is planning to further fulfill the complete procurement demand of customers in industrial components. The Company will expand its supply range to industrial hardware components through its existing advantaged supply channels, reaching the desired category scope with half the effort needed.

C. Internationalized supply chain management capability

In terms of channel enterprises, apart from the economic scale and scope economy of products, key to the success for channel enterprises is the supporting operational capability of the management of channels and products; in other words, companies only with the hardware (channels, products) and lack of a supporting software (operational management capability) is sure to fail as a channel enterprise. The nature of the channel industry is to obtain products from upstream suppliers, fulfill the needs of downstream customers through established channel networks in the right quantity, quality, timing and integration of services. Sales channel networks require structural efforts. In order to smoothen the delivery of products, channel enterprises must consider cross-national operation as multi-national supply chain management capability is key to success in the channels industry. Upon basis of Ta Chen Stainless Steel Group's long-term development of physical channels and e-commerce platform, the Group possesses unique cross-national supply chain management capability. With the development of a comprehensive information management system, information of suppliers can be systemized, and the procedures from ordering, finishing to delivery can be monitored by a systematic network; downstream channel enterprises can quote, order, inquire about made orders through such system. The interface design of which allows customers to easily locate desired products. Customers can also make use of product codes they have to search for products provided by Ta Chen Stainless Steel Group. They can link to the Ta Chen Stainless Steel Group system easily, and know if the Group provides their desired products, as well as the expected date of delivery so as to monitor the preceding operations at all times. The construction of this e-commerce management platform and comprehensive information management system was not completed in a short period of time. Entry barrier for which is relatively high, creating a distinct advantage for the Group in the industry.

(3) Disadvantages and countermeasures

A. International enterprise, large risk in currency exchange rates

As an international channel enterprise, Ta Chen Stainless Steel Group sets its procurement center of Asia in Taiwan for exports to sale points of subsidiaries in Europe, America and Australia. For its operation, the Group cannot completely evade the risk of currency exchange rates. However, in recent years, the Company strives to lower the risk of currency exchange rates by gradually using USD for all procurements. The use of USD has been adopted to more than 80% of the Company's procurements, thereby decreasing the USD exposure ratio; furthermore, in order to ensure the local competitiveness of subsidiaries, sales to the subsidiary of another country shall be mainly made in local currencies. Therefore, the parent company is subject to the risk of currency exchange rates for accounts receivable of non-American subsidiaries, creating uncertainties for the Company's profit earnings.

Countermeasure:

The Company employs professional personnel for control of execution by collecting relevant information on changes in currency exchange rates and predictions of which to its fullest. Furthermore, in order to reduce the risk of currency exchange rates, the Company adopts actual countermeasures. Apart from paying for purchases in the same currency for natural safe haven effect, the Company also expands foreign currency financing quota and strive for goals such as continuing to improve the foreign exchange hedging operation mode.

B. Stainless-steel and aluminum materials can be easily influenced by fluctuations of pricing in the nickel and aluminum market

Ta Chen Stainless Steel Group belongs to the channel industry of stainless-steel materials and aluminum materials. Amongst which, the market price of stainless-steel materials and aluminum materials are highly positively correlated with the pricing of nickels and aluminum metals respectively. In recent years, apart from the impact imposed by the loose monetary policy of the different countries, which causes international funds to flow from bulk supplies, nickel and aluminum metal manufacturing countries are uncertain about their policies on the mining of nickel and aluminum ores, resulting in abnormal fluctuations in the pricing of nickel and aluminum in the international market. Therefore, great changes can occur to the industry and its profit in a short period of time, increasing the operational risk of the Company.

Countermeasure:

Ta Chen Stainless Steel Group estimates its needed number of expensive metal safe havens according to its inventory and scale of operation. Then, the Group contacts the bank to sign a contract for the exchange of nickel and aluminum metals, canceling out the fluctuations in nickel and aluminum metal prices, thereby achieving a safe haven effect, ensuring normal profit for the Group's products.

C. Prevalence of international trade protectionism

With polarized development of the world's trade, on one end countries are actively promoting international cooperation for free trade agreements in order to release one another of tariff restrictions. On the other end, countries are building trade barriers via anti-dumping or countervailing taxes in order to protect local businesses. In recent years, as Asia has gradually become the supply center for stainless-steel materials, aluminum materials and industrial fasteners, enterprises from Taiwan, mainland China and ASEAN countries are often targeted by Europe and the USA for anti-dumping taxes or investigations. Despite not being the anti-dumping target as the Company belongs to the channel industry, if its suppliers are taxed by anti-dumping or countervailing taxes, the after-tax cost of finished products can be significantly increased. Therefore, the Company must seek out for other suppliers to produce alternative source of materials, resulting in the risk of unsteady incoming goods in the short period of time.

Countermeasure:

The Company is actively seeking out to expand its supply source of goods

through international procurement. Therefore, even if the global trade war happens, the Company can still purchase its needed products locally. Also, in recent years, the ratio of purchase from the top 10 suppliers is gradually reduced by year. It is clear that the phenomenon of the Company's heavy reliance on a single supplier has been reduced effectively, thereby raising freedom in procurement.

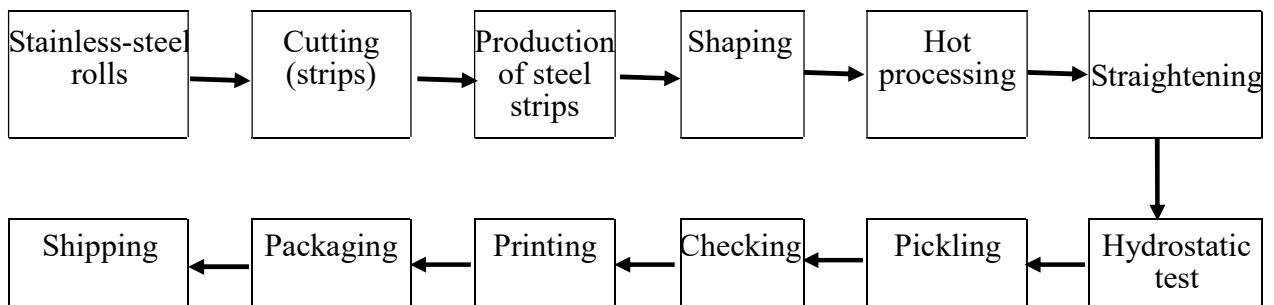
(II) Major use and production process of main products

1. Major use of products:

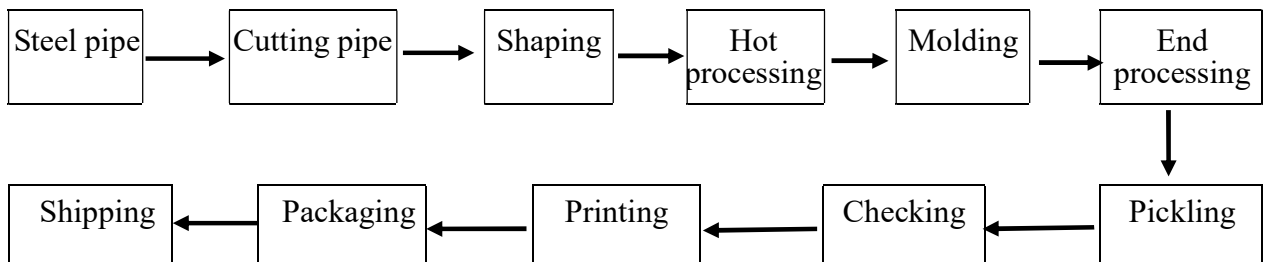
Product	Major use
Stainless steel products	Chemical, medical, pharmaceutical, food and brewery industries, etc.
Screws and screw-nuts	Fasteners and components used in mechanics industry
Aluminum products	Industrial and construction materials
Window decoration & other products	Home decoration and auto industry accessories, etc.

2. Production process:

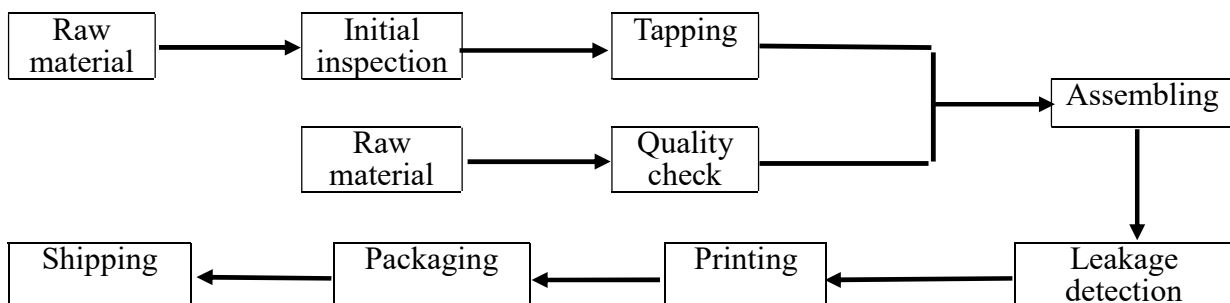
* Stainless-steel pipe:



* Stainless-steel sphere welded pipe component:



* Stainless-steel sphere valve:



(III) Supply of main raw materials

1. Stainless-steel rolls are mainly purchased locally, the ratio of which is also gradually increased. Also, the Company maintains certain procurement relationship with foreign suppliers in case for need. In general, the supply of raw materials in the future is confirmed.
2. The raw material of welded pipe components is stainless-steel pipe produced by the Company's stainless-steel pipe factory. By such, the Company can not only handle 100% of its source of raw materials, the cost of production is also reduced.
3. The raw materials of stainless-steel sphere valves are stainless-steel molded billets. Currently, the Company is operated solely on the processing and assembling of externally purchased raw materials, the source of which is confirmed, resulting in a relatively low operating risk. Also, the Company invested in mainland China's Yi Tai Billet Factory for the supply of molded billets for the production of valves, creating independency on the source of raw materials.
4. The main raw materials of plastic curtain boards are polyethylene. As there are a mass number of local suppliers, the source of purchase is confirmed.

(IV) List of main sales customers in the recent two years

1. Customers with more than 10% of the year's total purchase in the recent two years

Unit: NTD thousand

2022					2023				2024 (until the previous season)			
Item	Name	Value	Ratio in the year's total net purchase (%)	Relationship with the issuing party	Name	Value	Ratio in the year's total net purchase (%)	Relationship with the issuing party	Name	Value	Ratio in the year's total net purchase (until that of the previous season) (%)	Relationship with the issuing party
1	None	-	-	None	None	-	-	None	None	-	-	None
2	Others	97,164,244	100		Others	72,185,975	100		Others	18,330,466	100	
	Total net purchase	97,164,244	100		Total net purchase	72,185,975	100		Total net purchase	18,330,466	100	

Reasons for changes: Changes in customer product demand.

2. Customers with more than 10% of the year's total sale in the recent two years

Unit: NTD thousand

2022					2023				2024 (until the previous season)			
Item	Name	Value (NTD thousand)	Ratio in the year's total net sale (%)	Relationship with the issuing party	Name	Value (NTD thousand)	Ratio in the year's total net sale (%)	Relationship with the issuing party	Name	Value (NTD thousand)	Ratio in the year's total net sale (until that of the previous season) (%)	Relationship with the issuing party
1	RELIANCE	13,324,704	12	None	RELIANCE	10,928,943	11	None	RELIANCE	2,679,337	12	None
2	Others	100,823,866	88		Others	90,327,658	89		Others	20,545,463	88	
	Total net sale	114,148,570	100		Total net sale	101,256,601	100		Total net sale	23,224,800	100	

Reasons for changes: Changes in customer product demand

(V) Production value of the recent two years

Unit: NTD thousand / ton

Main product \ Production	2022			2023		
	Productivity	Output	Output value	Productivity	Output	Output value
Stainless steel products	240,000	208,433	28,762,639	240,000	184,143	25,749,669
Screws and screw-nuts	250,000	248,844	17,303,672	250,000	165,964	11,698,066
Aluminum products	270,000	267,605	35,267,814	270,000	210,398	26,326,753
Window decoration and other products	Note 3	Note 3	652,361	Note 3	Note 3	1,669,399

Note 1: Productivity refers to the quantity that can be produced under normal operation using existing production equipment after the Company's consideration of factors such as necessary stoppage and holidays.

Note 2: The above-listed production value information includes trading transactions.

Note 3: Not applicable due to unit differences.

(VI) Sale value of the recent two years

Unit: NTD thousand / ton

Year Number of productions Main products	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Stainless steel products	1,726	162,939	198,901	42,946,157	5,040	208,224	166,127	35,965,308
Screws and screw-nuts	-	-	180,992	24,669,057	0	0	169,825	22,734,778
Aluminum products	-	-	272,953	45,196,057	0	0	266,610	39,623,276
Window decoration and other products	Note	759,008	Note	415,352	Note	1,882,433	Note	842,582
Total	Note	921,947	Note	113,226,623	Note	2,090,657	Note	99,165,944

Note : Not applicable due to unit differences.

5.3 Employee Information of The Recent Two Years Until Publishing Date of This Annual Report

Year		2022	2023	The current year until March 31 st , 2024
Number of employees	Manufacturing	3,234	3,274	3,224
	Sales	1,022	854	829
	Administration	1,147	1,114	1,095
	Total	5,403	5,242	5,148
Average age		41.04	41.69	42.16
Average seniority of laborers		8.68	9.47	9.59
Distribution ratio of education	PhD	0.02%	0.00%	0.00%
	Master	3.04%	2.76%	3.01%
	Undergraduate/Coll ege	31.20%	29.97%	30.32%
	High school	46.84%	48.84%	48.23%
	Below high school	18.90%	18.43%	18.44%

5.4 Information of Environmentally Friendly Expense

- (I) In the recent year until publication of this annual report, total losses and punishment due to environmental pollution: None.
- (II) Countermeasures and future possible expenses:
1. The Company currently leads to no pollution situation.
 2. In order to implement environmental protection, the Company prepared the budget in the control over pollution and waste and disposal thereof each year. Apart from improvements made by the

Company in areas for improvement according to punishments made by environmental protection related units in the past, the Company also entrusts relevant units to process wastes regularly and conduct inspection tests. For now, the wastewater treatment equipment and dust collection equipment of each plant have been purchased, assembled and completed. It is estimated that in the future, no major environmental protection expenses will be required apart from maintenance fees of relevant environmental equipment.

5.5 Labor Relationships

(I) Employee welfare measures:

1. Existing employee work regulations of the Company is based on regulations of the Labor Standards Act. The Company often refers to the salary level of the industry, price index, military and education treatment in recent years for adjustments of salary, in order to ensure that its salary adjustments remain above average.
2. Apart from labor insurance, universal health insurance and vacation system, the Company also established an employee welfare committee to handle employee welfare matters. Apart from distribution of irregular welfare activities, fixed welfare measures of the Company include: employee domestic vacation, three bonus gifts, birthday bonus, pension, wedding and funeral allowances, etc.
3. Provide free organic vegetarian lunches. The remaining of which can be taken away by employees.

(II) Welfare plan after retirement:

1. Defined contribution plan

In the consolidated company, the Company and its subsidiary, Brighton-Best International (Taiwan) Inc. is subject to the pension system of Taiwan's "Labor Pension Act", which belongs to the defined contribution plan managed by the government. According to which, the Company shall contribute 6% of the monthly salary of the employee to the individual account at the Bureau of Labor Insurance.

For employees of the subsidiaries of the consolidated company in mainland China, the UK, Canada and Brazil, they belong to the pension plan operated by the local government. The subsidiary shall contribute a certain ratio of the employee's salary cost to the pension plan for providence of the plan. The consolidated company is solely responsible for the contribution of certain amounts of value of the government operated pension plan.

For employees of the consolidated company in its American local subsidiary, the local government has established an employee pension (401K Profit Sharing Plan) for voluntary participation amongst formal employees with more than 12 months of working experience at the Company and over 21 years of age (inclusive). The Company shall contribute the relevant pension for the Plan.

2. Defined welfare plan

The Company is subject to the pension system of Taiwan's "Labor Standards Act" for a defined welfare plan. Payment to the employee's pension is according to his or her years of service and average salary 6 months before the approved retirement day. The Company contributes 15% of the employee's monthly net salary to his or her pension fund. (In April 2024, the Supervisory Committee of Labor Retirement Reserve assessed and approved an adjustment to the contribution rate as 2% based on the actuarial report.) The contribution is submitted to the personal account at the Bank of Taiwan by the Committees of Workers' Retirement Preparation Funds of Business Entities in the name of which. The Bureau of Labor Funds, Ministry of Labor will invest the plan assets to local (foreign) equity bonds, debt bonds and bank savings on its own and entrusted management. According to regulations on the retention and usage of labor retirement pensions, the minimum income of annual final settlement of which shall not be less than fixed profit of local banks in 2 years.

Since the implementation of the Labor Pension Act on July 1st, 2005, the Company adopted a defined contribution system. After the implementation of which, employees can choose to comply with the applicable pension regulations of the Labor Standards Act or retain the experience of working at the Company before implementation of which and the pension system of the Act. For employees that apply to the Act, the Company is responsible for the monthly contribution of employee pension, which shall not be less than 6% of the employee's monthly salary.

(III) Employee training:

Apart from the compulsory training according to content of work, the Company also encourages newcomers to participate in training courses for employees' vocational abilities. When the suitable training courses are made available, the Company also send employees for the participation of which to improve working efficiency.

(IV) Agreement between labor and management, and the maintenance measures of various employee rights:

Communication channel of the Company between labor and management is smooth. The Company also values and implements agreements made between labor and management fully. The Company

protects the various employee rights, and process which according to the relevant legal regulations.

- (V) Losses due to labor and management disputes in the recent year until publication date, estimated value and content of current and future possible countermeasures:
The Company always regards employees as the Company's most valuable assets, attaches great important to the future development of which and maintains a harmonious relationship between labor and management. No losses have occurred out of labor and management disputes.

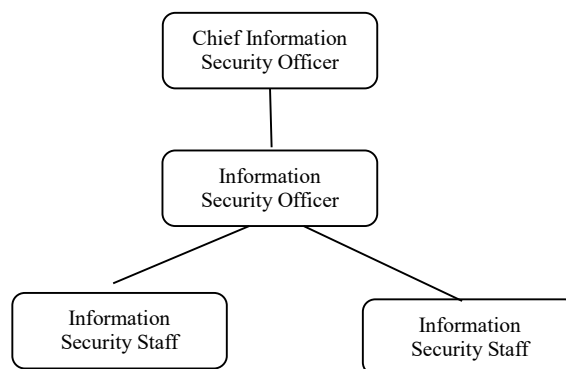
5.6 Cyber security management

(I) Cyber security management strategy and framework

1. Cyber security risk management framework

Ta Chen Stainless Pipe Co., Ltd. (hereinafter referred to as the "Company") has established the "Information Security Organization" and also the "information security policy." The "Information Security Organization" appoints one Chief Information Security Officer leading one dedicated Information Security Officer and two Information Security Staffs. The organization is responsible for executing the information operation security management planning, establishing and maintaining the information security management system, handling the overall planning about information security and protecting the enactment and execution of related policies, risk management and audit on compliance.

(1) Information Security Organization:



(2) Job descriptions:

I. Chief Information Security Officer.

- Authorization and supervision of cyber security management policies and objectives.
- Authorization of annual work plans on cyber security.
- Supervision of cyber security protective measures.
- Review and supervision of cyber security incidents.

II. Information Security Officer

- Research of cyber security policies and objectives.
- Preparation of annual work plans on cyber security.
- Communication of the Company's cyber security policies and objectives.
- Responsible for promoting the businesses including internal cyber security audit and education & training.
- Responsible for establishing the cyber security protective facilities, reporting cyber security incidents and promoting response business.
- Responsible for the execution of the Company's obligation to comply with the requirements posed by the competent government agencies or specific non-government agencies under their charge.

III. Information Security Staff

- Execution of regulations & procedures and systems related to information security.
- Execution of data and cyber business security protection practices.
- Execution of cyber security incident reporting and response mechanism.
- Tally of and risk assessment on information and cyber businesses.
- Research and establishment of, and assessment on, the cyber security technology.

2. Information security policy

(1) Information security management strategy and framework

The Company's information security policy covers the Company and all companies in the Group. The information security objectives are stated as follows:

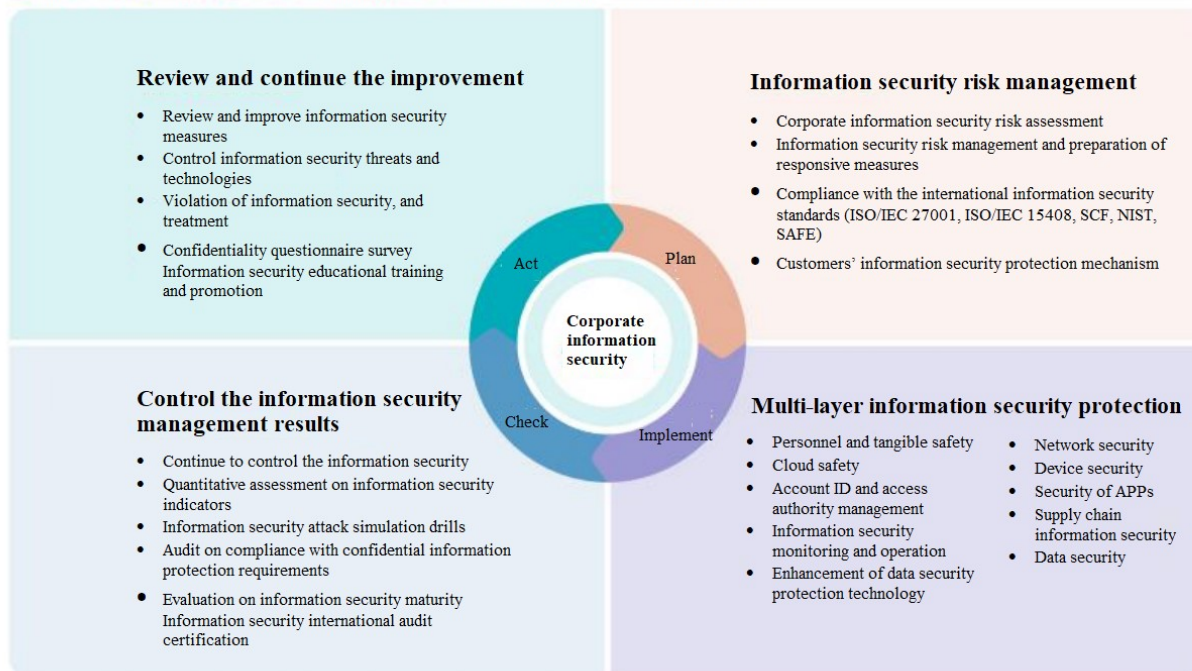
- I. Keep the information system continue operating.
- II. Prevent the invasion and destruction of hackers and viruses, etc.
- III. Prevent improper intention and unfair use.
- IV. Avoid accidents caused by human errors.
- V. Maintain the physical environmental security.

The Company's information security policy covers: Organization and division of labor and responsibilities, personnel management and education & training, computer system management, network management, system access management, system development and maintenance management, information asset security classification, physical and environmental management, and backup and recovery plans.

The Company's information security management practices aim at the five major information security protection themes, including anti-virus, anti-hacking, non-disclosure, business continuity and physical security, including establishment of firewalls, intrusion detection, anti-virus systems, and performance of social engineering drills, etc., to keep improving the Company's defense against external attacks, ensure the internal confidential information protection ability and enhance personnel's information security awareness.

(2) Information security risk management and continuing improvement framework

In 2023, the Company implement and build the complete Information Security Management System (ISMS) in order to mitigate the corporate information security threats from the aspects including system, technology, and procedure, establish the information security protection environment in line with customers' needs, and keep implementing the "Plan-Do-Check-Act" (PDCA) cycle for continuous improvement.



(3) Concrete management programs

In order to achieve the information security policies and objectives, and establish the comprehensive information security protection, the management practices and specific management programs promoted by the Company are stated as follows:

I. Network security

Implement the firewall equipped with online monitoring functions to control the data transmission and access to resources between outsiders and the Company's intranet. Start the planning to retain external consultants to scan vulnerabilities, fix risks and simulate hackers' skills to conduct penetration tests, in order to find possible potential risks, and continue to improve the network management and network security.

II. Device security

The Company's important host equipment are all placed in the control room equipped with access control measures.

III. Security of APPs

The Company's main application system, ERP, supports the Company's business, accounting, procurement, general affairs, accounts, control over supplies, warehouse, personnel and production reporting, are all handled by the Company's development team. Meanwhile, the Company introduces the version control tools to ensure the security of APPs.

IV. Data security

In order to ensure the data security, the Company doesn't provide remote login directly, Adopt the mandatory multi-factor authentication (MFA) for e-mail transmission and reception to prevent data from being spied or intercepted when they are transmitted over the line. Meanwhile, it introduced the AI tool to guard the Company's information security. In order to prevent others from peeping or catching the data when the data is transmitted via phone or Internet. Meanwhile, it implements the AI tool, Darktrace, to guard the Company's information security. Meanwhile, in order to ensure that the confidential and sensitive data contained in any scrapped media will not be disclosed to the public, the company has established the "Regulations Governing Management of Scrapping of Media." When any server host or storage medium is scrapped, the Company's dedicated department is responsible for removing the data and information, degaussing or using tools to remove the data. If it is impossible to do so, the Company shall wreck the same physically to ensure that the data have been destroyed in whole. The whole destruction process shall be recorded and supervised by

dedicated personnel.

V. Backup device

Install backup hosts in different buildings of the data center at the factory premises; perform the backup of necessary data and software of the equipment in the data center regularly to recover the normal operations rapidly through the backup data and maintain the Company's important operating activities, if it is impossible for the machine and equipment in the data center to operate normally due to force majeure, such as earthquake, fire, and intentional damage. Meanwhile, in order to enable the personnel to be sufficiently competent to respond to any accident suffered by the Company, the Company has established the "Disaster Recovery Plan" and exercised the recovery drills regularly, and recorded and followed up the relevant situation.

VI. Backup environment

There are two important hosts and firewalls in the Company's data center. Meanwhile, the HA architectures can serve as the backup for each other. In order to ensure the safety and stable operation of the important equipment and device, the Company executed formal contracts with suppliers. For example, Systex Software and Dell Technologies are both the suppliers executing the long-term maintenance service contracts with the Company, in order to secure the stability and complete functions of the server for the Company. Meanwhile, in order to receive the support rapidly, the Company also executed the contract about response to data and application systems with the supporting suppliers.

VII. Information security management system

In 2023, the Company retains external consultants to help the implementation and promotion of the Company's ISMS. The "Information Security Organization" convenes the management review meetings to review the information security risk analysis results and take corresponding protective measures and programs to ensure the applicability, adequacy and effectiveness of the continuing operation of the information security management system, and report the information security management results and information security strategic orientation to the Board of Directors each year for regular review and amendments.

(4) Efforts spending for cyber security management

The implementation results and follow up planning of the information security measures in 2023

I. Information security policy:

Re-check and amend/add the contents in 2022. Retain external consultants and focus on ISO 27001 to establish the complete information security management regulations in 2023.

II. The Company's dedicated department shall perform 2 social engineering drills for the colleagues throughout the Company.

III. Renew the backup software contract to ensure the Company's normal backup operations.

IV. Procure servers to ensure that the Company's hardware supports the Company's operations stably.

V. Nutanix hyper-converged construction and relocation project

VI. Retain external technical consultants to execute the database health checkup.

VII. Procure the license of anti-virus software for one-year period to enhance the anti-virus mechanism.

The resource and amount invested in said cyber security management have amounted to NT\$19,650,543 in total.

(II) Cyber security risk and responsive measures

1. Risk over information technology security, and management measures

The Company has established the comprehensive network and computer-related information security protection measures. Notwithstanding, it cannot guarantee that the

computer system which controls or maintains the important business functions, such as manufacturing, sales operations and accounting, of the Company's factories can absolutely evade any third parties' cyber attacks that intend to paralyze the system, or any illegal invasion to the Company's intranet to engage in activities undermining the Company's operations and injuring the Company's goodwill. Considering that under any serious cyber attack, it is impossible for the system to continue supporting operations, the Company might lose important data, and the production line might be shut down accordingly, the Company continues to review and evaluate its information security regulations and procedures to ensure the adequacy and effectiveness thereof. Notwithstanding, they cannot guarantee that no impact will be posed by emerging new risks and attacks to the Company amid the ever-changing information security threats. Hackers might launch attacks in an attempt to steal the Company's business secrets and other confidential information, e.g. The proprietary information of customers or other stakeholders, and the personal data of the Company's employees. Hackers are also likely to implement computer virus, destructive software or ransomware into the Company's network system, in an attempt to interrupt the Company's operations, blackmail or extort the Company for the right to control the computer system, or spy on the Company's confidential information. These attacks might cause the Company to pay damages to customers for the losses resulting from delay or interruption of orders, or to bear huge expenses for remedy and improvement, in order to improve the Company's network security system, and might also cause the Company to be involved in the disclosure of the information of employees, customers or third parties for whom the Company shall bear the confidentiality obligation and to bear significant legal liability for any legal action or regulatory investigation therefor.

In order to prevent and mitigate the damage caused by such attacks, the Company practices relevant improvement measures and keeps updating the same in terms of the three indicators, i.e. management, technology and personnel.

(1) Management:

As a TWSE listed company, the Company has established an internal control system for the information circulation. It also retains external auditors to assess the Company's computer security environment each year. In order to improve the management further, in 2023, take into account the practices suggested by the best practice standards under ISO 27001, ISO 27002, establish more complete information security management regulations, and keep implementing the "Plan-Do-Check-Act" (PDCA) cycle for continuous improvement.

(2) Technology:

Improve the network firewall and network controls to prevent the computer viruses from spreading across machine and factory premises; establish endpoint anti-virus measures subject to the computer type; plan to conduct regular scans of vulnerability and penetration tests in the entire system architecture to discover any vulnerability and potential risks voluntarily, and then fix and respond to the same.

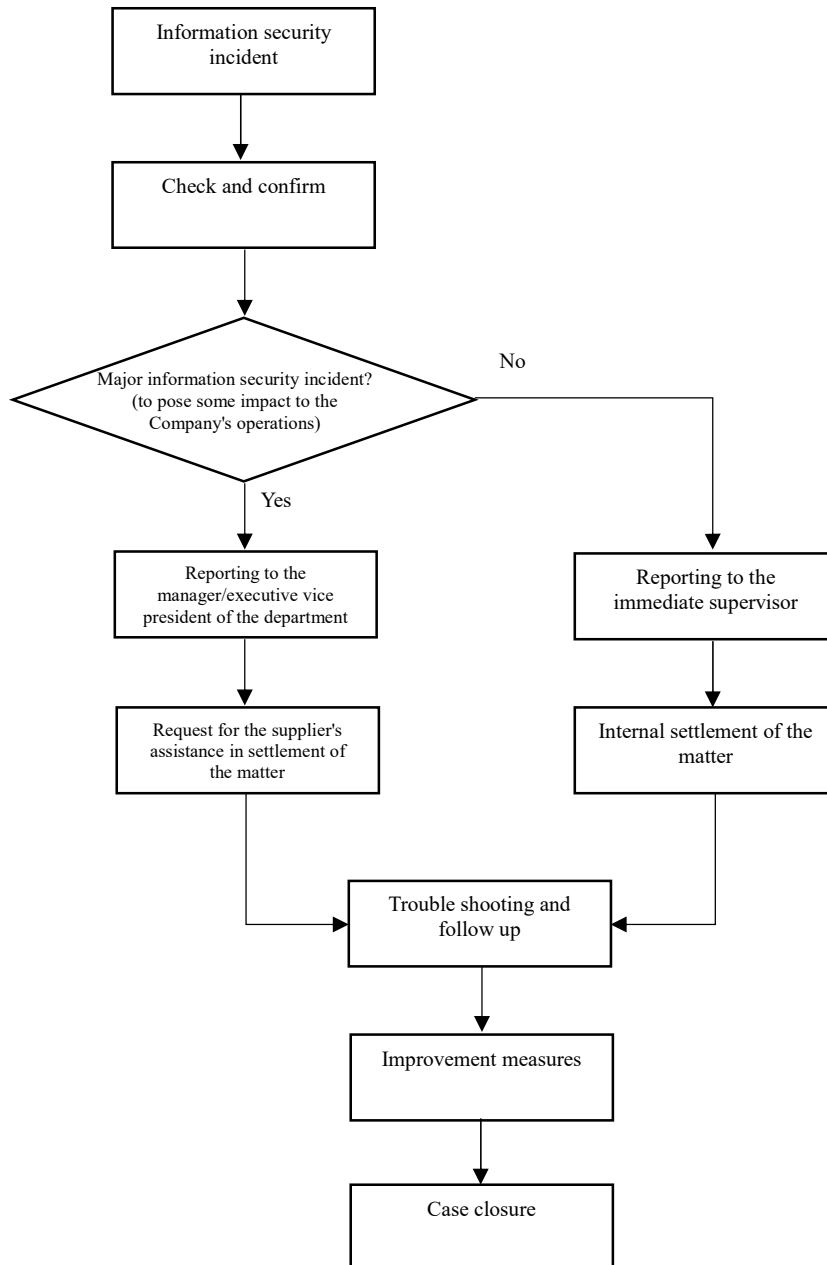
(3) Personnel:

For the internal personnel, exercise the social engineering drills to improve employees' information security awareness and avoid opening phishing emails negligently; for the external personnel, the service contract executed by the Company with any third-party service contractor would require them to comply with the confidentiality and network security requirements. Notwithstanding, as it cannot guarantee that each third-party service contractor will strictly comply with the obligation, the Company chooses to work with large-scale and renowned system maintenance service providers. In the future, the Company will also improve the suppliers' evaluation practices to regularly assess the services provided by the suppliers, the level of risk over their access to the Company's information assets, and the service level, in order to mitigate the risk over the material adverse effects, including the loss

caused to the Company by a third party’s intentional or negligent disclosure of the Company's important data, the damage to the commitments of the Company to customers and other stakeholders, and hazard caused to the Company's operating results, financial position, outlook and goodwill.

(III) Material cyber security incidents

No material cyber security incident has arisen in 2023. Notwithstanding, the Company has established the “Material Information Security Incident Reporting” regulations, procedures and follow up requirements:



(IV) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

5.7 Important Contracts

Nature of contract	Litigant	Period of contract	Main content	Restrictions
The Company – Syndicated Credit Borrowing Contract	17 banks such as Chang Hwa Bank	January 2023 to January 2028	Total credit NT\$15,600,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.
Subsidiary, Ta Chen International, Inc.(TCI) – Syndicated Credit Borrowing Contract	JPM Bank Syndicated Loan	May 2017 to November 2026	Total credit US\$975,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.
Second-tier Subsidiary, BBIUS – Syndicated Credit Borrowing Contract	13 banks such as East West Bank	August 2013 to August 2026	Total credit US\$260,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.
Subsidiary, Brighton-Best International Inc. (Taiwan) – Syndicated Credit Borrowing Contract	27 banks such as Chang Hwa Bank	February 2021 to February 2026	Total credit NT\$5,725,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.
Subsidiary, TCI Texarkana, Inc.(TKA) – Syndicated Credit Borrowing Contract	FIRST COMMERCIAL BANK Syndicated Loan	March 2022 to August 2028	Total credit US\$318,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.

6. Financial Overview

6.1 Concise Balance Sheet, Consolidated Income Statement, Auditors' Name and Comment of The Recent Five Fiscal Years:

(I) Concise Balance Sheet and Consolidated Income Statement - International Financial Reporting Standards

(1) Consolidated Concise Balance Sheet

Unit: NT\$ thousand

Year Item		Financial information of the recent five years (Note 1)					Financial information of the recent year until March 31 st , 2024 (Note 3)
		2019	2020	2021	2022	2023	
Liquid assets		73,025,839	66,685,297	76,438,873	99,046,172	82,402,701	83,544,236
Real estates, plants and equipment (Note 2)		14,275,332	14,168,485	13,894,593	22,992,358	29,301,180	31,244,360
Intangible assets		6,793,276	5,940,074	5,733,239	6,082,881	5,773,099	5,912,359
Other assets (Note 2)		9,229,212	11,337,629	13,004,460	18,324,675	17,638,332	17,289,374
Net asset		103,323,659	98,131,485	109,071,165	146,446,086	135,115,312	137,990,329
Liquid liability	Before distribution	22,500,730	22,929,881	20,340,835	34,420,691	27,994,397	26,238,169
	After distribution	23,734,521	24,256,653	23,956,074	39,289,212	27,994,397	26,238,169
Non-liquid liability		45,307,704	38,244,648	34,304,214	38,128,200	32,641,606	32,999,386
Net liability	Before distribution	67,808,434	61,174,529	54,645,049	72,548,891	60,636,003	59,237,555
	After distribution	69,042,225	62,501,301	58,260,288	77,417,412	60,636,003	59,237,555
Equity belonging to the parent company		25,661,158	28,477,735	49,025,210	63,261,980	63,059,997	66,690,382
Share capital		12,337,901	16,584,659	20,084,659	20,285,505	24,342,606	24,342,606
Additional paid-in capital	Before distribution	9,523,679	12,354,362	22,993,816	22,783,377	23,001,551	23,000,824
	After distribution	9,338,610	11,027,590	22,993,816	22,783,377	23,001,551	23,000,824
Retention Surplus	Before distribution	6,043,938	4,167,094	13,835,493	21,933,621	18,361,404	19,572,032
	After distribution	4,748,458	4,167,094	10,019,408	13,007,999	18,361,404	19,572,032
Other equity		(1,353,600)	(3,495,519)	(3,883,805)	2,733,151	1,740,595	4,161,079
Treasury stock		(890,760)	(1,132,861)	(4,004,953)	(4,473,674)	(4,386,159)	(4,386,159)
Non-control equity		9,854,067	8,479,221	5,400,906	10,635,215	11,419,312	12,062,392
Equity	Before distribution	35,515,225	36,956,956	54,426,116	73,897,195	74,479,309	78,752,774
	After distribution	34,281,434	35,630,184	50,810,877	69,028,674	74,479,309	78,752,774

Note 1: The financial statements of these years are audited by CPAs.

Note 2: The Company has not yet handled the asset revaluation.

Note 3: Reviewed by an audit accountant.

Note 4: For the above-mentioned after distribution value, according to decision of BOD or the shareholders' meeting of the year.

Note 5: Profit Distribution for 2023 is pending for resolution from the shareholders' meeting.

(2) Consolidated Income Statement

Unit: NT\$ thousand
(Except surplus per share is in NT\$)

Item \ Year	Financial information of the recent five years (Note 1)					Financial information of the recent year until March 31 st , 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	77,874,374	59,234,909	96,886,248	114,148,570	101,256,601	23,224,800
Gross profit	14,284,805	8,934,740	29,070,697	31,037,577	19,456,797	3,983,326
Operating profit and loss	5,406,763	1,822,767	18,936,611	18,526,202	8,855,974	1,362,743
Non-operating income and expenses	(2,277,490)	(1,903,179)	(3,522,117)	660,021	752,366	588,977
Pre-tax income	3,129,273	(80,412)	15,414,494	19,186,223	9,608,340	1,951,720
Continuing operations Net income	2,392,204	(101,458)	11,562,428	14,398,864	6,810,544	1,444,638
Loss of discontinuing operations	-	-	-	-	-	-
Net profit (loss)	2,392,204	(101,458)	11,562,458	14,398,864	6,810,544	1,444,638
Other comprehensive profit and loss(after-tax net value)	(1,215,807)	(2,348,879)	(602,322)	7,428,814	(959,454)	2,715,803
Net comprehensive profit and loss	1,176,397	(2,450,337)	10,960,106	21,827,678	5,851,090	4,160,441
Net profit belongs to Parent company owner	1,820,776	(573,421)	9,672,917	12,025,615	5,330,802	1,082,689
Net profit belonging to non-control equity	571,428	471,963	1,889,511	2,373,249	1,479,742	361,949
Net comprehensive profit and loss belonging to parent company owner	672,113	(2,698,520)	9,281,689	18,717,412	4,360,849	3,508,049
Net comprehensive profit and loss belonging to non-control equity	504,284	248,183	1,678,417	3,110,266	1,490,241	652,392
Earnings per share	1.46	(0.44)	5.69	5.15	2.30	0.47

Note 1: The aforementioned financial statements of previous years have been audited and certified by an audit accountant.

Note 2: Certified by an audit accountant.

(3) Brief asset of individual

Unit: NT\$ thousand

Year Item		Financial information of the recent five years (Note 1)				
		2019	2020	2021	2022	2023
Liquid assets		8,412,984	8,265,179	19,091,801	18,247,061	18,471,479
Real estates, plants and equipment (Note 2)		3,249,516	3,243,281	3,389,724	4,577,470	4,576,860
Intangible assets		-	-	-	-	26,721
Other assets (Note 2)		36,276,754	35,511,141	39,633,710	57,533,810	61,418,745
Net asset		47,939,254	47,019,601	62,115,235	80,358,341	84,493,805
Liquid liability	Before distribution	11,351,933	9,450,735	9,721,871	14,582,260	12,097,168
	After distribution	12,585,724	10,777,507	13,337,110	19,450,781	12,097,168
Non-liquid liability		10,926,163	9,091,131	3,368,154	2,514,101	9,336,640
Net liability	Before distribution	22,278,096	18,541,866	13,090,025	17,096,361	21,433,808
	After distribution	23,511,887	19,868,638	16,705,264	21,964,882	21,433,808
Share capital		12,337,901	16,584,659	20,084,659	20,285,505	24,342,606
Additional paid-in capital	Before distribution	9,523,679	12,354,362	22,993,816	22,783,377	23,001,551
	After distribution	9,338,610	11,027,590	22,993,816	22,783,377	23,001,551
Retention Surplus	Before distribution	6,043,938	4,167,094	13,835,493	21,933,621	18,361,404
	After distribution	4,748,458	4,167,094	10,019,408	13,007,999	18,361,404
Other equity		(1,353,600)	(3,495,519)	(3,883,805)	2,733,151	1,740,595
Treasury stock		(890,760)	(1,132,861)	(4,004,953)	(4,473,674)	(4,386,159)
Non-control equity		-	-	-	-	-
Equity	Before distribution	25,661,158	28,477,735	49,025,210	63,261,980	63,059,997
	After distribution	24,427,367	27,150,963	45,409,971	58,393,459	63,059,997

Note 1: The financial statements of these years are audited by CPAs.

Note 2: The Company has not yet handled the asset revaluation.

Note 3: For the above-mentioned after distribution value, according to decision of the shareholders' meeting of the year.

(4) Brief comprehensive profit and loss of individual

Unit: NT\$ thousand

(Except earnings per share is in NT\$)

Year Item	Financial information of the recent five years (Note)				
	2019	2020	2021	2022	2023
Operating revenue	7,584,694	6,237,417	15,232,827	14,587,913	9,545,301
Gross profit	1,198,313	821,184	3,472,619	5,105,281	2,939,216
Operating profit and loss	610,141	287,146	1,600,661	2,984,598	2,255,166
Non-operating income and expenses	1,304,001	(889,301)	8,391,575	9,795,066	3,728,591
Pre-tax income	1,914,142	(602,155)	9,992,236	12,779,664	5,983,757
Net income of continuing operations	1,820,776	(573,421)	9,672,917	12,025,615	5,330,802
Loss of discontinuing operations	-	-	-	-	-
Net profit (loss)	1,820,776	(573,421)	9,672,917	12,025,615	5,330,802
Other comprehensive profit and loss (after-tax net value)	(1,148,663)	(2,125,099)	(391,228)	6,691,797	(969,953)
Net comprehensive profit and loss	672,113	(2,698,520)	9,281,689	18,717,412	4,360,849
Earnings per share	1.46	(0.44)	5.69	5.15	2.30

Note: The aforementioned financial statements of previous years have been audited and certified by an audit accountant.

(II) Name and audit opinions of audit accountant in the recent five years:

Audit year	Name of accounting firm	Name of audit accountant	Audit opinion
2019	Deloitte & Touche	Chun-Chi, Kung, Hung-Ju, Liao	Unqualified opinion
2020	Deloitte & Touche	Hung-Ju, Liao, Chao-Chin, Yang	Unqualified opinion
2021	Deloitte & Touche	Ji-Jen, Li, Chao-Chin, Yang	Unqualified opinion
2022	Deloitte & Touche	Ji-Jen, Li, Chao-Chin, Yang	Unqualified opinion
2023	Deloitte & Touche	Ji-Jen, Li, Chao-Chin, Yang	Unqualified opinion

6.2 Financial Analysis of The Recent Five Fiscal Years:

Financial analysis - International Financial Reporting Standards

(1) Financial Analysis of Consolidated Financial Report

Item for analysis		Year	Financial information of the recent five years (Note 1)					Financial information of the recent year until March 31 st , 2024 (Note 2)
			2019	2020	2021	2022	2023	
Financial structure %	Debt ratio in assets		65.63	62.34	50.1	49.54	44.88	42.93
	Long-term capital ratio in real estates, plants and equipment		561.83	521.90	629.96	479.23	359.14	351.25
Debt-paying ability %	Working capital ratio		324.55	290.82	375.32	287.75	294.35	318.45
	Quick ratio		66.74	60.34	84.62	64.34	67.41	78.96
	Interest coverage ratio		2.65	0.95	12.91	16.78	9.29	8.88
Operating ability	Receivables turnover ratio (times)		12.9	10.64	14.55	14.85	12.96	11.12
	Average collection days		28	34	25	24.57	28.16	32.82
	Average inventory turnover (times)		1.25	0.97	1.37	1.36	1.27	1.36
	Payables turnover (times)		24.26	20.75	30.57	30.55	31.67	34.25
	Average inventory turnover days		292	376	266	268.38	287.40	268
	Real estates, plants and equipment turnover ratio (times)		5.73	4.17	6.90	6.19	3.87	3.07
	Total assets turnover (times)		0.78	0.59	0.94	0.89	0.72	0.68
Return on investment analysis	Return on total assets (%)		3.91	1.25	12.16	12.03	5.50	4.81
	Return on equity (%)		6.01	(0.28)	25.31	22.44	9.18	7.54
	Profit before tax in actual capital ratio (%)		25.36	(0.48)	76.75	94.58	39.47	8.02
	Net income to sales (%)		3.07	(0.17)	11.93	12.61	6.73	6.22
	Earnings per share (NT\$)		1.46	(0.44)	5.69	5.15	2.30	0.47
Cash flow	Cash flow ratio (%)		9.37	17.76	62.48	11.89	90.24	18.74
	Cash flow adequacy ratio (%)		16.82	20.35	36.30	31.55	81.61	113.06
	Cash flow reinvestment ratio (%)		-	2.63	11.91	0.74	17.69	3.98
Leverage	Operating leverage		2.40	4.71	1.52	1.35	2.31	3.14
	Financial leverage		1.54	15.48	1.07	1.07	1.15	1.22

Please explain reasons of changes in the ratio of the different financial items in the recent two years. (Analysis is not needed for changes of increase or decrease below 20%)

1. The decrease in long-term capital to property, plant and equipment is primarily a result of the acquisition of real property by Right Way and TKA due to business needs and the declining inventory demand and repayment of the borrowing for purchase of materials.
2. The decrease in interest earned ratio and profitability from 2022 is primarily a result of the factors, including China's economic recovery less than the expectation and sluggish demand, oversupply resulting from the increased production of raw materials and supplies by Indonesia, declining raw materials and supplies price, and Fed's lift rates resulting in the increase in working capital and decrease in market demand. Ta Chen Stainless Pipe determines its pricing policy based on the LME price. Therefore, its sales price indicated a negative growth and the net sales for the current period declined significantly, and the net income decreased accordingly.
3. The increase in cash flow ratios from 2022 is primarily a result of the decrease in profit and operating revenue in the current period that reduces the inventory purchases, thereby causing the net cash inflow.
4. The increase in operating leverage is primarily a result of the decrease in net operating profit from 2022.

Note 1: The aforementioned financial statements of previous years have been audited and certified by an audit accountant.

Note 2: Reviewed and certified by an audit accountant.

(2) Financial Analysis of Independent Financial Report

Item for analysis		Year	Financial information of the recent five years (Note)				
			2019	2020	2021	2022	2023
Financial structure %	Debt ratio in assets		46.47	39.43	21.07	21.28	25.37
	Long-term capital ratio in real estates, plants and equipment		1125.34	1158.01	1545.26	1435.37	1580.62
Debt-paying ability %	Working capital ratio		74.11	87.46	196.38	125.13	152.69
	Quick ratio		45.15	55.53	105.46	97.70	108.44
	Interest coverage ratio		6.99	(0.67)	38.47	65.98	19.27
Operating ability	Receivables turnover ratio (times)		2.4	2.35	3.06	1.95	1.35
	Average collection days		152	155	119	187	270
	Average inventory turnover (times)		3.09	2.75	3.79	3.34	2.69
	Payables turnover (times)		24.45	24.48	28.10	29.22	36.36
	Average inventory turnover days		118	133	96	109	136
	Real estates, plants and equipment turnover ratio (times)		2.34	1.92	4.59	3.66	2.09
	Total assets turnover (times)		0.16	0.13	0.28	0.20	0.12
Return on investment analysis	Return on total assets (%)		4.32	(0.06)	18.12	17.10	6.79
	Return on equity (%)		6.48	(2.12)	24.96	21.42	8.44
	Profit before tax in actual capital ratio (%)		15.51	(3.63)	49.75	63	24.58
	Net income to sales (%)		24.01	(9.19)	63.50	82.44	55.85
	Earnings per share (NT\$)		1.46	(0.44)	5.69	5.15	2.30
Cash flow	Cash flow ratio (%)		21.2	(4.52)	1.27	8.7	0.58
	Cash flow adequacy ratio (%)		65.13	58.84	46.30	24.34	19.73
	Cash flow reinvestment ratio (%)		(3.24)	(3.01)	(2.15)	(3.38)	(6.30)
Leverage	Operating leverage		2.31	4.04	3.36	1.37	1.10
	Financial leverage		2.1	(3.91)	1.20	1.07	1.17

Please explain reasons of changes in the ratio of the different financial items in the recent two years.
(Analysis for changes of increase or decrease below 20% are disregarded)

1. The increase in current ratio is primarily a result of the decrease in long-term borrowings due within one year resulting from the renewal of the syndicated loan.
2. The decrease in interest earned ratio, accounts receivable turnover, property, plant and equipment turnover and profitability from 2022 is primarily a result of the factors, including the economic recovery of China, the largest consumer country, less than the expectation, sluggish demand, oversupply resulting from the increased production of raw materials and supplies by Indonesia, the largest production country, declining raw materials and supplies price, reduction of stock by the consumer side for the psychological expectations, and Fed's lift rates resulting in the increase in enterprises' working capital and reduction of enterprises' purchases, thereby causing TCI, the largest customer, to reduce its purchases in the current period.
3. The increase in average cash collection days is primarily a result of the decrease in accounts receivable turnover and increase in cash collection days.
4. The increase in accounts payable turnover is primarily a result of the decrease in the market demand for steel, resulting in the decrease in purchases and in cost of goods sold.

5. The increase in total average asset turnover and return on assets results in the decrease in total asset turnover and return on assets.
6. The increase in average total equity results in the decrease in return on equity.
7. The net cash inflow from operating activities is generated in the current period, which is lower than that of the same period of last year, primarily due to the decrease in the net profit in the current period.

Note: The aforementioned financial statements of previous years have been audited and certified by an audit accountant.

(3) Calculation formulas are as follows:

1. Financial structure

- (1) Debt ratio in assets = Total liabilities / Total assets.
- (2) Long-term capital ratio in real estates, plants and equipment = (Total equity + Non-current liability) / Net value of property, plant and equipment.

2. Debt-paying ability

- (1) Working capital ratio = Current asset / Current liability.
- (2) Quick ratio = (Current asset – Inventory – Prepayment) / Current liability.
- (3) Times interest earned = Net profit before income tax and interest expenses / Current interest expense.

3. Operating ability

- (1) Receivables (including accounts receivable and notes receivable generated by operations) turnover = Net sales / Balance of average receivable for the season (including accounts receivable and notes receivable generated by operations).
- (2) Average collection days = 365 / Average collection turnover.
- (3) Average inventory turnover = Sale cost / Average number of stocks.
- (4) Payables (including accounts payable and notes payable generated by operations) turnover = Sale cost / Balance of average payable for the season (including accounts payable and notes payable generated by operations).
- (5) Average inventory turnover days = 365 / Average inventory turnover.
- (6) Property, plant and equipment turnover ratio = Net sales / Average net value of property, plant and equipment.
- (7) Total assets turnover = Net sales / Total average assets.

4. Return on investment analysis

- (1) Return on total assets = [After-tax profit and loss + Interest expense x (1 – Tax rate)] / Total average assets.
- (2) Return on equity = After-tax profit and loss / Total average equity.
- (3) Net income to sales = After-tax profit and loss / Net sales.
- (4) Earnings per share = (Profit or loss belonging to parent company owner – Preference dividend) / Averaged weighted number of shares issued. (Note 3)

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operation / Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operation in the recent five years / Recent five years (capital expense + Inventory increase + Cash dividend).
- (3) Cash flow reinvestment ratio = (Net cash flow from operation – Cash dividend) / (Gross value of property, plant and equipment + Long-term investment + Other non-current asset + Operating capital). (Note 4)

6. Leverage

(1) Operating leverage = (Net operating income – Changes in operating expense and fee) / Operating revenue (Note 5).

(2) Financial leverage = Operating revenue / (Operating revenue – Interest expense).

Note 3: When measuring with the above-mentioned earnings per share calculation formula, the following items shall be noted:

1. Base on average weighted number of common stocks, and not number of issued stocks by the end of the year.
2. For capital increased by cash or transactions of treasury stocks, one must consider the period of circulation when calculating the average weighted number of stocks.
3. For capital increased by surplus or capital surplus transferred to capital, one must retrace and adjust to ratio of capital increase when calculating the earnings per share of the previous year and half-year, without considering the period of issuance of the capital increase.
4. If the preferred stock is an accumulated preferred stock that cannot be transferred, the year's dividend (regardless of being distributed or not) shall be deducted from net revenue after tax or increased to net loss after tax. If the preferred stock is not of an accumulated nature, in cases where after-tax net revenue exists, the preferred stock dividend shall be deducted from net revenue after tax; in cases of loss, such adjustment would be unnecessary.

Note 4: Measurement of cash flow analysis shall note the following items:

1. Net cash flow from operations is net cash inflow from operations in the cash flow balance sheet.
2. Capital expense is the annual cash outflow of capital investments.
3. Inventory increase shall only be considered when the end-of-term balance is larger than the beginning-of-term balance. If there is a decrease in inventory by the end of year, inventory increase is zero.
4. Cash dividend includes that of common stocks and preferred stocks.
5. Gross value of property, plant and equipment is the net value of real estates, plants and equipment after deducting the accumulated depreciation value of which.

Note 5: The issuing party shall categorize the different operating costs and expenses into fixed or due to change according to the nature of which. If categorization involves estimation or subjective judgments, one shall consider the rationality of which and remain consistent.

6.3 Audit Committee Review Report for The Recent Financial Report

Ta Chen Stainless Pipe Co., Ltd.

Audit Committee's Review Report

We have reviewed the Company's 2023 financial statements, deficit compensation plan and business report prepared by the Board of Directors and audited and certified by Deloitte & Touche, and found them to be in compliance with regulatory requirements. We hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

Respectfully submitted,

To:

2024 Annual General Meeting of Ta Chen Stainless Pipe Co., Ltd.

Audit committee of
Ta Chen Stainless Pipe Co., Ltd.

Independent Director: Ming-Chang Shen
Independent Director: Chun-An Hsu
Independent Director: Kuang-Hsiang Wang
Independent Director: Kuang-Tzu Wang

March 12, 2024

6.4 Recent Annual Financial Report: Please refer to Page 134 of this annual report.

6.5 Recent Accountant Audited Individual Financial Report (not including details on important accounting items): Please refer to Page 242 of this annual report.

6.6 Financial Turnover Difficulties of The Company and Affiliates (of the recent year until the publication of this annual report) shall be listed along with the impact on the Company's finance: No occurrence of financial turnover difficulties for the Company and affiliates.

7. Review Analysis and Risk Matters of Financial Status and Financial Performance

7.1 Comparative Analysis of Financial Status of Recent Two Years

Analytical benchmark: For changes before and after the period reaching more than 20%, and the amount of changes reaching NTD \$10,000,000

Unit: NTD thousand

Item \ Year	2023	2022	Difference		Explanation
			Value	%	
Current assets	\$ 82,402,701	\$ 99,046,172	(\$16,643,471)	(17)	-
Funds and investments	3,226,798	2,786,729	440,069	16	-
Fixed assets	29,301,180	22,992,358	6,308,822	27	(1)
Other assets	20,184,633	21,620,827	(1,436,194)	(7)	-
Net assets	135,115,312	146,446,086	(11,330,774)	(8)	-
Current liability	27,994,397	34,420,691	(6,426,294)	(19)	-
Other liability	32,641,606	38,128,200	(5,486,594)	(14)	-
Net liability	60,636,003	72,548,891	(11,912,888)	(16)	-
Share capital	24,342,606	20,285,505	4,057,101	20	(2)
Additional paid-in capital	23,001,551	22,783,377	218,174	1	-
Retained surplus	18,361,404	21,933,621	(3,572,217)	(16)	-
Shareholder equity and other items	1,740,595	2,733,151	(992,556)	(36)	(3)
Treasury stock	(4,386,159)	(4,473,674)	87,515	2	-
Non-control equity	11,419,312	10,635,215	784,097	7	-
Net shareholder equity	74,479,309	73,897,195	582,114	1	-

Explanation:

- (1) The increase in fixed assets is primarily a result of the acquisition of real estate by the indirect subsidiary, Ta Chen Empire, and Right Way and TKA due to business needs.
- (2) The increase in share capital is primarily a result of the resolution of the annual general meeting on June 26th, 2023 to capitalize earnings by issuing 405,710 thousand new shares at the par value of NT\$10 per share. The paid-in capital became NT\$24,342,606 thousand after the capital increase.
- (3) The decrease in other equity is primarily a result of the reclassification and adjustment of the invalid positions of interest rate swap hedging.

Effect of changes on the company's financial condition: The Company's financial condition has not changed significantly.

Future response actions: Not applicable

7.2 Comparative Analysis of Financial Performance of Recent Two Years:

(I) Analysis of Financial Performance changes of the recent year (changes before and after the season reaching more than 20%, and the amount of changes reaching NTD \$10,000,000)

Unit: NTD thousand

	2023		2022		Increase (decrease) Amount	Change %
	Subtotal	Total	Subtotal	Total		
Operating income		\$ 101,256,601		\$ 114,148,570	(\$ 12,891,969)	(11)
Operating cost		<u>81,799,804</u>		<u>83,110,993</u>	(1,311,189)	(2)
Operating gross profit		19,456,797		31,037,577	(11,580,780)	(37)
Operating expense		<u>10,585,408</u>		<u>12,506,616</u>	(1,921,208)	(15)
Other profit and loss		(<u>15,415</u>)		(<u>4,759</u>)	(10,656)	(224)
Operating revenue		<u>8,855,974</u>		<u>18,526,202</u>	(9,670,228)	(52)
Non-operating income and expense		752,366		660,021	92,345	14
Interest revenue	\$ 286,613		\$ 86,225		200,388	232
bargain purchase income - Acquire subsidiary	-		110,248		(110,248)	(100)
Other income	335,834		365,055		(29,221)	(8)
Other profit and loss	1,442,133		1,625,540		(183,407)	(11)
Financial cost	(1,159,200)		(1,215,810)		56,610	5
Share of profit (loss) of associates and joint ventures accounted for using equity method	(153,014)		(311,237)		158,223	51
The year's net revenue before tax		9,608,340		19,186,223	(9,577,883)	(50)
Income tax fee		<u>2,797,796</u>		<u>4,787,359</u>	(1,989,563)	(42)
The year's net profit (net loss)		6,810,544		14,398,864	(7,588,320)	(53)
Other comprehensive profit and loss		(<u>959,454</u>)		<u>7,428,814</u>	(8,388,268)	(113)
The year's net comprehensive profit and loss		<u>\$ 5,851,090</u>		<u>\$ 21,827,678</u>	(15,976,588)	(73)
The Company owner		\$ 5,330,802		\$ 12,025,615	(6,694,813)	(56)
Non-control equity		<u>1,479,742</u>		<u>2,373,249</u>	(893,507)	(38)
		<u>\$ 6,810,544</u>		<u>\$ 14,398,864</u>	(7,588,320)	(53)
Net comprehensive profit and loss belonging to:						
The Company owner						
Non-control equity		\$ 4,360,849		\$ 18,717,412	(14,356,563)	(77)
Income tax fee		<u>1,490,241</u>		<u>3,110,266</u>	(1,620,025)	(52)
		<u>\$ 5,851,090</u>		<u>\$ 21,827,678</u>	(15,976,588)	(73)

Explanation of analysis of changes in increased or decreased ratio:

1. The continuous lift rate of Fed suppressed the demand in the U.S. market. The real estate market in China collapsed and thereby resulted in the weak demand. The increased production of raw materials and supplies by Indonesia resulted in the oversupply which aggravated the situation of excessive supply. The declining nickel price resulted in the declining selling price, and the declining gross profit margin too.
2. The increase in other gains and losses from the previous year is primarily a result of the disposal of fixed assets by the indirect subsidiary, TKA, to replace and update the assets.
3. Due to Fed's continuous lift rate policy, the Company increased the layout of time deposit positions, thus resulting in the increase in interest revenue from the previous year.
4. Gain recognized in bargain purchase transaction - Acquisition of the subsidiary to acquire the goodwill generated from Right Way last year, but none in 2023.
5. The decrease in the share of the loss of the associate accounted for using equity method is primarily a result of the decrease in investment loss of TY Steel, an associate.
6. The increase in income tax expenses is primarily a result of the decrease in the operating profit this year resulting in the provision of lower income tax.
7. The changes in other comprehensive income is primarily a result of the minor fluctuation in the foreign exchange rate of USD against NTD at the end of 2023, which was not a big difference from the end of 2022. Besides, the Company primarily adopts USD when investing overseas subsidiaries, thus resulting in the significant increase in exchange gains on translation of foreign financial statements, showing the significant decrease in the gains from 2022.

- (II) Estimated sales of the future year and main influencing factors affecting the consistent growth or declination based on the Company's expected sales:

The stainless steel market is showing a slowdown in growth. Most of the dealers in the industry are engaged in destocking or proceeding with production with the raw materials on hand, and, therefore, the growth of demand for raw materials is limited. Meanwhile, as mines continue to expand their production capacity, the growth rate of supply is much higher than the demand. The price of stainless steel might continue to become weak. The impact posed by the Israel-Hamas conflict, Russia-Ukraine war, and the trend of carbon neutrality and enhanced production reduction have caused many uncertainties.

7.3 Review and Analysis of Cash Flow

(I) Analysis of cash flow changes of the recent year (changes before and after the season reaching more than 20%)

Unit: NTD thousand

Year			
Item	2023	2022	Increased (decreased) Ratio (%)
Cash flow ratio	90.24%	11.89%	659
Cash flow adequacy ratio	81.61%	31.55%	159
Cash flow reinvestment ratio	17.69%	0.74%	2,291
Explanation of the analysis of changes in increased (decreased) ratio: The increase in cash flow related ratios in the current period from the previous year is primarily a result of the Company's reduction of inventory position in the current year, resulting in the increase in net cash inflow from operating activities.			

(II) Improvement for inadequate fluidity:

If the Company's operating capital is inadequate, the bank will offer financing services. Thus, there is no fluidity risk for not being able to raise enough capital for the fulfilment of contractual duties.

(III) Cash fluidity analysis of the future year

Unit: NTD thousand

Cash balance at the beginning of term ①	Estimated net cash flow of the year from operating activities ②	Estimated cash outflow of the year ③	Estimated amount of cash balance (shortfall) ① + ② - ③	Remedial measures for estimated cash shortfalls	
				Investment plan	Financial plan
\$9,424,771	\$5,000,000	\$5,000,000	\$9,424,771	-	-
Analysis of changes in cash flow of the year: 1. Operating activity: The US market is growing stably and the Company's operating revenue is expected to keep growing. Therefore, the cash inflow from operating activities are expected to increase. 2. Investment activity: The Company is estimated to increase fixed assets, increasing the net cash outflow of investment activities. 3. Financial activity: The Company is estimated to increase amount of loan, increasing cash outflow of financial activities. Note: Information summarized in consolidated views according to International Financial Reporting Standards.					

7.4 Impact of Major Capital Expenditures on Financial Operations in The Recent Fiscal Year: None.

7.5 Major Reasons for the Recent Annual Investment Policy, Profit or Loss, Improvement Plan and Investment Plan for The Upcoming Fiscal Year:

(I) Main reasons of profit or loss of transfer investments and improvement plans

Unit: NTD thousand

Item / Introduction	Investing value	Policy	Profit (loss) of investment in 2023	Main reasons of profit or loss	Improvement plan
Ta Chen International, Inc.	23,327,317	Operated according to the supervision of the subsidiary	3,159,910	The US market slows down and operating revenue decreases.	None
Ta Chen (B.V.I.) Holdings Ltd.	990,817	Operated according to the supervision of the subsidiary	54,068	The declining raw material price and demand in the stainless steel market result in the decline in profit sought by the subsidiaries in China.	None
Brighton-Best International (Taiwan) Inc.	8,500,081	Operated according to the supervision of the subsidiary	3,124,950	Due to the stable source of customers and the continuous introduction of new products, it gained profits continuously.	None
Yin Rong (Shanghai) Investment Management Co., Ltd.	2,372	Operated according to the supervision of the subsidiary	18	The income was mainly generated from interest revenue, as the center for fund allocation to the affiliated companies in China.	None
WEI MEI ROLLER BLIND CO., LTD.	70,000	Operated according to the supervision of the subsidiary	11,657	The Company engages in the manufacturing and sale of window decorations, and has the stable source of customers.	None
Ta Chen Lung Mei Home Life Co., Ltd.	1,406,468	Operated according to the supervision of the subsidiary	(461,678)	In order to transform from the pure curtain sales to the whole-house decoration service, and expand the recruitment of design personnel, the number of employees grew and thereby caused the increase in related overheads.	None
Ta Chen (Hong Kong) Limited	279,720	Operated according to the supervision of the subsidiary	3,121	As the bridge of funds dispatching for relevant enterprises in Mainland China, the interest income refers to the main income.	None
Tachen Interior Design Co., Ltd.	-	Operated according to the supervision of the subsidiary	-	It was dissolved on June 30, 2023 and the liquidation thereof was completed on December 5, 2023.	None
TY Steel Co., Ltd.	889,216	The investment in associates is intended to increase the product types and seek the stable source	(454,176)	In consideration of the highly competitive market, it still generates losses for the time being.	None

Item / Introduction	Investing value	Policy	Profit (loss) of investment in 2023	Main reasons of profit or loss	Improvement plan
		of supplies in the upstream segment.			
Ta Chen Green System Co., Ltd.	60,000	Affiliated enterprises without substantial control	(12)	It was incorporated in April 2022, and no profit has been sought so far.	None
Right Way Industrial Co., Ltd.	17,843	Operated according to the supervision of the subsidiary	86,662	The source of customers is becoming more and more stable, and the business scale is expanded to develop the Company's business.	None
City Mocean Co., Ltd.	4,900	Affiliated enterprises without substantial control	(2,366)	It was incorporated in August 2022, and no profit has been sought so far.	None

(II)Investment plan of the future year: In the upcoming year, changes in the market will be discerned, investment will be increased for foreign subsidiaries by opportunity in order to expand economic scale and strengthen company competitiveness.

7.6 Evaluative Analysis of Risk Matters of the Recent Fiscal Year Until Publishing Date of This Annual Report

(I) Impact of interest, changes in currency exchange rates and inflation on the profit and loss of the Company, and future countermeasures:

Unit: NTD thousand

Item	Impact on the profit and loss of the Company			Future countermeasures
	Title	2023	2022	
Interest rate	Short-term loan	17,955,293	13,650,609	Based on its industrial characteristic, the Company must apply for short-term and long-term loans for operation. The Company will continue to strengthen its financial structure and enable financial operators to better understand the Company's nature of operation to compete for better loan terms, thereby minimizing interest influence in the Company's planned deployments.
	Long-term liability	24,145,542	38,053,864	
	Interest fee	1,159,200	1,215,810	
Changes in currency exchange rates	Exchange profit (loss)	130,184	1,951,808	Mainly due to the important USD asset position held by the Company, if NTD appreciates, there is a risk of currency exchange lost. The Company will engage in safe-haven forwarding foreign exchange trading according to fluctuations in currency exchange rates in the market, so as to lower risk of currency exchange losses.

(II) Main reasons of profit or loss and future countermeasures for policies of engaging in high-risk, highly leveraged investments, capital loans and others, endorsement guarantees and derivatives transactions:

The Company's engagement in derivative product transactions is based on the procedures of asset acquisition or disposal. The main goal of which is to lower currency exchange rate risk. The Company will engage in related derivative commodity transactions conservatively according to market changes.

If the target of capital loan or endorsement guarantee is the transfer invested enterprise directly or indirectly owned by the Company, there is no need for credit investigations and risk evaluations.

(III) Future research and development plans and estimated input expenses for future research and development projects:

As the Company manufactures stainless-steels that are promised to stay unchanging for decades of years, future research and development plans will focus on improving manufacturing procedures, efficiency improvement and stabilized quality. The Company has entrusted specialized technicians for the research and development of which.

(IV) Major policies and legislative changes in Taiwan and in foreign countries, their impact on the Company's financial operations and countermeasures:

In consideration of the global net-zero policy and the trend of carbon border adjustment mechanisms applicable in Europe and the USA, the Company has worked with the professional consulting service team to create the carbon emission information in response to future relevant control measures, and also to help the Company review the carbon emission hotspots and adjust production lines to achieve the goal for sustainable development. No significant adverse impact is expected to be posed to the Company due to changes in domestic or foreign policies and laws.

(V) Impact of technological and industrial changes on the Company's financial operations and countermeasures:

As stainless-steel products belong to a traditional manufacturing industry that does not change in decades of years, in the foreseeing future it is estimated that the Company's financial and business operations will not be influenced by major technological and industrial changes. For the cyber security, to respond to the evolving situation of cyber security threats, the Company establishes the mechanism of mainframe backup and remote backup of data in the information system structure, to ensure uninterrupted services, while conducting various simulation tests in the data room, to ensure the normal operation of the information system and data safeguard, and lower the risk of system interruption caused by unexpected natural disasters and man-made negligence. The Company also promotes the information security policies regularly, to improve the cyber security awareness and lower the cyber security risks. There was no loss suffered by the company in the most recent fiscal year and up to the date of publication of the annual report due to significant cyber security incidents.

(VI) Impact and countermeasures of changes in corporate image on corporate risk management:

For years, the Company has strived to maintain its corporate image. The Company

complies with legal regulations. Until publication of this annual report, there has been no occurrence the influenced upon the corporate image of the Company.

- (VII) Estimated benefit and possible risks of merge: None.
- (VIII) Estimated benefit and possible risks of expansion of plants: The debottlenecking project of the TKA's aluminum plant production line in the United States and the construction project of the second cold rolling production line were activated in 2021. The projects are expected to be completed in 2024. Then, the production capacity may increase as 31,000 tons per month, and the market share of aluminum materials may be upgraded as 80% in the future. The Group's factory expansion project has taken into account the investment effect and possible risks. Any major capital expenditure shall also be reported to the Audit Committee for review and to the Board of Directors for approval.
- (IX) Possible risks of centralized purchase or sales: None.
- (X) Impact and risk of major transfer or change in directors, supervisors or major shareholders with more than 10% of the Company's shareholding: None.
- (XI) Impact and risk to the Company of changes in franchise: Not applicable.
- (XII) If the Company's directors, supervisors, CEO, actual owner, major shareholders with more than 10% of the Company's shareholding and subsidiaries are included in involved in major litigation, non-litigation or administrative litigation that has been determined or is still in the process of which, the results of such litigations might cause major influence on prices of shareholders' equity or bonds. Statements, value, start date, major parties involved and items processed until publication of this annual report: None.
- (XIII) Other important risks: None.

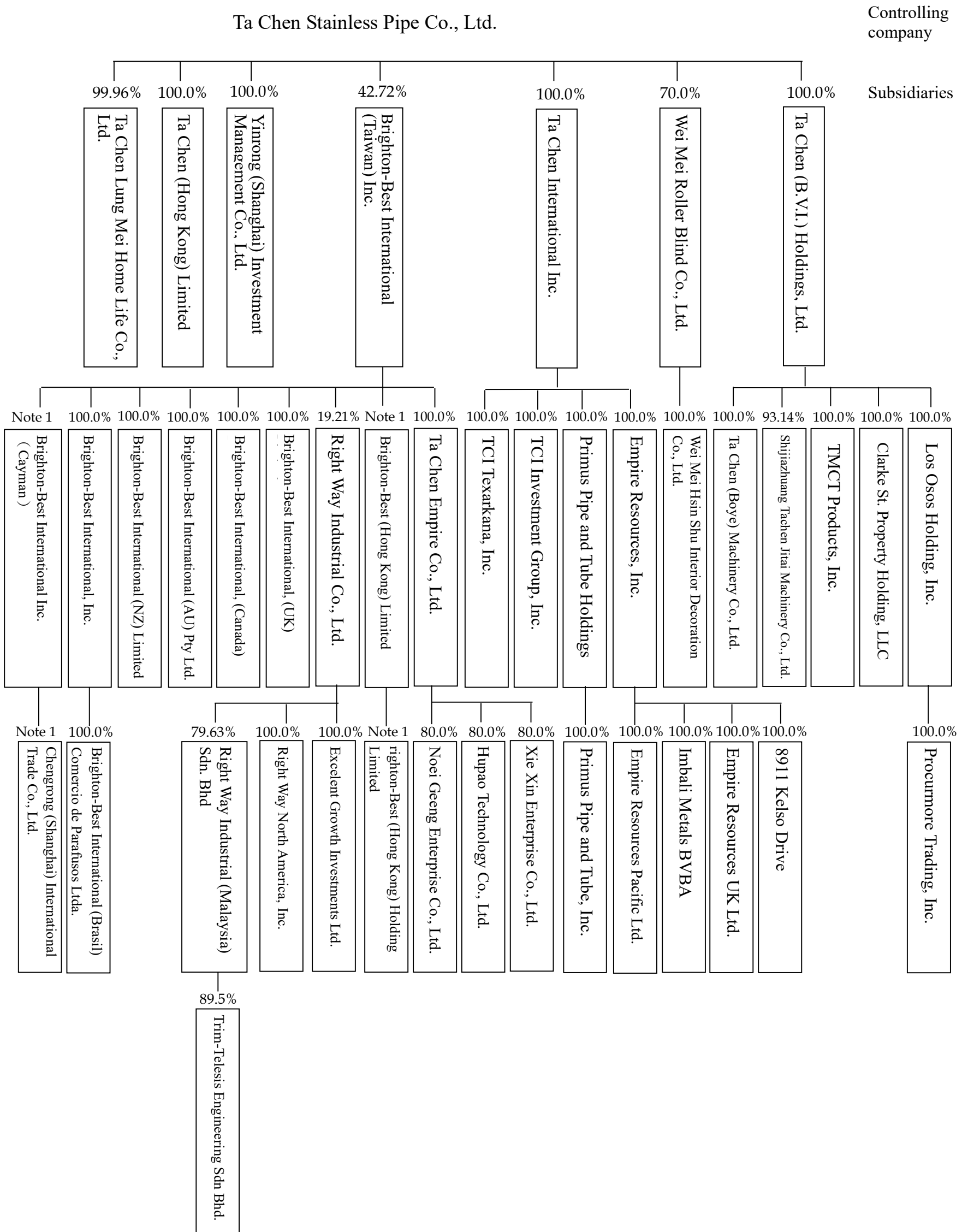
7.7 Other Important Items: None.

8. Special Items

8.1 Related Information of Affiliates

(I) Consolidated business report of affiliates

1. Affiliates organizational structure :



Note 1 : The investment has not been actually remitted.

2.Name, establishing date, address, paid-in capital, main operating items of affiliates: :

Unit: NTD thousand / thousand (USD / CAD / AUD / NZD / GBP / BRL)

Name of enterprise	Establishing date	Address	Paid-in capital	Main operating or manufacturing item
Ta Chen International Inc.	November, 1989	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 742,906	Manufacturing and sales of products such as stainless-steel pipes, stainless-steel rolls and pipe components
TCI Investment Group, Inc.	April, 2014	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 3,000	Import, export and sales of screws and screw-nut products
Empire Resources, Inc.	August, 1990	2115 Linwood Ave Fort Lee, NJ 07024 USA	USD 60,000	Import, export and sales of stainless-steel and aluminum products
Empire Resources Pacific Ltd.	May, 1996	4/631 SEVENTEEN MILE ROCKS ROAD, SEVENTEEN MILE ROCKS QUEENSLAND 4073 AUSTRALIA	-	Import, export and sales of stainless-steel and aluminum products
Imbali Metals BVBA	February, 2005	Leopoldstraat 45 B-2800 Mechelen Belgium	EUR 19	Import, export and sales of stainless-steel and aluminum products
Empire Resources UK Ltd.	February, 2015	Castlemill, Burnt Tree, Dudley, West Midlands, DY4 7UF United Kingdom	GBP 5,400	Import, export and sales of stainless-steel and aluminum products
8911 Kelso Drive	June, 2015	ESSEX, MD 21221 USA	-	Import, export and sales of stainless-steel and aluminum products
Primus Pipe and Tube Holding, Inc.	July, 2017	5855 Obispo Ave, Long Beach, California. United States	USD 29,000	General investment
Primus Pipe and Tube , Inc.	April, 1990	241 W Clarke St, Wildwood, Florida, United States	USD 0.01	Manufacturing and sales of stainless-steels
TCI Texarkana, Inc.	October, 2018	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 400,000	Sales of aluminium plates and tapes
Ta Chen (B.V.I.) Holdings, Ltd.	October, 1997	Portcullis trustnet chambers P.O. Box 3444, Road Town Tortola, British Virgin Island	USD 32,625	General investment
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	August, 1995	No. 26, Fengchan Road, Jingji Technology Development Area, Shijiazhuang City, Hebei Province, China	USD 5,100	Manufacturing and sales of stainless-steel valves and stainless-steel precision casted products
Ta Chen (Boye) Machinery Co., Ltd.	December, 2006	No. 3, Boxing Middle Road, Xiancheng, Boye County, Hebei Province, China	USD 11,935.2	Manufacturing and sales of stainless-steel valves and stainless-steel precision casted products
TMCT Products, Inc.	June, 2019	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 5,500	General investment
Clarke St. Property Holdings, LLC	July, 2020	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 500	General investment
Los Osos Holdings, Inc.	November, 2020	850 New Burton Road, Suite 201, Dover, DE 19904	USD 3,904	General investment
Procurmore Trading, Inc.	September, 2021	850 New Burton Road, Suite 201, Dover, DE 19904	USD 20	Import, export and sales of aluminum products
Brighton-Best International (Taiwan) Inc.	July, 2007	Block B, No.122, Yilin Rd., Rende Dist., Tainan City 717, Taiwan (R.O.C.)	NTD 10,315,000	Import, export and sales of screws and screw-nut products
Brighton-Best	December,	5855 Obispo AVE Long Beach CA.	USD 186,000	Import, export and sales

Name of enterprise	Establishing date	Address	Paid-in capital	Main operating or manufacturing item
International, Inc.	2007	90805 U.S.A.		of screws and screw-nut products
Brighton-Best International, (UK) Limited	December, 2007	Cradley Business Park, Overend Road, Cradley Heath, West Midlands B64 7DW	GBP 9,200	Import and sales of screws and screw-nut products
Brighton-Best International, (Canada) Inc.	December, 2007	2100 Codlin Crescent Etobicoke Ontario, M9W 7J2 Canada	CAD 12,004	Import and sales of screws and screw-nut products
Brighton-Best International, (AU) Pty Ltd.	December, 2007	31-33 Canterbury RD. Braeside, Vic 3195, Australia	AUD 54,000	Import and sales of screws and screw-nut products
Brighton-Best International, (NZ) Limited.	December, 2007	28B Pavillion Dr. Airport Oaks Mangere, Auckland, New Zealand	NZD 786	Import and sales of screws and screw-nut products
Brighton-Best International, (Brasil) Comerciode Parafusos Ltda.	December, 2007	Rua Dos Missionarios, 410 Jardim Caravelas, São Paulo-SP, CEP: 04729-001	BRL 362	Import and sales of screws and screw-nut products
Brighton-Best International Inc. (Cayman)	February, 2016	Portcullis TrustNet (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.	Note 1	General investment
Chengrong (Shanghai) International Trade Co., Ltd.	June, 2016	Room 351, Building 2, No. 507 Huajing Road, Xuhui District, Shanghai, China	Note 1	General trading business
Ta Chen Empire Industry Co., Ltd.	January, 2018	No. 122, Yilin Road, Rende District, Tainan City	NTD ..5,300,000	Trading of aluminum boards and aluminum rolls
Noei Geeng Enterprise Co., Ltd.	June, 1995	No. 40-6, Sec. 1, Zhongshan Rd., Guiren Dist., Tainan City, Taiwan (R.O.C.)	NTD 97,232	Manufacture screws and nuts
Hupao Technology Co., Ltd.	September, 2010	1F & 2F., No. 40-2, Sec. 1, Zhongshan Rd., Guiren Dist., Tainan City, Taiwan (R.O.C.)	NTD 238,865	Energy Technical Services
Xie Xin Enterprise Co., Ltd.	March, 2017	No. 11, Ln. 2, Sec. 1, Zhongshan Rd., Guiren Dist., Tainan City, Taiwan (R.O.C.)	NTD 356,464	Manufacture screws and nuts
Brighton-Best (Hong Kong) Limited	May, 2019	Room 1902,19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Note 1	General investment
Brighton-Best (Hong Kong) Holding Limited	May, 2019	Room 1902,19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Note 1	General investment
Right Way Industrial Co., Ltd.	March, 1965	No. 1015, Zhongzheng W. Rd., Rende Dist., Tainan City, Taiwan (R.O.C.)	NTD 3,003,105	Engine, automotive and motorcycle parts manufacturing
Right Way Industrial (Malaysia) Sdn. BhdRight Way Industrial (Malaysia) Sdn. Bhd	April, 1989	Lot 20 & 21 Hicom industrial Estate, Section 26, Sector B, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia P. O, Box 7165	MYR 36,822	Manufacture of automobile and motorcycle pistons
TRIM-Telesis Engineering Sdn. Bhd.	April, 2001	Lot 28 & 29, Kaw. Perindustrian Ayer Keroh, 75450 Melaka. Malaysia	MYR 10,000	Connecting rod manufacturing
Excellent Growth Investments Limited	August, 1995	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	NTD 723,972	General investment
Right Way North America Inc	October, 2010	150 West First Street, New Richmond, WI 54017, USA	NTD 1,575	Trading of Automobile Engine Parts
Right Way Global Co., Ltd.	May, 1996	No. 1015, Zhongzheng W. Rd., Rende Dist., Tainan City, Taiwan (R.O.C.)	Note 2	Auto retail

Name of enterprise	Establishing date	Address	Paid-in capital	Main operating or manufacturing item
Yinrong (Shanghai) Investment Management Co., Ltd.	July, 2015	Room 2001, 2F, Building 1, No. 146, East 1st Fute Road No.146, China (Shanghai) Pilot Free Trade Zone	USD 77.24	General investment
Ta Chen (Hong Kong) Limited	May, 2019	RM 1902, 19/F LEE GARDEN ONE, 33 HYSAN AVENUE, CAUSEWAY BAY, HONG KONG	USD 9,000	General trading business
Ta Chen Lung Mei Home Life Co., Ltd.	May, 1987	No. 1, Keji 1st Rd., Annan Dist., Tainan City 709, Taiwan (R.O.C.)	NTD 300,000	Manufacture and sale of curtains and cloth products
Wei Mei Roller Blind Co., Ltd.	August, 2016	4F., No.122, Yilin Rd., Rende Dist., Tainan City 717, Taiwan (R.O.C.)	NTD 100,000	Manufacture and sale of curtains and cloth products
Wei Mei Hsin Shu Interior Decoration Co., Ltd.	April, 1987	No. 11, Ln. 93, Benzhou Rd., Gangshan Dist., Kaohsiung City, Taiwan (R.O.C.)	NTD 69,000	Manufacture and sale of curtains and cloth products
Tachen Interior Design Co., Ltd.	October, 2021	4F., No.122, Yilin Rd., Rende Dist., Tainan City 717, Taiwan (R.O.C.)	Note 3	Interior design

Note 1 : The investment has not been actually remitted.

Note 2 : It was dissolved and the liquidation thereof was completed on October, 2023.

Note 3 : It was dissolved and the liquidation thereof was completed on December, 2023.

Industry covered by overall operating business of affiliates and division of work:

Main operating business of overall affiliates is the manufacturing, processing and sales of stainless-steel pipes, stainless-steel pipe components, manufacturing and sales of stainless-steel pipe, pipe components, pipe sections and, stainless-steel rolls (boards), screws, screw-nuts and aluminum products, investment, etc. Ta Chen International, Inc. and Primus Pipe and Tube, Inc are responsible for the sales of stainless-steel pipes, pipe sections, pipe components and stainless-steel (boards) of Ta Chen Stainless Steel Pipe Co., Ltd. in America. The above-mentioned products are partly provided by Ta Chen Stainless Steel Pipe Co., Ltd. Shijiazhuang Tachen Jitai Machinery Co., Ltd. and Ta Chen (Boye) Machinery Co., Ltd. are responsible for the manufacturing and sales of stainless-steel precision casting products in mainland China, and are the source of precision casted billets for the valve factory of Ta Chen Stainless Steel Pipe Co., Ltd. Empire Resources, Inc., Empire Resources Pacific Ltd., Imbali Metals BVBA, Empire Resources UK Ltd. and 8911 Kelso Drive operate the import, export and sales of stainless-steel and aluminum products.

TCI Investment Group, Inc, Brighton-Best International (Taiwan) Inc. and its affiliates, Brighton-Best International, Inc., Brighton-Best International, (UK) Limited, Brighton-Best International, (CANADA) Inc., Brighton-Best International, (AU) Pty Ltd., Brighton-Best International, (NZ) Limited, Brighton-Best International (Brasil) Comerciode Parafusos Ltda. operate sales of screws and screw-nuts.

Ta Chen Empire Co., Ltd. and TCI Texarkana, Inc. are in the business of selling and manufacture aluminium products.

Ta Chen Lung Mei Home Life Co., Ltd. and Wei Mei Roller Blind Co., Ltd. are in the business of manufacture and sale of curtains, cloth products, and Interior design.

Right Way Industrial Co., Ltd. Is in the business of producer of quality pistons for motorcycles, commercial vehicles, automobiles, etc. In 2023, the system cabinet business was added, and it cooperated with Ta Chen Lung Mei Home Life. Lung Mei received orders and handed over to Right Way for production.

3. Information of corporate directors, supervisors and CEO of affiliates :

Unit: NTD thousand / thousand (USD / CAD / AUD / NZD / GBP / BRL)

Name of enterprise	Post	Name or company representative	Shares hold	
			Amount	Shareholding ratio (%)
Ta Chen International Inc.	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Rung-Kun Shieh	USD 742,906	100
	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Ling-Hwa Wang	USD 742,906	100
	Director & CEO	Ta Chen Stainless Pipe Co., Ltd. Representative : Johnny Hsieh	USD 742,906	100
	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Peggy Hsieh	USD 742,906	100
Empire Resources, Inc.	Director	Ta Chen International Inc. Representative : Johnny Hsieh	USD 60,000	100
Empire Resources Pacific Ltd.	Director	Empire Resources, Inc. Representative : Johnny Hsieh		100
Imbali Metals BVBA	Director	Empire Resources, Inc. Representative : Johnny Hsieh	EUR 19	100
	Director	Empire Resources, Inc. Representative : Peggy Hsieh	EUR 19	100
	Director	Empire Resources, Inc. Representative : Diederik Oosters	EUR 19	100
	Director	Empire Resources, Inc. Representative : Johnny Hsieh	GBP 5,400	100
Empire Resources UK Ltd.	Director	Empire Resources, Inc. Representative : Johnny Hsieh	GBP 5,400	100
	Director	Empire Resources, Inc. Representative : Peggy Hsieh		100
8911 Kelso Drive	Director	Empire Resources, Inc. Representative : Johnny Hsieh		100
	Director	Empire Resources, Inc. Representative : Peggy Hsieh		100
Primus Pipe and Tube Holding, Inc	Director	Ta Chen International Inc. Representative : Johnny Hsieh	USD 29,000	100
Primus Pipe and Tube , Inc.	Director	Primus Pipe and Tube Holding, Inc Representative : Johnny Hsieh	USD 0.01	100
TCI Texarkana, Inc.	Director	Ta Chen International Inc. Representative : Johnny Hsieh	USD 400,000	100
TCI Investment Group, Inc.	Director	Ta Chen International Inc. Representative : Rung-Kun Shieh	USD 3,000	100
	Director	Ta Chen International Inc. Representative : Ling-Hwa Wang	USD 3,000	100
Ta Chen (B.V.I.) Holdings, Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun Hsieh	USD 32,625	100
	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Rung-Kun Shieh	USD 32,625	100

Name of enterprise	Post	Name or company representative	Shares hold	
			Amount	Shareholding ratio (%)
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	Chairman	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Li-Yun Hsieh	USD 4,750	93.1
	Director & CEO	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Rung-Kun Shieh	USD 4,750	93.1
	Director	Hebei Machinery & Equipment Import and Export Corp. Representative : Wei-Hao Yu	USD 350	6.9
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Ming-Hui Hsieh	USD 4,750	93.1
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Yi-Jun Wang	USD 4,750	93.1
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Hung-Chang Hsu	USD 4,750	93.1
	Director			
Ta Chen (Boye) Machinery Co., Ltd.	Chairman	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Li-Yun Hsieh	USD 11,935.2	100
	Director & CEO	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Rung-Kun Shieh	USD 11,935.2	100
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Ling-Hwa Wang	USD 11,935.2	100
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Ming-Hui Hsieh	USD 11,935.2	100
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Yi-Jun Wang	USD 11,935.2	100
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Hung-Chang Hsu	USD 11,935.2	100
	Director			
TMCT Products, Inc.	Director	Johnny Hsieh	USD 5,500	100
Clarke St. Property Holdings, LLC	Director	Li-Yun Hsieh	USD 500	100
Los Osos Holdings, Inc.	Director	Johnny Hsieh	USD 3,904	100
Procurmore Trading, Inc.	Director	Jung Yao Hsieh	USD 20	100
Yinrong (Shanghai) Investment Management Co., Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun Hsieh	USD 77.24	100
Wei Mei Roller Blind Co., Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun Hsieh	NTD 70,000	70
	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Jian-Chong Weng	NTD 70,000	70
	Director	Jia-chan Lin	NTD 7,500	7.5
	Supervisor	Di-Jin Chang	NTD -	-

Name of enterprise	Post	Name or company representative	Shares hold	
			Amount	Shareholding ratio (%)
Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Director	Wei Mei Roller Blind Co., Ltd. Representative : Li-Yun Hsieh	NTD 69,000	100
	Supervisor	Wei Mei Roller Blind Co., Ltd. Representative : Di-Jin Chang	NTD 69,000	100
Ta Chen Lung Mei Home Life Co., Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun Hsieh	NTD 299,874	99.96
	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Rung-Kun Shieh	NTD 299,874	99.96
	Director	Jun-Peng Guo	NTD 114	0.04
	Supervisor	Di-Jin Chang	NTD -	-
Ta Chen Interior Design Co., Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun Hsieh	Note 2	Note 2
	Supervisor	Ta Chen Stainless Pipe Co., Ltd. Representative : Rung-Kun Shieh	Note 2	Note 2
Ta Chen (Hong Kong) Limited	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun Hsieh	USD 9,000	100
Brighton-Best International (Taiwan) Inc.	Chairman	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun Hsieh	NTD 4,406,100	42.98
	Director & CEO	Ta Chen Stainless Pipe Co., Ltd. Representative : Rung-Kun Shieh	NTD 4,406,100	42.98
	Director	Tong Yi Investment Co., Ltd. Representative : Wen-Ling Ke	NTD 294,640	2.9
	Director	Chao Sheng Co., Ltd. Representative : Chao-Chin Tsai	NTD 308,500	3
	Director	Jinn Her Enterprise Co., Ltd. Representative : Yong-Yu Tsai	NTD 678,480	6.6
	Director	Wise Creation Investment Ltd. Representative : I-Lan Ou	NTD 3,541	0.1
	Director	Fang-Kuan Lin	NTD 223,555	2.2
	Director	Hsiang-Chen You	NTD -	-
	Director	Di-Jin Chang	NTD 10,710	0.1
	Independent	Ming-Chang Shen	NTD -	-
	Director			
	Independent	Zhao-Ming Meng	NTD -	-
	Director			
	Independent	Kuang-Tzu Wang	NTD -	-
	Director			
Brighton-Best International, Inc.	Director	Brighton-Best International (Taiwan) Inc. Representative : Rung-Kun Shieh Representative : Ling-Hwa Wang	USD 186,000	100
	General Manager	Jun Xu		

Name of enterprise	Post	Name or company representative	Shares hold	
			Amount	Shareholding ratio (%)
Brighton-Best International, (Canada) Inc.	Director	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun Hsieh	CAD 12,004	100
	General Manager	Li-Yun Hsieh		
Brighton-Best International, (UK) Limited	Director	Brighton-Best International (Taiwan) Inc. Representative : Luc Daigle Representative : Peter Joseph Bolic	CAD 12,004	100
	Director	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun Hsieh Representative : Rung-Kun Shieh Representative : Jun Xu Representative : Pei-Rong Hsieh	GBP 9,200	100
Brighton-Best International, (AU) Pty Ltd.	Director	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun Hsieh Representative : Rung-Kun Shieh Representative : Jun Xu Representative : Pei-Rong Hsieh Representative : Karen Van Cuylenburg	AUD 54,000	100
	Director	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun Hsieh Representative : Rung-Kun Shieh Representative : Jun Xu Representative : Pei-Rong Hsieh Representative : Karen Van Cuylenburg	NZD 786	100
Brighton-Best International, (Brasil) Comerciode Parafusos Ltda.	Director	Maria Luiza Rodrigues Brighton-Best International, Inc. Representative : TING YUEH JEN	BRL 362	100
Brighton-Best International Inc. (Cayman)	Director	Li-Yun Hsieh	Note 1	Note 1
Chengrong (Shanghai) International Trade Co., Ltd.	Director	Li-Yun Hsieh	Note 1	Note 1
Ta Chen Empire Co., Ltd.	Chairman	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun Hsieh	NTD 5,300,000	100
	Director	Brighton-Best International (Taiwan) Inc.	NTD 5,300,000	100
	& CEO	Representative : Rung-Kun Shieh		
	Director	Brighton-Best International (Taiwan) Inc. Representative : Di-Jin Chang	NTD 5,300,000	100
	Supervisor	Brighton-Best International (Taiwan) Inc. Representative : I-Lan Ou	NTD 5,300,000	100

Name of enterprise	Post	Name or company representative	Shares hold	
			Amount	Shareholding ratio (%)
Noei Geeng Enterprise Co., Ltd.	Chairman	Ta Chen Empire Co., Ltd. Representative : Li-Yun Hsieh	NTD 77,785	80
	Director	Ta Chen Empire Co., Ltd. Representative : Jiun-Liang Lin	NTD 77,785	80
	Director	Ta Chen Empire Co., Ltd. Representative : Erh-Yi Hsieh	NTD 77,785	80
	Supervisor	Bing-Wen Lin		
Hupao Technology Co., Ltd.	Chairman	Ta Chen Empire Co., Ltd. Representative : Li-Yun Hsieh	NTD 191,092	80
	Director	Ta Chen Empire Co., Ltd. Representative : Jiun-Liang Lin	NTD 191,092	80
	Director	Ta Chen Empire Co., Ltd. Representative : Erh-Yi Hsieh	NTD 191,092	80
	Supervisor	Bing-Wen Lin		
Xie Xin Enterprise Co., Ltd.	Chairman	Ta Chen Empire Co., Ltd. Representative : Li-Yun Hsieh	NTD 285,171	80
	Director	Ta Chen Empire Co., Ltd. Representative : Jiun-Liang Lin	NTD 285,171	80
	Director	Ta Chen Empire Co., Ltd. Representative : Erh-Yi Hsieh		
	Supervisor	Bing-Wen Lin	NTD 285,171	80
Brighton-Best (Hong Kong) Limited	Director	Li-Yun Hsieh	Note 1	Note 1
Brighton-Best (Hong Kong) Holding Limited	Director	Li-Yun Hsieh	Note 1	Note 1
Right Way Industrial Co., Ltd.	Chairman	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun Hsieh	NTD 734,885	17.8
	Director	Brighton-Best International (Taiwan) Inc.		
	& CEO	Representative : Shih-I Lo		
	Director	Brighton-Best International (Taiwan) Inc. Representative : Chien-Te Li Representative : Sheng Tien Chiu Rui-Cai Guo Po-Han Chen		
Right Way Industrial (Malaysia) Sdn. Bhd	Independent Director	Ming-Chang Shen Kuang-Hsiang Wang Yen-Hsiu Yeh		
	Chairman	Right Way Industrial Co., Ltd. Representative : Li-Yun Hsieh	MYR 30,276	79.6
	Director	Right Way Industrial Co., Ltd.		
	& CEO Director	Representative : Ai-Lee Huang Right Way Industrial Co., Ltd. Representative : Shih-I Lo Representative : Chien-Te Li		

Name of enterprise	Post	Name or company representative	Shares hold	
			Amount	Shareholding ratio (%)
TRIM-Telesis Engineering Sdn. Bhd.	Chairman	Right Way Industrial (Malaysia) Sdn. Bhd Representative : Li-Yun Hsieh	MYR 7,235	90
	Director	Right Way Industrial (Malaysia) Sdn. Bhd Representative : Shih-I Lo Representative : Ai-Lee Huang		
Excellent Growth Investments Limited	Chairman	Right Way Industrial Co., Ltd. Representative : Li-Yun Hsieh	NTD 723,972	100
	Director	Right Way Industrial Co., Ltd. Representative : Shih-I Lo Representative : Chien-Te Li		
Right Way North America, Inc.	Director	Right Way Industrial Co., Ltd. Representative : Shih-I Lo	NTD 1,575	100
Right Way Global Co., Ltd.	Chairman	Right Way Industrial Co., Ltd. Representative : Li-Yun Hsieh	Note 3	Note 3

Note 1 : The investment has not been actually remitted.

Note 2 : It was dissolved and the liquidation thereof was completed on October, 2023.

Note 3 : It was dissolved and the liquidation thereof was completed on December, 2023.

4. Operation overview of affiliates :

Unit: NTD thousand

Name of enterprise	Capital	Net asset	Net liability	Net value	Operating revenue	Operating income	Current profit and loss (after tax)	Earnings per share (\$) (after tax)
Ta Chen International Inc.	\$ 23,327,317	\$ 71,430,607	\$ 20,085,055	\$ 51,345,552	\$ 65,077,951	\$ 2,304,310	\$ 3,159,910	
TCI Investment Group, Inc.	94,950	188,575	6,685	181,890	-	(13)	1,651	
Empire Resources, Inc.	1,714,340	4,575,312	602,901	3,972,411	5,206,908	140,863	149,556	
Empire Resources Pacific Ltd.		3,221	2,911	310	-	(23,621)	(263)	
Imbali Metals BVBA	624	220,561	6,973	213,588	166,229	(63,843)	(49,780)	
Empire Resources UK Ltd.	208,224	441,845	59,842	382,003	699,123	44,086	40,081	
8911 Kelso Drive		89,859	-	89,859	-	(250)	(250)	
Primus Pipe and Tube Holding, Inc	877,540	890,437	-	890,437	-	-	181,310	
Primus Pipe and Tube , Inc.	873,575	2,180,455	789,594	1,390,861	2,914,322	246,670	171,838	
TCI Texarkana, Inc.	12,331,500	34,693,605	25,138,099	9,555,506	20,330,832	473,042	(38,737)	
Ta Chen (B.V.I.) Holdings Ltd.	990,817	1,953,298	-	1,953,298	-	(1,031)	54,068	
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	129,063	712,557	296,073	416,484	914,186	50,540	33,693	
Ta Chen (Boye) Machinery Co., Ltd.	305,269	717,166	308,541	408,625	596,147	(2,074)	(3,358)	
TMCT Products, Inc.	156,850	325,846	176,577	149,269	-	(12,864)	(715)	
Los Osos Holdings, Inc.	110,237	80,430	-	80,430	-	-	(650)	
Clarke St. Property Holdings, LLC	14,240	14,845	-	14,845	-	(183)	(183)	
Procurmore Trading, Inc.	557	614	-	614	-	-	-	
Brighton-Best International (Taiwan) Inc.	10,315,000	37,049,803	11,876,365	25,173,438	8,645,855	1,132,162	3,124,950	\$ 3.04
Brighton-Best International, Inc.	5,801,521	21,207,130	7,484,601	13,722,529	20,297,556	2,165,194	1,502,282	
Brighton-Best International, (UK) Limited	453,097	753,992	255,844	498,148	310,555	21,372	18,727	
Brighton-Best International, (Canada) Inc.	381,149	1,619,500	445,431	1,174,069	1,066,660	207,559	148,815	
Brighton-Best International, (AU) Pty Ltd.	1,498,544	1,971,858	1,067,776	904,082	1,109,631	13,312	7,908	
Brighton-Best International, (NZ) Limited	19,328	178,325	164,963	13,362	79,132	1,486	(1,284)	

Name of enterprise	Capital	Net asset	Net liability	Net value	Operating revenue	Operating income	Current profit and loss (after tax)	Earnings per share (\$) (after tax)
Brighton-Best International, (Brasil) Comercio de Parafusos Ltda.	6,486	154,060	184,647	(30,587)	87,997	3,927	11,793	
Ta Chen Empire Co., Ltd.	5,300,000	6,638,195	640,475	5,997,720	748,040	16,587	284,503	
Noei Geeng Enterprise Co., Ltd.	97,232	324,175	224,130	100,045	-	(1,315)	(4,854)	
Hupao Technology Co., Ltd.	238,865	384,337	149,698	234,639	-	(1,129)	(2,979)	
Xie Xin Enterprise Co., Ltd.	356,464	360,562	2,336	358,266	17,551	(93)	553	
Right Way Industrial Co., Ltd.	3,003,105	3,020,057	296,616	2,723,441	938,054	40,853	86,662	0.29
Right Way Industrial (Malaysia) Sdn. Bhd	202,849	480,078	142,424	337,654	296,518	18,553	9,298	0.25
Excellent Growth Investments Limited	606,592	92	-	92	-	-	13,222	0.66
Right Way North America Inc.	1,535	13,312	7,717	5,595	10,791	11	9	
TRIM-Telesis Engineering Sdn Bhd	48,475	303	34	269	-	(68)	(69)	(0.01)
Yinrong (Shanghai) Investment Management Co., Ltd.	2,372	9,839	3,697	6,142	-	-	18	
Ta Chen (Hong Kong) Limited	279,720	235,688	49	235,639	-	(262)	3,121	
Wei Mei Roller Blind Co., Ltd.	100,000	195,364	80,662	114,702	-	(87,544)	11,657	
Wei Mei Hsin Shu Interior Decoration Co., Ltd.	69,000	188,314	105,987	82,327	133,633	12,910	9,623	
Ta Chen Lung Mei Home Life Co., Ltd.	300,000	1,974,749	1,821,799	152,950	1,530,239	(441,054)	(462,732)	

Note 1 : Price is calculated according to exchange rate of the end of the year (December 31st, 2023). Prices of 2023 are calculated according to average exchange rate of all seasons of 2023.

(II) Consolidated financial report of affiliates:

The Company has prepared a 2023 consolidated financial report of affiliates (from January 1st, 2023 to December 31st, 2023). In 2023, according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the Company shall list all companies included in the financial report of affiliates, which is identical to the companies included in the consolidated financial report of parent company and subsidiaries according to Article 7 of the Financial and Accounting Standards. The relevant information to be disclosed in the financial report of affiliates shall have been disclosed previously in the consolidated financial report of parent company and subsidiaries. Thus, the Company will not prepare a separate consolidated financial report of affiliates.

(III) Affiliates report: None.

8.2 Private Equity Securities of the Recent Fiscal Year Until Publishing Date of This Annual Report: None.

8.3 Subsidiary Holding or Disposing of The Company's Stock:

Unit: NTD thousand; shares; %

Name of subsidiary	Paid-in capital	Source of fund	Percentage of shares held by the Company	Acquisition or disposal date	Number and value of shares acquired	Number and value of shares disposed of	Profit or loss from the investment	Number and value of shares held as of the publication date of the annual report	Pledge creation status	Amount of endorsement/ guarantee provided to the subsidiary by the Company	Amount of loan lent to the subsidiary by the Company
Brighton-Best International (Taiwan) Inc.	10,315,000	Own capital	42.72%	In the most recent year until the publication date of the annual report	27,867,314 shares - thousand	-	5,965	167,203,884 shares 6,102,942 thousand	None	-	-
Ta Chen Empire Co., Ltd.	5,300,000	Own capital	parent company	In the most recent year until the publication date of the annual report	20,524,728 shares - thousand	-	7,264	123,148,371 shares 4,494,916 thousand	Note 1	-	-

Note 1: 2,400,000 shares are loan collateral.

8.4 Other Necessary Supplementary Items: None.

8.5 If There Is Any Significant Impact on Shareholders' Equity or Securities Prices in Article 36, Paragraph 3, Section 2 of the Securities Exchange Act in the Recent Fiscal Year Until Publishing Date of This Annual Report: None.

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

**Consolidated Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Ta Chen Stainless Pipe Co., Ltd.

By

LI-YUN SHIEH
Chairman
March 12, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Ta Chen Stainless Pipe Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated 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 Group's consolidated financial statements for the year ended December 31, 2023 is described as follows:

Authenticity of Revenue Recognition from Specific Customers, Sale Models and Products

Sales revenue of the Group comes primarily from the sale of goods to specific customers, sale models and the sale of specific products. Since revenue from the specific customers and sale of products is material to the consolidated financial statements, considering that there is a presumed significant risk in revenue recognition, the authenticity of revenue recognition from specific sales model customers and sale of products has a significant impact on the consolidated financial statements. Therefore, the authenticity of revenue recognition from specific customers and sale of products was identified as a key audit matter for the year ended December 31, 2023. For the relevant accounting policies of revenue recognition, refer to Note 4(q).

The main audit procedures that we performed in regard of the aforementioned key audit matter are as follows:

1. We obtained an understanding of and tested the effectiveness of the design of the relevant internal controls and implementation related to revenue recognition from specific customers, sale models and products.
2. We selected samples and checked the documents and payment status related to the sales revenue of the specific customers, sale models and products to verify the occurrence of the sales.

Emphasis of Matter

Refer to Note 29 to the consolidated financial statements, the Group acquired shares of Wei Mei Hsin Shu Design Co., Ltd. in May 2022. As a result of the fact that the valuation report had completed in May 2023, we reviewed and retrospective restated the consolidated financial statements for the year ended December 31, 2022 in according to the regulations. Our opinion result is not modified in respect of this matter.

Other Matter

We have also audited the parent company only financial statements of Ta Chen Stainless Pipe Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion with other matter paragraph.

We did not audit the financial statements of Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiary included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiary, is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total assets of the above subsidiaries were NT\$469,929 thousand and NT\$469,744 thousand, accounting for 0.35% and 0.32%, respectively, of consolidated total assets; for the years ended December 31, 2023 and 2022, the total revenue was NT\$209,239 thousand and NT\$73,710 thousand, accounting for 0.21% and 0.06%, respectively, of consolidated total revenue. We did not audit the financial statements of TY Steel Co., Ltd. included in the consolidated financial statements of the Group, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for TY Steel Co., Ltd., is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total amount of the above investments accounted for using the equity method was NT\$481,846 thousand and NT\$615,011 thousand, accounting for 0.36% and 0.42%, respectively, of consolidated total assets; for the years ended December 31, 2023 and 2022, the total comprehensive income of the above investments accounted for using the equity method was NT\$(136,447) thousand and NT\$(221,287) thousand, accounting for (2.33%) and (1.01%), respectively, of consolidated total comprehensive income.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chi-Chen Li and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022 (Audited after Restatement)	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,424,771	7	\$ 11,234,287	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	363,663	-	122,249	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	79,030	-	79,240	-
Financial assets at amortized cost - current (Notes 4, 9 and 34)	4,237,146	3	2,594,949	2
Financial assets for hedging - current (Notes 4 and 32)	-	-	44,885	-
Notes receivable (Note 10)	58,572	-	40,019	-
Accounts receivable, net (Notes 4, 10, 25 and 34)	7,466,965	6	8,065,531	6
Other receivables (Note 33)	343,010	-	725,291	1
Current tax assets (Notes 4 and 27)	1,133,906	1	1,742,653	1
Inventories (Notes 4, 11 and 34)	56,615,858	42	72,103,060	49
Prepayments (Notes 19 and 33)	2,612,686	2	2,118,277	1
Non-current assets held for sale (Notes 4 and 12)	-	-	92,619	-
Other current assets	67,094	-	83,112	-
Total current assets	82,402,701	61	99,046,172	68
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	411,934	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 14)	786,447	1	741,799	-
Financial assets at amortized cost - non-current (Notes 4, 9, 33 and 34)	1,501,490	1	1,394,676	1
Derivative financial assets for hedging - non-current (Notes 4 and 32)	697,866	1	1,595,174	1
Investments accounted for using the equity method (Notes 4, 5 and 14)	526,927	-	650,254	-
Property, plant and equipment (Notes 4, 15 and 34)	29,301,180	22	22,992,358	16
Right-of-use assets (Notes 4 and 17)	7,930,832	6	7,300,665	5
Investment properties (Notes 4 and 16)	1,185,148	1	1,067,168	1
Goodwill (Notes 4 and 18)	4,186,666	3	4,187,281	3
Other intangible assets (Notes 4 and 18)	1,586,433	1	1,895,600	1
Deferred tax assets (Notes 4 and 27)	1,806,530	1	2,684,213	2
Prepayments for equipment and properties (Note 19)	2,368,615	2	2,719,084	2
Net defined benefit assets - non-current (Notes 4 and 23)	133,774	-	109,717	-
Other non-current assets	288,769	-	61,925	-
Total non-current assets	52,712,611	39	47,399,914	32
TOTAL	<u>\$ 135,115,312</u>	<u>100</u>	<u>\$ 146,446,086</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 34)	\$ 17,955,293	13	\$ 13,650,609	9
Short-term bills payable (Notes 20 and 34)	569,906	1	889,310	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	175,429	-	182,453	-
Contract liabilities - current (Note 25)	145,627	-	173,958	-
Notes payable (Note 21)	108,038	-	83,868	-
Accounts payable (Note 21)	1,666,922	1	2,572,718	2
Accounts payable to related parties (Note 33)	310,795	-	424,050	-
Other payables (Note 22)	3,153,930	2	3,899,554	3
Current tax liabilities (Notes 4 and 27)	918,108	1	1,595,242	1
Lease liabilities - current (Notes 4 and 17)	1,131,386	1	985,981	1
Current portion of long-term borrowings (Notes 20 and 34)	1,274,888	1	9,066,292	6
Other current liabilities	584,075	1	896,656	1
Total current liabilities	27,994,397	21	34,420,691	24
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	200	-
Long-term borrowings (Notes 20 and 34)	22,870,654	17	28,987,572	20
Deferred tax liabilities (Notes 4 and 27)	1,885,655	1	1,821,441	1
Lease liabilities - non -current (Notes 4 and 17)	7,729,011	6	7,123,761	5
Long-term payables	45,182	-	51,153	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	2,281	-	18,737	-
Other non-current liabilities	108,823	-	125,336	-
Total non-current liabilities	32,641,606	24	38,128,200	26
Total liabilities	60,636,003	45	72,548,891	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Ordinary shares	24,342,606	18	20,285,505	14
Capital surplus	23,001,551	17	22,783,377	15
Retained earnings				
Legal reserve	4,217,219	3	3,025,798	2
Special reserve	64,308	-	3,883,805	3
Unappropriated earnings	14,079,877	11	15,024,018	10
Total retained earnings	18,361,404	14	21,933,621	15
Other equity	1,740,595	1	2,733,151	2
Treasury shares	(4,386,159)	(3)	(4,473,674)	(3)
Total equity attributable to owners of the Company	63,059,997	47	63,261,980	43
NON-CONTROLLING INTERESTS (Note 24)				
Total equity	11,419,312	8	10,635,215	7
TOTAL	<u>\$ 135,115,312</u>	<u>100</u>	<u>\$ 146,446,086</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)	\$ 101,256,601	100	\$ 114,148,570	100
OPERATING COSTS (Notes 11, 26 and 33)	<u>81,799,804</u>	<u>81</u>	<u>83,110,993</u>	<u>73</u>
GROSS PROFIT	<u>19,456,797</u>	<u>19</u>	<u>31,037,577</u>	<u>27</u>
OPERATING EXPENSES (Notes 10, 26 and 33)				
Selling and marketing expenses	3,098,690	3	3,581,140	3
General and administrative expenses	7,491,270	7	8,920,812	8
Expected credit (gain) loss	<u>(4,552)</u>	<u>-</u>	<u>4,664</u>	<u>-</u>
Total operating expenses	<u>10,585,408</u>	<u>10</u>	<u>12,506,616</u>	<u>11</u>
OTHER OPERATING INCOME AND EXPENSES (Note 26)	<u>(15,415)</u>	<u>-</u>	<u>(4,759)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>8,855,974</u>	<u>9</u>	<u>18,526,202</u>	<u>16</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 14, 26 and 33)				
Interest income	286,613	-	86,225	-
Gain from bargain purchase - acquisition of subsidiaries	-	-	110,248	-
Other income	335,834	-	365,055	-
Other gains and losses	1,442,133	2	1,625,540	2
Finance costs	(1,159,200)	(1)	(1,215,810)	(1)
Share of profit or loss of associates	<u>(153,014)</u>	<u>-</u>	<u>(311,237)</u>	<u>-</u>
Total non-operating expenses	<u>752,366</u>	<u>1</u>	<u>660,021</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FOR THE YEAR	9,608,340	10	19,186,223	17
INCOME TAX EXPENSE (Notes 4 and 27)	<u>2,797,796</u>	<u>3</u>	<u>4,787,359</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>6,810,544</u>	<u>7</u>	<u>14,398,864</u>	<u>13</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24 and 27)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	24,206	-	40,105	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	<u>(8,233)</u>	<u>-</u>	<u>(17,897)</u>	<u>-</u>

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (1,162)	-	\$ (4,780)	-
	<u>14,811</u>	<u>-</u>	<u>17,428</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	163,045	-	5,451,186	5
Gain on hedging instruments not subject to basis adjustment	(975,980)	(1)	1,984,945	1
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(161,330)</u>	<u>-</u>	<u>(24,745)</u>	<u>-</u>
	<u>(974,265)</u>	<u>(1)</u>	<u>7,411,386</u>	<u>6</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(959,454)</u>	<u>(1)</u>	<u>7,428,814</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ <u>5,851,090</u>	<u>6</u>	\$ <u>21,827,678</u>	<u>19</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 5,330,802	5	\$ 12,025,615	11
Non-controlling interests	<u>1,479,742</u>	<u>2</u>	<u>2,373,249</u>	<u>2</u>
	<u>\$ 6,810,544</u>	<u>7</u>	<u>\$ 14,398,864</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,360,849	4	\$ 18,717,412	16
Non-controlling interests	<u>1,490,241</u>	<u>2</u>	<u>3,110,266</u>	<u>3</u>
	<u>\$ 5,851,090</u>	<u>6</u>	<u>\$ 21,827,678</u>	<u>19</u>
EARNINGS PER SHARE (New Taiwan Dollars; Note 28)				
Basic	\$ <u>2.30</u>		\$ <u>5.15</u>	
Diluted	\$ <u>2.29</u>		\$ <u>5.12</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company												
	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	Non-controlling Interest (Note 22)	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 20,084,659	\$ 22,993,816	\$ 2,058,958	\$ 2,108,136	\$ 9,668,399	\$ (3,606,319)	\$ 18,570	\$ (296,056)	\$ (3,883,805)	\$ (4,004,953)	\$ 49,025,210	\$ 5,400,906	\$ 54,426,116
Appropriation of 2021 earnings (Note 24)													
Legal reserve	-	-	966,840	-	(966,840)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,775,669	(1,775,669)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(3,615,239)	-	-	-	-	-	(3,615,239)	-	(3,615,239)
Share dividends distributed by the Company	200,846	-	-	-	(200,846)	-	-	-	-	-	-	-	-
Other changes in capital surplus													
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(1,159)	-	-	-	-	-	(1,159)	-	(1,159)
Net profit for the year ended December 31, 2022	-	-	-	-	12,025,615	-	-	-	-	-	12,025,615	2,373,249	14,398,864
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax (Note 24)	-	-	-	-	35,325	4,759,090	(38,734)	1,936,116	6,656,472	-	6,691,797	737,017	7,428,814
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,060,940	4,759,090	(38,734)	1,936,116	6,656,472	-	18,717,412	3,110,266	21,827,678
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(468,721)	(468,721)	468,611	(110)
Cash dividends distributed by subsidiaries	-	183,741	-	-	-	-	-	-	-	-	183,741	247,475	431,216
Difference between consideration and carrying amount of subsidiaries acquired	-	(315,032)	-	-	(170,955)	-	-	-	-	-	(485,987)	(811,801)	(1,297,788)
Share of changes in equity of subsidiaries	-	(78,965)	-	-	(14,129)	-	-	-	-	-	(93,094)	93,094	-
Share-based payments (Note 24)	-	(183)	-	-	-	-	-	-	-	-	(183)	-	(183)
Change in non-controlling interests (Note 30)	-	-	-	-	-	-	-	-	-	-	-	3,201,141	3,201,141
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	39,516	-	(39,516)	-	(39,516)	-	-	-	-
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,074,477)	(1,074,477)
BALANCE AT DECEMBER 31, 2022	20,285,505	22,783,377	3,025,798	3,883,805	15,024,018	1,152,771	(59,680)	1,640,060	2,733,151	(4,473,674)	63,261,980	10,635,215	73,897,195
Appropriation of 2022 earnings (Note 24)													
Legal reserve	-	-	1,191,421	-	(1,191,421)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(3,819,497)	3,819,497	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(4,868,521)	-	-	-	-	-	(4,868,521)	-	(4,868,521)
Share dividends distributed by the Company	4,057,101	-	-	-	(4,057,101)	-	-	-	-	-	-	-	-
Other changes in capital surplus													
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	5,330,802	-	-	-	-	-	5,330,802	1,479,742	6,810,544
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax (Note 24)	-	-	-	-	23,044	137,790	(1,924)	(1,128,863)	(992,997)	-	(969,953)	10,499	(959,454)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	5,353,846	137,790	(1,924)	(1,128,863)	(992,997)	-	4,360,849	1,490,241	5,851,090
Cash dividends distributed by subsidiaries	-	248,425	-	-	-	-	-	-	-	-	248,425	332,283	580,708
Difference between consideration and carrying amount of subsidiaries acquired	-	13,249	-	-	-	-	-	-	-	-	13,249	7,903	21,152
Share of changes in equity of subsidiaries	-	(43,553)	-	-	-	-	-	-	-	87,515	43,962	(91,849)	(47,887)
Share-based payments (Note 24)	-	53	-	-	-	-	-	-	-	-	53	606	659
Change in non-controlling interests (Note 30)	-	-	-	-	-	-	-	-	-	-	-	124,190	124,190
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(441)	-	441	-	441	-	-	-	-
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,079,277)	(1,079,277)
BALANCE AT DECEMBER 31, 2023	\$ 24,342,606	\$ 23,001,551	\$ 4,217,219	\$ 64,308	\$ 14,079,877	\$ 1,290,561	\$ (61,163)	\$ 511,197	\$ 1,740,595	\$ (4,386,159)	\$ 63,059,997	\$ 11,419,312	\$ 74,479,309

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 9,608,340	\$ 19,186,223
Adjustments for:		
Depreciation expenses	2,390,907	2,109,917
Amortization expenses	407,086	350,852
Expected (reversed) credit loss recognized on accounts receivable	(1,552)	4,664
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(226,559)	136,593
Finance costs	1,159,200	1,215,810
Interest income	(286,613)	(86,225)
Dividend income	(400)	(1,197)
Compensation costs of employee share options	659	-
Share of (profit) loss of associates	153,014	311,237
Loss on disposal of property, plant and equipment	15,415	4,759
Property, plant and equipment transferred to expense	-	27,359
Gain on derecognition of disposal groups held for sale	(4,455)	(37,774)
Loss on disposal of associate	-	79,461
Impairment loss on non-financial assets	-	1,662,913
Net loss (gain) on foreign currency exchange	670,717	(723,704)
Gain on bargain purchase and lease modifications	(18)	(111,601)
Changes in operating assets and liabilities		
Notes receivable	(18,553)	(13,207)
Accounts receivable	705,889	532,115
Other receivables	401,885	(330,504)
Other receivables from related parties	-	(6,404)
Inventories	15,965,934	(17,327,388)
Prepayments	(516,570)	640,790
Other current assets	16,628	(3,446)
Contract liabilities	(28,331)	124,752
Notes payable	15,917	(17,770)
Accounts payable	(1,019,051)	562,944
Other payables	(714,932)	1,295,372
Other current liabilities	(312,581)	356,573
Net defined benefit obligation	(32,769)	(36,073)
Cash generated from operations	28,349,207	9,907,041
Income tax paid	(3,086,560)	(5,813,230)
Net cash generated from operating activities	25,262,647	4,093,811
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(50,957)	(296,871)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,298	32,737
Acquisition of financial assets at amortized cost	(1,667,805)	-
Proceeds from sale of financial assets at amortized cost	-	3,899,561
Acquisition of financial assets at fair value through profit or loss	(492,803)	(61,618)
Proceeds from sale of financial assets at fair value through profit or loss	59,221	36,803
Acquisition of investments accounted for using the equity method	-	(330,464)
Acquisition of subsidiaries (net of cash received)	-	202,305

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Net cash inflow on disposed of subsidiary	\$ 97,074	\$ -
Payments for property, plant and equipment	(6,102,349)	(4,160,752)
Proceeds from disposal of property, plant and equipment	16,090	72,589
Increase in refundable deposits	(268,784)	(256,869)
Decrease in refundable deposits	187,108	202,362
Acquisition of intangible assets	(23,366)	(50,205)
Proceeds from disposal of intangible assets	-	7,232
Acquisition of investment properties	(1,331)	(1,073,991)
Increase in other non-current assets	(297,150)	(7,414)
Increase in prepayments for equipment	(1,254,586)	(4,272,524)
Increase in prepayments for premises	-	(122,244)
Interest received	264,009	86,213
Dividends received	<u>400</u>	<u>1,197</u>
Net cash used in investing activities	<u>(9,533,931)</u>	<u>(6,091,953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	84,959,629	48,398,559
Repayments of short-term borrowings	(80,651,911)	(44,832,837)
Proceeds from short-term bills payable	16,773,406	13,404,202
Repayments of short-term bills payable	(17,220,000)	(13,945,000)
Proceeds from long-term borrowings	16,412,491	21,821,677
Repayments of long-term borrowings	(30,696,992)	(13,428,595)
Decrease in payables	(5,971)	(8,438)
Repayment of the principal portion of lease liabilities	(1,082,185)	(1,106,663)
Cash dividends distributed	(4,287,813)	(3,184,023)
Payments for buy-back of ordinary shares	-	(240,761)
Acquisition of ownership interests in subsidiaries	-	(1,297,788)
Disposal of interests in subsidiaries	21,152	-
Interest paid	(993,939)	(1,108,864)
Changes in non-controlling interests	(791,687)	(903,698)
Other financing activities	<u>(31,538)</u>	<u>(73,221)</u>
Net cash generated from (used in) financing activities	<u>(17,595,358)</u>	<u>3,494,550</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>57,126</u>	<u>406,224</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,809,516)	1,902,632
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>11,234,287</u>	<u>9,331,655</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,424,771</u>	<u>\$ 11,234,287</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 12, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit assets / 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 an 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 an asset or liability.

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 and cash equivalents 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 Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer to Note 13, Table 9 and Table 10 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity'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 rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary item denominated and measured at historical cost is at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries in other countries or those that use currencies different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting exchange differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

g. Inventories

Inventories consist of raw materials (including materials in transit), materials, finished goods, merchandise (including merchandise in transit) and work in progress and 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 group similar or related items. The 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 the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group 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 Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group'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 Group'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 Group 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 Group's proportionate interest in the associate. The Group 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 Group'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 Group'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 Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group 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 Group 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 Group 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 Group continues to apply the equity method and does not remeasure the retained interest.

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

i. Property, plant, and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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 and is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any 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 Group 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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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 had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

o. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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 issuance 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 which 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 32.

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 and cash equivalents, 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.

Cash equivalents include time deposits with original maturities within three months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group 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 Group'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 Group evaluates expected credit losses on financial assets at amortized cost (including trade receivables) at the end of each reporting period.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group 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 Group 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 Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- 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 Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

a) Subsequent measurement

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

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 32.

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 Group enters into a variety of derivative financial instruments to manage its exposure to interest rate, metal prices and foreign exchange rate risks, including but not limited to foreign exchange swap contracts, foreign exchange forward contracts, exchange options, metal price swap contracts, interest rate swaps and cross currency swaps.

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 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.

p. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, as either fair value hedges or 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 Group 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 qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately 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 reclassification adjustments in the line items relating to the related hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted 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 included in the initial cost of the non-financial asset or non-financial liability.

The Group 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.

q. Revenue recognition

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

1) 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, venetian blinds, screws, nuts, aluminum products curtains, fabric products and car components. 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 Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Dividend and interest income

Dividend income from investments is recognized when a shareholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Group and that the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the applicable effective interest rate.

r. Leasing

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

1) The Group 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 Group 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 to 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 the 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 to 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 Group as lessee

The Group 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 by 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 consolidated 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 Group 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 Group 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 consolidated balance sheets.

s. Borrowing costs

Borrowing costs directly attributable to an 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 other borrowing costs are recognized in profit or loss in the period in which they are incurred.

t. 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 expenses 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 Group'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.

u. 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 Group'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 date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares

that the employees purchase is confirmed.

v. Taxation

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

1) Current tax

Income tax payable (recoverable) 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 profits.

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 Group 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 recognized only to the extent that it is probable that there will be sufficient taxable profits 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 profits 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes 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 taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on 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.

When developing material accounting 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.

Key Sources of Estimation Uncertainty

Control over subsidiaries

As stated in Note 13, the Group holds less than half of the voting rights on several subsidiaries. After considering the Group's absolute size of holdings in these subsidiaries and the relative size and dispersion of the shareholdings of the other shareholders and the number of seats on the subsidiaries' board of directors, the Group concluded that it has a sufficiently dominant voting interest to direct the relevant activities of these subsidiaries, and therefore the Group has control over them.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 2,284	\$ 3,034
Checking accounts and demand deposits	8,234,005	8,842,015
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	1,066,234	2,389,238
Repurchase agreements	<u>122,248</u>	<u>-</u>
	<u>\$ 9,424,771</u>	<u>\$ 11,234,287</u>

The market rate intervals of cash in the bank, at the end of the year were as follows:

	December 31	
	2023	2022
Time deposits	1.1%-5.89%	4.10%-4.52%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (b)	\$ 135,837	\$ 25,248
Interest rate swap contracts (c)	82,221	-
Metal price derivative financial instruments contracts (d)		
Swap contracts	17,850	8,017
Forward contracts	19,110	-
Futures contracts	-	7,574
	<u>255,018</u>	<u>40,839</u>
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>108,645</u>	<u>81,410</u>
	<u>\$ 363,663</u>	<u>\$ 122,249</u>
<u>Financial assets - non-current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Interest rate swap contracts (c)	<u>\$ 411,934</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange swap contracts (a)	\$ -	\$ 15,583
Foreign exchange forward contracts (b)	45,267	15,517
Metal price derivative financial instruments contracts (d)		
Swap contracts	17,322	68,615
Forward contracts	41,023	32,532
Future contracts	<u>71,817</u>	<u>50,206</u>
	<u>\$ 175,429</u>	<u>\$ 182,453</u>
<u>Financial liabilities - non-current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Metal price derivative financial instruments contracts (d)		
Swap contracts	<u>\$ -</u>	<u>\$ 200</u>

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

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap contracts	NTD/USD	2023.02	NTD 627,500/USD 20,000

The Group 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 follows:

December 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	AUD/USD	2024.01-2024.07	AUD 10,733/USD 7,211
Buy	NZD/USD	2024.01	NZD 2,432/USD 1,526
Buy	USD/GBP	2024.03	USD 4,487/GBP 3,555
Sell	USD/NTD	2024.01-2024.08	USD 100,000/NTD 3,154,700
Sell	AUD/USD	2024.01-2024.09	AUD 67,031/USD 44,363
Sell	NZD/USD	2024.01-2024.03	NZD 4,286/USD 2,617
Sell	USD/EUR	2024.01-2026.01	USD 39,268/EUR 35,098

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	AUD/USD	2023.01-2023.06	AUD 17,787/USD 11,944
Buy	GBP/USD	2023.01	GBP 259/USD 302
Sell	AUD/USD	2023.01-2023.07	AUD 60,285/USD 40,619
Sell	GBP/USD	2023.01-2023.03	GBP 4,793/USD 5,823
Sell	USD/NTD	2023.09-2023.01	USD 58,000/NTD 1,799,590

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

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

December 31, 2023

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
USD 100,000	2024.05	1.31%	Term SOFR 1 months+0.1%
USD 250,000	2024.05-2027.06	0.67%-1.37%	Compounded SOFR+0.1148%

- d. At the end of the reporting period, outstanding metal price derivative financial instrument contracts not under hedge accounting were as follows:

December 31, 2023

Swap contracts

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price swaps	USD 65,768	29,558	USD 2,086-2,486	2024.01-2024.09
Aluminum price swaps of Midwestern United States	USD 2,131	4,800	USD 414-482	2024.01-2024.11
Nickel price swaps	USD 19,410	1,080	USD 16,226-22,700	2024.01-2024.06

Forward contracts

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price forwards	USD 65,857	28,879	USD 2,128-2,588	2024.01-2024.08
Nickel price forwards	USD 44,166	2,600	USD 16,396-21,032	2024.01-2024.09

Futures contracts

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price futures	USD 47,532	21,425	USD 2,104-2,413	2024.01-2024.05
Aluminum price futures	EUR 2,302	1,125	EUR 1,976-2,084	2024.01-2024.03
Aluminum price futures	GBP 2,866	1,600	GBP 1,703-1,852	2024.01-2024.04

December 31, 2022

Swap contracts

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price swaps	USD 131,876	52,322	USD 2,152-2,642	2023.01-2023.04
Aluminum price swaps of Midwestern United States	USD 6,121	12,025	USD 448-584	2023.01-2023.12
Nickel price swaps	USD 7,761	308	USD 20,850-32,805	2023.01-2023.05

Forward contracts

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price forwards	USD 73,139	30,905	USD 2,213-2,587	2023.01-2024.02
Nickel price forwards	USD 58,455	2,028	USD 22,078-30,442	2023.01-2023.08

Futures contracts

Contract	Notional Amount (In Thousands)		Transaction Amount (In Tons)	Contract Price (Per Ton)		Maturity Date
Aluminum price futures	USD	64,571	27,699	USD	2,188-2,509	2023.01-2023.05
Aluminum price futures	EUR	5,502	2,425	EUR	2,251-2,312	2023.03-2023.04
Aluminum price futures	GBP	3,556	1,775	GBP	1,927-2,079	2023.01-2023.04

The Group entered into aluminum price and nickel price derivative financial instrument contracts to reduce the impact of raw material price fluctuations on profitability.

The net gain (loss) attributable to the above derivative contracts in 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Mutual funds	\$ 5,592	\$ (7,832)
Foreign exchange swap contracts	(26,193)	(24,593)
Foreign exchange forward contracts	(63,586)	(537,258)
Interest rate swap contracts	511,656	(1)
Metal price derivative financial instrument contracts	890,331	367,594
Domestic investments listed shares	-	4,311
	<u>\$ 1,317,800</u>	<u>\$ (197,779)</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
<u>Current</u>		
Foreign investments		
Listed shares	<u>\$ 79,030</u>	<u>\$ 79,240</u>
<u>Non-current</u>		
Domestic investments		
Emerging market shares	\$ 759,295	\$ -
Unlisted shares	<u>27,152</u>	<u>741,799</u>
	<u>\$ 786,447</u>	<u>\$ 741,799</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 Group's strategy of holding these investments for long-term purposes.

Tung Mung Development Co., Ltd.'s shares have been listed on the Emerging Stock Board (ESB) since October 2023. Therefore, the investment amount of shares held by the Group was classified from unlisted shares to emerging market shares on December 31, 2023.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Pledged time deposits	\$ 780,642	\$ 876,766
Pledged demand deposits (reserve account)	1,502,636	1,613,838
Pledged repurchase agreements collateralized by bonds	20,567	30,641
Time deposits with original maturities more than 3 months	<u>1,933,301</u>	<u>73,704</u>
	<u>\$ 4,237,146</u>	<u>\$ 2,594,949</u>
<u>Non-current</u>		
Pledged time deposits	\$ 390,000	\$ 390,000
Pledged demand deposits (reserve account)	220,398	194,790
Refundable deposits	<u>891,092</u>	<u>809,886</u>
	<u>\$ 1,501,490</u>	<u>\$ 1,394,676</u>

- a. The ranges of interest rates for time deposits (including both time deposits with original maturities of more than three months and pledged time deposits) were approximately 0.54% - 5.68% and 0.1% - 5.16% as of December 31, 2023 and 2022, respectively.
- b. Refer to Note 34 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 58,572</u>	<u>\$ 40,019</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 7,503,623	\$ 8,118,707
Less: Allowance for impairment loss	<u>(36,658)</u>	<u>(53,176)</u>
	<u>\$ 7,466,965</u>	<u>\$ 8,065,531</u>

The average credit period of the sale of goods was 30-90 days. No interest was charged on accounts receivable. The Group 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 Group uses publicly available financial information or its own trading records to rate its customers. The Group's exposures and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the Group annually.

In order to minimize credit risk, the management of the Group 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 Group 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 Group's credit risk is significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix 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 Group'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 Group's different customer base.

The Group writes off an account receivable when there is information 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 Group 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 table details the loss allowance of notes receivable and accounts receivable based on the Group's provision matrix.

Notes receivable

The Group assessed that the notes receivable were not past due based on the past due status; thus, the Group did not recognize an expected credit loss for notes receivable as of December 31, 2023 and 2022.

Accounts receivable

December 31, 2023

	No indication of default of debtor				Indication of default of debtor	Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0.04%	0.08%	0%	17.11%	100%	
Gross carrying amount	\$ 6,700,205	\$ 535,064	\$ 135,741	\$ 119,503	\$ 13,110	\$ 7,503,623
Loss allowance (Lifetime ECLs)	(2,674)	(431)	-	(20,443)	(13,110)	(36,658)
Amortized cost	<u>\$ 6,697,531</u>	<u>\$ 534,633</u>	<u>\$ 135,741</u>	<u>\$ 99,060</u>	<u>\$ -</u>	<u>\$ 7,466,965</u>

December 31, 2022

	No indication of default of debtor				Indication of default of debtor	Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0.03%	0.20%	0%	34.02%	100%	
Gross carrying amount	\$ 7,292,169	\$ 541,447	\$ 159,571	\$ 114,182	\$ 11,338	\$ 8,118,707
Loss allowance (Lifetime ECLs)	(1,937)	(1,056)	-	(38,845)	(11,338)	(53,176)
Amortized cost	<u>\$ 7,290,232</u>	<u>\$ 540,391</u>	<u>\$ 159,571</u>	<u>\$ 75,337</u>	<u>\$ -</u>	<u>\$ 8,065,531</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 53,176	\$ 47,814
Add (Less): Net remeasurement of loss allowance	(4,552)	4,664
Less: Amounts written off	(12,008)	(2,934)
Foreign exchange gains and losses	42	3,583
Add: Acquisitions through business combinations	<u>-</u>	<u>49</u>
Balance at December 31	<u>\$ 36,658</u>	<u>\$ 53,176</u>

Refer to Note 34 for the carrying amount of the Group's accounts receivable pledged as collateral for bank borrowings.

11. INVENTORIES

	December 31	
	2023	2022
Finished goods and merchandise	\$ 41,265,238	\$ 52,262,810
Work in progress	7,595,777	8,511,255
Raw materials	4,513,877	6,280,979
Materials	781,984	354,871
Merchandise in transit	193,702	337,222
Raw materials in transit	<u>2,265,280</u>	<u>4,355,923</u>
	<u>\$ 56,615,858</u>	<u>\$ 72,103,060</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$81,799,804 thousand and \$83,110,993 thousand, respectively. The cost of goods sold include inventory write-downs of \$0 thousand and \$1,595,527 thousand for the years ended December 31, 2023 and 2022, respectively.

Refer to Note 34 for the carrying amount of the Group's inventories pledged as collateral for bank borrowings.

12. NON-CURRENT ASSETS AS HELD FOR SALE

a. Discontinued operations

On January 12, 2021, Right Way's subsidiary Excellent Growth Investments Limited's board of directors resolved to dispose of 77% of the common stock of Admiral Skill Limited and all preferred stock of Joint Fortune Company.

The Group acquired the court bankruptcy petition ruling of Shanghai Kunyi Precision Metal Forming Products Co., Ltd. on August 23, 2022. Thus, the Group wrote off the carrying amount of the disposal groups (including non-controlling interests) and recognized gains on disposal of \$37,774 thousand (accounted for other gains and losses).

- b. Investments accounted for using the equity method classified as held for sale – December 31, 2022

	December 31, 2022
Investments accounted for using the equity method classified as held for sale	\$ <u>92,619</u>

The Group signed a contract with the buyer in December 2022 for the disposal of the entire 31.66% shares of common stock of Fuzhou Assured Brake Systems Co., Ltd., limited to an unrelated party, and classified related assets as non-current assets held for sale on December 31, 2023. Because the sale price exceeded the carrying amount of the related net assets, no impairment loss was recognized when the assets were classified as non-current assets and held for sale. The transaction was completed in March 2023, with a disposal amount of \$97,974 thousand and a recognized revenue amount of \$4,455 thousand (accounted for other gains and losses).

13. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements were summarized as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31		
			2023	2022	
The Company	Ta Chen International, Inc. (“TCI”)	Manufacture and sale of stainless steel pipes, rolls and pipe fittings	100%	100%	
	Ta Chen (B.V.I.) Holdings Ltd. (“Ta Chen BVI”)	Investment	100%	100%	
	Brighton-Best International (Taiwan) Inc. (“BBI-TW”)	Import, export and sale of screws and nuts	42.81%	42.98%	1)
	Yinrong (Shanghai) Investment Management Limited	Investment	100%	100%	
	Wei Mei Roller Blind Co., Ltd. (Wei Mei)	Manufacture and sale of curtains and decorations	70%	70%	
	Ta Chen Interior Design Co., Ltd.	Interior Design and Renovation	-	100%	7)
	Ta Chen (Hong Kong) Limited	Trading	100%	100%	
	Ta Chen Lung Mei Home Life Co., Ltd. (Lung Mei)	Manufacture and sale of curtains and decorations	99.96%	99.62%	3)
	Right way industrial Co., Ltd. (Right way)	Manufacture of engine and automobiles parts	0.26%	0.62%	4)
TCI	TCI Investment Group, Inc.	Import, export and sale of screws and nuts	100%	100%	
	Empire Resources, Inc. (“ERI”)	Import, export and sale of stainless steel and aluminum products	100%	100%	
	Primus Pipe and Tube Holding, Inc. (PPTH)	Investment	100%	100%	
	TCI Texarkana Inc. (TKA)	Manufacture and sale of aluminum products	100%	100%	
ERI	Empire Resources Pacific Ltd.	Import, export and sale of stainless steel and aluminum products	100%	100%	
	Imbali Metals BVBA	Import, export and sale of stainless steel and aluminum products	100%	100%	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31		
			2023	2022	
Primus Pipe and Tube Holding, Inc. Ta Chen BVI	Empire Resources UK Ltd.	Import, export and sale of stainless steel and aluminum products	100%	100%	
	8911 Kelso Drive	Import, export and sale of stainless steel and aluminum products	100%	100%	
	Primus Pipe and Tube, Inc.	Manufacture and sale of stainless steel	100%	100%	
	Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	93.14%	93.14%	
	Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	100%	100%	
	TMCT Products, Inc.	Investment	100%	100%	
	Los Osos Holding Inc.	Investment	100%	100%	
Los Osos Holding Inc.	Clarke St. Property Holdings, LLC	Investment	100%	100%	
	Procurmore Trading, Inc.	Investment	100%	100%	
Wei Mei	Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Manufacture and sale of curtains and decorations	100%	100%	
BBI-TW	Brighton-Best International, Inc. (“BBI-USA”)	Import, export and sale of screws and nuts	100%	100%	
	Brighton-Best International (Canada) Inc. (“BBI-CA”)	Import and sale of screws and nuts	100%	100%	
	Brighton-Best International (UK), Limited (“BBI-UK”)	Import and sale of screws and nuts	100%	100%	
	Brighton-Best International (AU), Pty Ltd. (“BBI-AU”)	Import and sale of screws and nuts	100%	100%	
	Brighton-Best International (NZ), Limited (“BBI-NZ”)	Import and sale of screws and nuts	100%	100%	
	Brighton-Best International, Inc. (Cayman) (“BBI-CAYMAN”)	Investment	-	-	2)
	TA CHEN Empire Co., Ltd. (TCE)	Import, export and sale of aluminum products	100%	100%	
	Brighton-Best (Hong Kong) Limited	Investment	-	-	2)
	Right way industrial Co., Ltd. (Right way)	Manufacture of engine and automobiles parts	17.82%	19.21%	4)
	Brighton-Best International, Inc.	Import and sale of screws and nuts	100%	100%	
Brighton-Best International Inc. (Cayman)	Cheng-Rong (Shanghai) International Trading Ltd.	Trading	-	-	2)
Brighton-Best (Hong Kong) Limited	Brighton-Best (Hong Kong) Holding Limited	Investment	-	-	2)
Right way industrial co., ltd.	Right Way Industrial (Malaysia) Sdn. Bhd.	Producer of quality pistons for motorcycles, commercial vehicles, automobiles, etc.	79.63%	79.63%	4)
	Excellent Growth Investments Limited	Investment	100.00%	100.00%	4)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31		
			2023	2022	
Right Way Industrial (Malaysia) Sdn. Bhd.	Right Way North America Inc.	Trading of automobiles engine parts.	100.00%	100.00%	4)
	Right way global co., ltd.	Trading of automobiles.	-	100.00%	4) 6)
	TRIM Telesis Engineering Sdn. Bhd.	Producer of connecting rod.	89.50%	89.50%	4)
Ta Chen Empire Co., Ltd. (“TCE”)	NOEI GEENG ENTERPRISE CO., LTD.	Manufacture screws and nuts	80%	80%	5)
	Hupao Technology CO., LTD.	Energy Technical Services	80%	80%	5)
	Shie Shin Enterprise Co., Ltd.	Manufacture screws and nuts	80%	80%	5)
(Concluded)					

(Concluded)

- 1) The Company has the practical ability to direct the relevant activities of BBI-TW and deems it a subsidiary.
- 2) As of December 31, 2023, no investment funding was remitted.
- 3) Ta Chen Lung Mei Home Life Co., Ltd. issued new shares in December, June and March 2023, also in June and December 2022. The Group did not subscribe for these newly issued shares at its existing ownership percentage, which resulted in a increase in its ownership interest to 99.96%.
- 4) In April 2022, the Group purchased 16,000 thousand shares and subscribed for 21,540 thousand shares of Right Way through private placement from an unrelated party for a total of \$467,832 thousand, which increased its shareholding ratio from 8.93% to 20.34%. After the subscription of the shares, the Group evaluated that its shareholding was significant, reclassified the original investment to investments accounted for using the equity method based on its fair value on the subscription date and carried forward to retained earnings all related other comprehensive income of \$94,720 thousand. During the period of significant influence, the Group's share of profit or loss and other comprehensive income in the investment accounted for using the equity method was \$3,639 thousand. After the re-election of directors at the shareholders' meeting of Right Way in June 2022, the Company has taken a number of seats on the board of directors of Right Way, and the Group's representative elected chairman thus has substantial control over it. Therefore, Right Way and its subsidiaries have been included in the Group's consolidated financial statements since June 2022. Refer to Note 29 for information on the business combinations.
- 5) The Group participated in the cash capital increase of the Company in June 2022, which total 80%, shareholding is listed as a subsidiary.
- 6) Cancellation on February 21, 2023 and completed liquidation on October 6, 2023.
- 7) Cancellation on June 30, 2023 and completed liquidation on December 5, 2023.

See Tables 9 and 10 for the information of location and main business and products of subsidiaries.

- b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2023	2022
BBI-TW	57.19%	57.02%
Right Way	81.92%	80.17%

See Table 9 for information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2023	2022	2023	2022
BBI-TW	\$ 1,427,922	\$ 2,441,241	\$ 7,983,968	\$ 7,361,634
Right Way	50,025	48,021	3,235,934	2,989,213
Others	<u>1,795</u>	<u>(116,013)</u>	<u>199,410</u>	<u>284,368</u>
	<u>\$ 1,479,742</u>	<u>\$ 2,373,249</u>	<u>\$ 11,419,312</u>	<u>\$ 10,635,215</u>

Summarized financial information in respect of each of the Group's subsidiaries with material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

BBI-TW and BBI-TW's subsidiaries:

	December 31	
	2023	2022
Current assets	\$ 22,144,734	\$ 25,080,727
Non-current assets	25,351,615	23,382,261
Current liabilities	(10,483,181)	(13,985,370)
Non-current liabilities	<u>(8,458,145)</u>	<u>(8,553,541)</u>
Equity	<u>\$ 28,555,023</u>	<u>\$ 25,924,077</u>
Equity attributable to:		
Owners of BBI-TW	\$ 10,776,749	\$ 9,759,968
Non-controlling interests of BBI-TW	14,396,689	12,948,194
Non-controlling interests of BBI-TW's subsidiaries	<u>3,381,585</u>	<u>3,215,915</u>
	<u>\$ 28,555,023</u>	<u>\$ 25,924,077</u>

	For the Year Ended December 31	
	2023	2022
Revenue	\$ 24,627,349	\$ 26,224,979
Net profit	\$ 3,173,519	\$ 4,574,239
Other comprehensive income for the year	<u>1,196,899</u>	<u>467,369</u>
Total comprehensive income for the year	\$ <u>4,370,418</u>	\$ <u>5,041,608</u>
Profit attributable to:		
Owners of BBI-TW	\$ 1,697,028	\$ 2,085,232
Non-controlling interests of BBI-TW	1,427,922	2,441,241
Non-controlling interests of BBI-TW's subsidiaries	<u>48,569</u>	<u>47,766</u>
	\$ <u>3,173,519</u>	\$ <u>4,574,239</u>
Total comprehensive income attributable to:		
Owners of BBI-TW	\$ 2,897,549	\$ 1,822,579
Non-controlling interests of BBI-TW	1,436,003	3,157,046
Non-controlling interests of BBI-TW's subsidiaries	<u>36,866</u>	<u>61,983</u>
	\$ <u>4,370,418</u>	\$ <u>5,041,608</u>
Net cash outflow from:		
Operating activities	\$ 5,610,071	\$ (810,250)
Investing activities	(142,067)	(1,607,917)
Financing activities	(5,631,459)	2,314,227
Effects of foreign currency exchange differences	<u>9,620</u>	<u>28,360</u>
Net cash outflow	\$ <u>(153,835)</u>	\$ <u>(75,580)</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	December 31	
	2023	2022
Associates that are individually material		
TY steel Co., Ltd. 1)	\$ <u>428,925</u>	\$ <u>565,372</u>
Associates that are not individually material		
Amerinox Texarkana, LLC	35,210	20,907
Fuzhou Assures Broke Systems Co., Ltd. 2)	-	-
Ta Chen Green Systems Co., Ltd 3)	59,497	59,527
City Mocean Co., Ltd. 4)	<u>3,295</u>	<u>4,448</u>
	<u>98,002</u>	<u>84,882</u>
	\$ <u>526,927</u>	\$ <u>650,254</u>

Aggregate information of associates that are individually material

Name	Nature of Activities	Principal Place of Business	Proportion of Ownership	
			December 31, 2023	December 31, 2022
TY Steel Co., Ltd.	Manufacture and sale of billets	Thailand	38.75%	38.75%

- a. The fair value of goodwill was \$116,828 thousand, which was recognized based on the purchase price allocation report and recorded in investments accounted for using the equity method, and impairment loss was recorded under loss of the associate in 2022.
- b. As described in Note 13, the Company had substantial control over Right Way in June 2022. The investment in Right Way accounted for using the equity method was treated as a disposal of associates accounted for using the equity method, and a loss of \$79,461 thousand was recognized, which was classified as other gains and losses.
- c. The Group participated in the establishment of Ta Chen Green System Co., Ltd. with \$60,000 thousand in April 2022, holding 50% of the shares. As the Group does not have practical ability to control Ta Chen Green System Co., Ltd., it was not deemed as a subsidiary.
- d. The Group participated in the establishment of Ta Chen City Mocean Co., Ltd. with \$4,900 thousand in August 2022, holding 49% of the shares. As the Group does not have practical ability to control Ta Chen City Mocean Co., Ltd., it was not deemed as a subsidiary.

For the business nature, principal place of business and country of incorporation, refer to Table 9.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are used by the Group.

Refer to Table 1 following these notes to consolidated financial statements for the movements of property, plant and equipment.

- a. As of December 31, 2022, the Group held farmland (included in land), of which the proprietary rights were registered in the name of the general manager, Robert Hsieh. The Group has acquired the declaration regarding the unconditional transfer of ownership from the owner. In 2023, the name of the loan registration of land was changed, and the ownership was changed from Robert Hsieh to the related party of the Group's director, Victor Hsieh. The Group and Victor Hsieh both signed a loan registration agreement and an establishment agreement in December 2023. The Group completed the notarization of the contract in December 2023 at Taiwan Kaohsiung District Court.
- b. In July 2022, the Group purchased land from an unrelated party located in Fuhai Lujhu District of Taoyuan City, which was partly agricultural and grazing land. As of December 31, 2023, the land has been returned and transferred from the loan registration person to the Group because the change of land has been completed.

- 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	2-50 years
Motorized power equipment	5-10 years
Engineering systems	2-25 years
Machinery and equipment	2-25 years
Storage equipment	2-20 years
Electrical equipment	2-20 years
Transportation equipment	2-8 years
Office equipment	2-14 years
Molding equipment	2-10 years
Leasehold improvements	2-40 years
Leased assets	5-10 years
Other equipment	2-35 years

Refer to Note 34 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Addition	<u>761,944</u>	<u>312,047</u>	<u>1,073,991</u>
Balance at December 31, 2022	<u>\$ 761,944</u>	<u>\$ 312,047</u>	<u>\$ 1,073,991</u>
<u>Accumulated Depreciation</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Depreciation Expense	<u>-</u>	<u>6,823</u>	<u>6,823</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 6,823</u>	<u>\$ 6,823</u>
Net amount at December 31, 2022	<u>\$ 761,944</u>	<u>\$ 305,224</u>	<u>\$ 1,067,168</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 761,944	\$ 312,047	\$ 1,073,991
Addition	-	1,331	1,331
Reclassification	<u>67,338</u>	<u>54,906</u>	<u>122,244</u>
Balance at December 31, 2023	<u>\$ 829,282</u>	<u>\$ 368,284</u>	<u>\$ 1,197,566</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated Depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 6,823	\$ 6,823
Depreciation Expense	-	9,553	9,553
Reclassification	-	(3,958)	(3,958)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 12,418</u>	<u>\$ 12,418</u>
Net amount at December 31, 2023	<u>\$ 829,282</u>	<u>\$ 355,866</u>	<u>\$ 1,185,148</u> (Concluded)

Investment property is depreciated on a straight-line basis based on the useful life of 25 to 50 years.

The fair value of investment property on December 31, 2023 was 1,388,298 thousand. The fair value was evaluated by the actual transaction price and appraisal report of the neighboring areas in the last one year. As evaluated by the management of the Group, there was no significant change in fair value as of December 31, 2023.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 75,642	\$ 88,700
Buildings	7,847,017	7,211,965
Transportation equipment	<u>8,173</u>	<u>-</u>
	<u>\$ 7,930,832</u>	<u>\$ 7,300,665</u>
For the Year Ended December 31		
	2023	2022
Additions to right-of-use assets	<u>\$ 1,874,878</u>	<u>\$ 952,065</u>
Depreciation charge for right-of-use assets		
Land	\$ 12,176	\$ 12,751
Buildings	1,200,802	1,141,259
Machinery	<u>1,973</u>	<u>-</u>
	<u>\$ 1,214,951</u>	<u>\$ 1,154,010</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	\$ 1,131,386	\$ 985,981
Non-current	\$ 7,729,011	\$ 7,123,761

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Land	1.55%-1.58%	1.55%-1.58%
Buildings	1.31%-6.8%	1.32%-3.4%
Transportation equipment	1.81%	-

c. Material leasing activities and terms

The Group leases buildings with lease terms of 2 to 50 years. The Group also leases land for the use of offices and operations with a lease term of 50 years.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 304,625	\$ 149,292
Expenses relating to low-value asset leases	\$ 602	\$ 2,799
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 7,048	\$ 252
Total cash outflow for leases	\$ (1,630,695)	\$ (1,389,623)

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

18. GOODWILL AND OTHER INTANGIBLE ASSETS

a. Goodwill

	For the Year Ended December 31	
	2023	2022
Book value	\$ 4,186,666	\$ 4,187,281

In 2023, the Company did not recognize any impairment loss on goodwill. In 2022, the impairment loss on the Goodwill of its subsidiary Lung Mei recognized by the Group was \$26,486 thousand.

b. Other intangible assets

	Other Intangible Assets							
	Customer Relationships	Non-Compete Agreements	Trademarks	Computer Software	Patents	Technical Expertise	Others	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 691,834	\$ 428,261	\$ 139,998	\$ 114,646	\$ 11,072	\$ 1,818,576	\$ 563,641	\$ 3,768,028
Acquisitions through business combinations	25,400	-	-	-	-	-	-	25,400
Additions	-	-	-	50,205	-	-	-	50,205
Disposal	-	(6,999)	(20,996)	(451)	-	-	-	(28,446)
Effects of foreign currency exchange differences	75,731	44,390	8,811	(30,456)	1,212	199,071	104,278	403,037
Balance at December 31, 2022	<u>\$ 792,965</u>	<u>\$ 465,652</u>	<u>\$ 127,813</u>	<u>\$ 133,944</u>	<u>\$ 12,284</u>	<u>\$ 2,017,647</u>	<u>\$ 667,919</u>	<u>\$ 4,218,224</u>
<u>Accumulated amortization and impairment</u>								
Balance at January 1, 2022	\$ (262,806)	\$ (226,395)	\$ (24,012)	\$ (88,523)	\$ (5,733)	\$ (584,694)	\$ (561,475)	\$ (1,753,638)
Disposal	-	5,191	15,572	451	-	-	-	21,214
Amortization expenses	(73,871)	(43,858)	(1,341)	(32,927)	(1,490)	(197,007)	-	(350,494)
Impairment loss	-	-	(40,900)	-	-	-	-	(40,900)
Effects of foreign currency exchange differences	(31,230)	(24,447)	(1,160)	4,627	(673)	(69,989)	(75,934)	(198,806)
Balance at December 31, 2022	<u>\$ (367,907)</u>	<u>\$ (289,509)</u>	<u>\$ (51,841)</u>	<u>\$ (116,372)</u>	<u>\$ (7,896)</u>	<u>\$ (851,690)</u>	<u>\$ (637,409)</u>	<u>\$ (2,322,624)</u>
Carrying amount at December 31, 2022	<u>\$ 425,058</u>	<u>\$ 176,143</u>	<u>\$ 75,972</u>	<u>\$ 17,572</u>	<u>\$ 4,388</u>	<u>\$ 1,165,957</u>	<u>\$ 30,510</u>	<u>\$ 1,895,600</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 792,965	\$ 465,652	\$ 127,813	\$ 133,944	\$ 12,284	\$ 2,017,647	\$ 667,919	\$ 4,218,224
Additions	-	-	-	23,366	-	-	-	23,366
Reclassification	-	-	-	77,183	-	-	-	77,183
Effects of foreign currency exchange differences	(124)	115	(40,914)	47,114	(2)	(328)	(47,678)	(41,817)
Balance at December 31, 2023	<u>\$ 792,841</u>	<u>\$ 465,767</u>	<u>\$ 86,899</u>	<u>\$ 281,607</u>	<u>\$ 12,282</u>	<u>\$ 2,017,319</u>	<u>\$ 620,241</u>	<u>\$ 4,276,956</u>
<u>Accumulated amortization and impairment</u>								
Balance at January 1, 2023	\$ (367,907)	\$ (289,509)	\$ (51,841)	\$ (116,372)	\$ (7,896)	\$ (851,690)	\$ (637,409)	\$ (2,322,624)
Reclassification	-	-	-	(7,675)	-	-	-	(7,675)
Amortization expenses	(86,100)	(37,688)	(1,401)	(73,606)	(1,558)	(205,934)	-	(406,287)
Effects of foreign currency exchange differences	1,209	371	40,921	(16,741)	23	3,112	17,168	46,063
Balance at December 31, 2023	<u>\$ (452,798)</u>	<u>\$ (326,826)</u>	<u>\$ (12,321)</u>	<u>\$ (214,394)</u>	<u>\$ (9,431)</u>	<u>\$ (1,054,512)</u>	<u>\$ (620,241)</u>	<u>\$ (2,690,523)</u>
Carrying amount at December 31, 2023	<u>\$ 340,043</u>	<u>\$ 138,941</u>	<u>\$ 74,578</u>	<u>\$ 67,213</u>	<u>\$ 2,851</u>	<u>\$ 962,807</u>	<u>\$ -</u>	<u>\$ 1,586,433</u>

- c. The above items of intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives as follows:

Customer relationships	8-13 years
Non-compete agreements	5-15 years
Trademarks	10-14 years
Computer software	1-5 years
Patents	5-7 years
Technical expertise	8-10 years
Others	1.5-2 years

- d. The Group's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value in use. The value in use was calculated based on the cash flow forecast from the financial budgets covering the future five-year period, and the Group used annual discount rates of 16.29%- 17.17% and 12.75%-13.54% in its test of impairment as of December 31, 2023 and 2022, respectively, to reflect the relevant specific risk in the cash-generating unit. For the years ended December 31, 2023 and 2022, the Group did not recognize any impairment loss on goodwill.

19. PREPAYMENTS

	December 31	
	2023	2022
<u>Current</u>		
Prepayments for purchases	\$ 2,150,432	\$ 1,274,878
Other	<u>462,254</u>	<u>843,399</u>
	<u>\$ 2,612,686</u>	<u>\$ 2,118,277</u>
<u>Prepayments for equipment, property and building</u>		
Prepayments for equipment	\$ 2,368,615	\$ 2,596,840
Prepayments for property and building	<u>-</u>	<u>122,244</u>
	<u>\$ 2,368,615</u>	<u>\$ 2,719,084</u>

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Revolving bank borrowings	\$ 16,652,838	\$ 11,907,410
Borrowings of usance L/C	<u>1,302,455</u>	<u>1,743,199</u>
	<u>\$ 17,955,293</u>	<u>\$ 13,650,609</u>

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

	December 31	
	2023	2022
Revolving bank borrowings	1.4%-6.95%	1.28%-4.9%
Borrowings of usance L/C	1.68%-4.9%	1.53%-6.97%

b. Short-term bills payable

	December 31	
	2023	2022
Commercial paper	\$ 570,000	\$ 890,000
Less: Unamortized discounts on bills payable	<u>94</u>	<u>690</u>
	<u>\$ 569,906</u>	<u>\$ 889,310</u>

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
China Bills	\$ 240,000	\$ 43	\$ 239,957	Note 1	Pledged time deposits
China Bills	<u>330,000</u>	<u>51</u>	<u>329,949</u>	Note 1	Land and buildings
	<u>\$ 570,000</u>	<u>\$ 94</u>	<u>\$ 569,906</u>		

Note 1: The range of interest rates was 1.76%- 1.88%.

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
China Bills	\$ 50,000	\$ 85	\$ 49,915	Note 2	None
China Bills	240,000	151	239,849	Note 2	Pledged time deposits
China Bills	100,000	63	99,937	Note 2	Land and buildings
International Bills	200,000	151	199,849	Note 2	Pledged time deposits
Taiwan Bills	150,000	123	149,877	Note 2	Pledged time deposits
Dah Chung Bills	<u>150,000</u>	<u>117</u>	<u>149,883</u>	Note 2	Reserve account
	<u>\$ 890,000</u>	<u>\$ 690</u>	<u>\$ 889,310</u>		

Note 2: The range of interest rates was 1.86%-1.998%.

c. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>The Company</u>		
1) Syndicated bank loan - 2018		
a) Loan (A) medium-term and long-term secured borrowings	\$ -	\$ 2,430,000
b) Loan (D) medium-term and long-term secured borrowings (commercial paper)	-	1,500,000
2) Syndicated bank loan - 2023		
a) Loan (A) medium-term and long-term secured borrowings	4,000,000	-
b) Loan (B) medium-term and long-term secured borrowings (commercial paper)	900,000	-
c) Loan (D) medium-term and long-term secured borrowings (commercial paper)	1,000,000	-
3) Unsecured loans		
Due from December 2024 to August 2027, interest rates at 1.71%-1.89% p.a. and 1.46%-1.98% p.a. as of December 31, 2023 and 2022, respectively	2,350,000	4,450,000

(Continued)

		December 31	
		2023	2022
4) Secured loans			
Due from April 2024 to December 2029, interest rates at 1.78%-2.08% p.a. and 1.35%-1.73% p.a. as of December 31, 2023 and 2022, respectively		\$ 1,479,506	\$ 1,292,000
		<u>9,729,506</u>	<u>9,672,000</u>
The subsidiaries			
1) Syndicated bank loan			
a) TCI and TCI subsidiaries		4,912,800	17,965,350
b) BBI-TW		1,720,000	2,299,603
c) BBI-USA		675,510	3,212,265
d) TKA		2,609,925	2,610,350
2) Medium-term and long-term secured borrowings			
Due from February 2024 to March 2030, interest rates at 0.5%-8.375% p.a. and 1.46%-7.38% p.a. as of December 31, 2023 and 2022, respectively		3,749,812	2,452,220
3) Medium-term and long-term unsecured borrowings			
Due from August 2028, interest rates at 2.44% p.a. as of December 31, 2023, respectively		1,810	-
4) Equipment pledged as collateral for borrowings			
Due from August 2026 to February 2028, interest rates at 2.99%-6.41% p.a. as of December 31, 2023, respectively		915,885	-
		<u>14,585,742</u>	<u>28,539,788</u>
		24,315,248	38,211,788
Less: Unamortized arrangement fee of long - term borrowings		<u>169,706</u>	<u>157,924</u>
		24,145,542	38,053,864
Less: Current portion		<u>1,274,888</u>	<u>9,066,292</u>
Long-term borrowings		<u>\$ 22,870,654</u>	<u>\$ 28,987,572</u>
			(Concluded)

The Company

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:

- 1) The Company entered into a syndicated loan agreement (credit facility of up to \$12.5 billion) with a syndicate of banks in October 2018 ordinary due in October 2023, and made an early repayment in January 2023. The credit line and credit used as of December 31, 2022 were as follows:

		Credit used		Loan Period	Interest Rate
Credit Line	(In Thousands)	December	31,2022		
Loan (A)	\$ 6,550,000	\$ 2,430,000		Within 5 years from the first date of drawdown until the maturity date, inclusive of a grace period of 24 months	1.88% as of December 31, 2022

(Continued)

	Credit Line (In Thousands)	Credit used December 31,2022	Loan Period	Interest Rate
Loan (B)	\$ 1,880,000	\$ -	Within 5 years from the first date of drawdown until the maturity date	2.25%-2.39% as of December 31, 2022
Loan (C)	3,370,000	1,500,000	Within 5 years from the first date of drawdown until the maturity date	
Loan (D)	700,000	-	Within 1 year from the first date of drawdown until the maturity date	
	<u>\$ 12,500,000</u>	<u>\$ 3,930,000</u>		

(Concluded)

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.

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 company may renew the commercial paper under this contract. Reimbursement of the original issued commercial paper due to the proceeds of the ticket.

Under the syndicated loan agreement, the land, buildings and other facilities were pledged as collateral. In addition, the loan agreement requires the Company to maintain certain financial ratios; refer to Note 20(d) for more details.

- 2) The Company entered into a syndicated loan agreement (credit facility of up to \$15.6 billion) with a syndicate of banks in January 2023 (due in January 2028).

The credit line and credit used as of December 31, 2023 were as follows:

	Credit Line (In Thousands)	Credit used	Loan Period	Interest Rate
Loan (A)	\$ 4,000,000	\$ 4,000,000	Within 5 years from the first date of drawdown until the maturity date, inclusive of a grace period of 24 months	2.034% as of December 31, 2023
Loan (B)	2,000,000	900,000	Within 5 years from the first date of drawdown until the maturity date	2.077% as of December 31, 2023
Loan (C)	9,600,000	1,000,000	Within 5 years from the first date of drawdown until the maturity date	2.034% as of December 31, 2023
	<u>\$ 15,600,000</u>	<u>\$ 5,900,000</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.

Loan (B) and Loan (C):

- 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.
- b) On the date of the reduction, the outstanding principal balance of the credit in respect of such credit shall be settled in advance of the outstanding principal, interest and related expenses in excess of the amount of credit after such reduction, if the amount of the credit is exceeded by the amount of the credit after such reduction. The preceding advance settlement shall not be subject to the prior settlement clause of Article 19 of the Joint Credit Agreement.
- C) Credit lines have been reduced and cannot be used for any further action. The Company should settle each such loan or other agreed settlement under the joint letter of credit on the expiry date set out in each application.

Under the syndicated loan agreement, the land, buildings and other facilities were pledged as collateral. In addition, the loan agreement requires the Company to maintain certain financial ratios; refer to Note 20(d) for more details.

The subsidiaries

1) Syndicated bank loans

a) TCI and TCI subsidiaries - J.P. Morgan

TCI, ERI, and its subsidiaries entered into a syndicated credit agreement (credit facility of up to US\$ 500,000 thousand) with a syndicate of J.P. Morgan banks in May 2017. In July 2017 and October 2018, the loan agreement was re-signed, adding PPT and TKA to the loan agreement, respectively. The main purposes of the syndicated loan are to repay financial loans, enhance operating revolving funds and arrange for capital expenditures. An amendment was made to the agreement, in which the aggregate amount of the revolving commitments increased to US\$975,000 thousand. Another amendments increased to the agreement in which the maturity date of the loan extended to November 2026. TCI and ERI started using the credit from May 2017 while PPT started using the credit from September 2017 and TKA started using the credit from November 2018. The following table shows the borrowings balances and interest rates as of December 31, 2023 and 2022 (in thousands of USD).

		December 31			
		2023	2022	Interest Rate	
TKA	USD	160,000	USD	585,000	6.94% and 5.82%-5.92% as of December 31, 2023 and 2022

Refer to Note 20(d) for details regarding the financial ratios required by the loan agreement.

b) BBI-TW

The subsidiary BBI-TW entered into a syndicated loan agreement (credit facility of up to \$6.25 billion) with a syndicate of banks in February 2021. The main purposes of the syndicated loan are to repay existing loans and enhance operating revolving funds. The loan will be due in 5 years from the first drawdown date. The credit line and credit used as of December 31, 2023 and 2022 was as follows:

		Credit Used (Note 2)				
		December 31				
	Credit Line	2023	2022	Loan Period	Interest Rate	
Loan (A)	Note 1	\$ 1,350,000	\$ 1,500,000	Within 5 years from the first drawdown date until the maturity date	i	
Loan (B)	Note 1	370,000	600,000	Within 5 years from the first drawdown date until the maturity date	ii	
Loan (C)	Note 1	-	-	Within 5 years from the first drawdown date until the maturity date	-	
Loan (D)	Note 1	-	200,000	Within 1 year from the first drawdown date until the maturity date, if the covenants of loans (A), (B) and (C) are not breached during the loan period, loan (D) will be renewable every year within 5 years from the first drawdown date	iii	

i 2.6361% and 2.3458% as of December 31, 2023 and 2022.

ii 2.6797% and 2.2928% as of December 31, 2023 and 2022.

iii 1.96% as of December 31, 2022.

Note 1: As of December 31, 2023 and 2022, the line of credit of the syndicated bank loan was as follows:

	December 31	
	2023	2022
Loan (A)	\$ 1,350,000	\$ 1,500,000
Loan (B)	3,750,000	3,750,000
Loan (C)	3,750,000	3,750,000
	(or in USD equivalent)	(or in USD equivalent)
Loan (D)	1,000,000	1,000,000

Note 2: The sum of the credit facilities of loans (B) and (C) cannot exceed \$3.75 billion.

Repayment terms were as follows:

Loan (A): Within 24 months from the first drawdown date until the maturity date, repayable in 7 semiannual installments, 5% for the 1st and 2nd terms, 10% for the 3rd to 6th terms, and 50% for the 7th term.

Loan (B): Within 30 months from the drawdown date, the line of credit decreases evenly in 7 semiannual periods, 5% for the 1st and 2nd terms, 10% for the 3rd to 6th terms, and 50% for the 7th term. If the used balance of principal exceeds the available line of credit, the excess shall be repaid before the next installment payment date. Each borrowing cannot exceed the maturity date of loan (B).

Loan (C): Within 30 months from the drawdown date, the line of credit decreases evenly in 7 semiannual periods, 5% for the 1st and 2nd terms, 10% for the 3rd to 6th terms, and 50% for the 7th term. If the used balance of principal exceeds the available line of credit, the excess shall be repaid before the next installment payment date. Each borrowing cannot exceed the maturity date of loan (C).

Loan (D): From the first drawdown date until the maturity date, the loan is allowed to be used on a revolving basis.

Refer to Note 20(d) for details regarding the financial ratios required by the loan agreement.

When BBI-TW entered into the syndicated loan agreement, the certificates of deposit were pledged as collateral according to the agreement.

c) BBI-USA

The subsidiary BBI-USA entered into a syndicated loan agreement (credit facility of up to US\$180,000 thousand) with a syndicate of banks in August 2013. The main purposes of the syndicated loan are to repay its existing financial loan and enhance operating revolving funds. Interest rates were 7.34% and 6.39% as of December 31, 2023 and 2022, respectively. The subsidiary BBI-USA amended the above syndicated loan agreement with the syndicate of banks on February 26, 2016. The amendments include revising the credit facility to US\$260,000 thousand from February 26, 2016, and changing the loan maturity date to August 2021. The main purposes of the amended syndicated loan are the same as the original one.

On March 24, 2021, the subsidiary BBI-USA again amended the above syndicated loan agreement which was earlier amended in February 2016 with the syndicate of banks, changing the loan maturity date to August 2026. The main purposes and the credit facility of the amended syndicated loan are the same as the original one.

Refer to Note 20(d) for details regarding the financial ratios required by the loan agreement.

d) TKA

TKA entered into a syndicated loan agreement (credit facility of up to US\$ 85,000 thousand) with a syndicate of banks in March 2022. The purpose of the syndicated loan is to enhance the capital funds to expand the factory. TKA started using the credit line in April 2022. The maturity date of the loan is in April 2027. The interest rate was 7.09% and 5.88% on December 31, 2023 and 2022, respectively. The subsidiary TKA amended the above syndicated loan agreement with the syndicate of banks on July 5, 2023. The amendments include revising the credit facility to US\$318,000 thousand from July 5, 2023, and changing the loan maturity date to August 2028. The main purposes of the amended syndicated loan are the same as the original one.

Refer to Note 20(d) for details regarding the financial ratios required by the loan agreements.

e) TKA- equipment pledged loan

TKA purchased equipment to expand its capacity and entered into several equipment-pledged loan contracts with First American Commercial Bank, Inc. (First American), a U.S. financial company. It is agreed that the equipment will be paid by First American to the supplier and that TKA will repay the equipment to First American on a monthly basis in accordance with the agreed amount.

d. Financial covenants of syndicated loan agreements were as follows:

	The Company Syndicated Bank Loan - 2018 (Note 1)	The Company Syndicated Bank Loan - 2023 (Note 1)	TCI and TCI Subsidiaries - JPM (Note 2)	BBI Syndicated Bank Loan (Note 3)	BBI-USA Syndicated Bank Loan (Note 4)	TKA Syndicated Bank loan (Note 2)
Current ratio (minimum)	120%	120%	-	130%	-	-
Debt ratio (maximum) (Note 5)	290%	290%	-	200%	-	-
Interest coverage ratio (minimum) (Note 5)	2 times	2 times	-	3 times	-	-
Fixed-charge coverage ratio (minimum)	-	-	100%	-	110%	100%
Tangible net worth (minimum)	13.5 billion	13.5 billion	-	10 billion	-	-

Note 1: The Company is required to comply with these financial covenants in each of its annual audited consolidated financial statements and semi-annual reviewed consolidated financial statements.

Note 2: TCI is required to comply with these financial covenants in each of its annual audited financial statements and monthly financial statements (self-assessed) while the financial ratio restriction is applicable only when the unused credit lines divided by total credit lines is less than 12.5%.

Note 3: BBI-TW is required to comply with these financial covenants in each of its annual audited consolidated financial statements and semi-annual reviewed consolidated financial statements.

Note 4: BBI-USA is required to comply with these financial covenants in each of its annual audited financial statements and monthly financial statements (self-assessed).

Note 5: The total amount of debt and interest expense used by the Company and BBI-TW in the calculation of the debt ratio and the interest coverage ratio, respectively, were determined after deducting the related liabilities and interest expense that arose from the adoption of IFRS 16.

As of and for the years ended December 31, 2023 and 2022, the Company and its subsidiaries have complied with the above-stated requirements.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	\$ 72,791	\$ 57,908
Non-operating	<u>35,247</u>	<u>25,960</u>
	<u>\$ 108,038</u>	<u>\$ 83,868</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 Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER PAYABLES

	December 31	
	2023	2022
Other payables		
Salary and incentive bonus	\$ 426,064	\$ 1,421,873
Remuneration of directors	29,700	35,076
Employees' compensation	585,592	395,993
Payables for annual leave	123,547	110,506
Payables for freight and custom duties	468,307	581,875
Property taxes payable	391,230	99,497
Accrued expenses and others	<u>1,129,490</u>	<u>1,254,734</u>
	<u>\$ 3,153,930</u>	<u>\$ 3,899,554</u>

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiaries in England, Canada, Australia and Brazil are members of state-managed retirement benefit plans operated by the respective governments of England, Canada, Australia and Brazil. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The employees of the Group's subsidiary in the United States are covered by the local government's 401K Profit Sharing Plan. Under the plan, the subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme for full-time staffs that are older than 21 years old, have worked for the subsidiary for 12 months, and have volunteered to join the plan.

b. Defined benefit plans

The subsidiary of the Group in the United States calculates and determines the present value of the defined benefit obligations and the fair value of the plan assets in accordance with local laws and regulations, and recognizes the remeasured amounts in other comprehensive income.

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 consolidated balance sheets were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 436,862	\$ 457,010
Fair value of plan assets	<u>(568,355)</u>	<u>(547,990)</u>
Net defined benefit liabilities (assets)	<u>\$ (131,493)</u>	<u>\$ (90,980)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	\$ 341,563	\$ (404,214)	\$ (62,651)
Acquired by business combination	99,760	(89,704)	10,056
Service cost			
Current service cost	3,762	-	3,762
Net interest expense (income)	<u>2,757</u>	<u>(3,172)</u>	<u>(415)</u>
Recognized in profit or loss	<u>6,519</u>	<u>(3,172)</u>	<u>3,347</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(38,914)	(38,914)
Actuarial loss - changes in demographic assumptions	70	-	70
Actuarial gain - changes in financial assumptions	(9,408)	-	(9,408)
Actuarial loss - experience adjustments	<u>33,622</u>	<u>-</u>	<u>33,622</u>
Recognized in other comprehensive income	<u>24,284</u>	<u>(38,914)</u>	<u>(14,630)</u>
Contributions from the employer	<u>(471)</u>	<u>(26,631)</u>	<u>(27,102)</u>
Benefits paid	<u>(14,645)</u>	<u>14,645</u>	<u>-</u>
Balance at December 31, 2022	457,010	(547,990)	(90,980)
Acquired by business combination			
Service cost			
Current service cost	1,144	-	1,144
Net interest expense (income)	<u>5,883</u>	<u>(1,171)</u>	<u>(1,288)</u>
Recognized in profit or loss	<u>7,027</u>	<u>(1,171)</u>	<u>(144)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,578)	(4,578)
Actuarial loss - changes in demographic assumptions	4,515	-	4,515
Actuarial gain - changes in financial assumptions	(13,442)	-	(13,442)
Recognized in other comprehensive income	<u>(8,927)</u>	<u>(4,578)</u>	<u>(13,505)</u>
Contributions from the employer	<u>-</u>	<u>(26,864)</u>	<u>(26,864)</u>
Benefits paid	<u>(18,248)</u>	<u>18,248</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 436,862</u>	<u>\$ (568,355)</u>	<u>\$ (131,493)</u>

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

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ (1,090)	\$ 2,246
Selling and marketing expenses	155	279
General and administrative expenses	<u>791</u>	<u>822</u>
	<u>\$ (144)</u>	<u>\$ 3,347</u>

Through the defined benefit plans under the Labor Standards Act, the Company and its subsidiaries are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and 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 significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	1.125%-1.375%	1.125%-1.375%
Expected rate of salary increase	2%-2.5%	2%-2.5%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (8,957)	\$ (9,776)
0.25% decrease	\$ 9,251	\$ 10,109
Expected rate of salary increase/decrease		
0.25% increase	\$ 8,984	\$ 9,830
0.25% decrease	\$ (8,744)	\$ (9,555)

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ 20,441	\$ 22,708
Average duration of the defined benefit obligation	8.8-9.9 years	4-10.4 years

24. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	3,200,000	3,000,000
Shares authorized	\$ 32,000,000	\$ 30,000,000
Number of shares issued and fully paid (in thousands)		
Ordinary shares	2,434,261	2,028,551
Shares issued		
Ordinary shares	\$ 24,342,606	\$ 20,285,505

On June 26, 2023, the shareholders resolved in their meeting to issue 405,710 thousand ordinary shares with a par value of \$10, which increased the share capital issued and fully paid the amount of \$24,342,606 thousand. On June 29, 2023, the above transaction was approved by the FSC, and the subscription base date was determined by the board of directors to be August 5, 2023. The registration for the change has been completed.

On June 20, 2022, the shareholders resolved in their meeting to issue \$20,085 thousand ordinary shares with par value of NT\$10 which increased the share capital issued and fully paid to \$20,285,505 thousand. On June 23, 2022, the above transaction was approved by FSC, and the subscription base date was determined as July 26, 2022. The registration for the change has been completed.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 22,054,172	\$ 22,054,172
Treasury share transactions	890,214	641,789
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	13,249	-
Expired employee share options	13,503	13,503
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of subsidiary	30,413	73,913
	<u>\$ 23,001,551</u>	<u>\$ 22,783,377</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 26(i) "Employees' compensation and remuneration of directors and supervisors for 2023 and 2022".

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

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

Under Rule issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs (IFRS Accounting Standards), the Corporation should appropriate or reverse a special reserve. In addition, in accordance with the Standards, the difference between the market value of the Company's shares held by the subsidiaries at the end of the year and the carrying amount of the Company's shares is recognized as a special reserve based on the proportion of the Company's shareholding. If the market value of the Company's shares recovers, a portion of the amount will be transferred from the special reserve to unappropriated earnings in proportion to the Company's ownership percentage.

The appropriations of earnings for 2022 and 2021, approved in the shareholders' meetings on June 26, 2023 and June 20, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Legal reserve	\$ 1,191,421	\$ 966,840		
Special reserve	(3,819,497)	1,775,669		
Cash dividends	4,868,521	3,615,239	\$ 2.4	\$ 1.8
Share dividends	4,057,101	200,846	2.0	0.1

The appropriation of earnings for 2023 was proposed by the Company's board of directors on March 12, 2024. The appropriation was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 535,340	
(Reverse) Special reserve	(64,308)	
Cash dividends	2,921,113	\$ 1.2

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in their meeting.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 1,152,771	\$ (3,606,319)
Exchange differences on translating the financial statements of foreign operations	<u>137,790</u>	<u>4,759,090</u>
Balance at December 31	<u>\$ 1,290,561</u>	<u>\$ 1,152,771</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (59,680)	\$ 18,570
Recognized for the year		
Unrealized gains and losses		
Equity instruments	(1,924)	(38,734)
Realized gains and losses transfer into Retain Earnings	<u>441</u>	<u>(39,516)</u>
Balance at December 31	<u>\$ (61,163)</u>	<u>\$ (59,680)</u>

3) Gain (loss) on hedging instruments

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 1,640,060	\$ (296,056)
Recognized for the year		
Gain on changes in the fair value of hedging instruments		
Cross-currency swaps	-	630,505
Interest rate swaps	(745,759)	1,397,463
Related income tax	170,685	(47,928)
Reclassification adjustment		
Hedged items affecting profit or loss		
Cross-currency swaps	-	(3,836)
Interest rate swaps	(553,789)	(40,088)
Balance at December 31	<u>\$ 511,197</u>	<u>\$ 1,640,060</u>

Information related to cross-currency swap contracts and interest rate swap contracts into between the merger companies and financial institutions for interest rate and exchange rate hedging, please refer to Note 32.

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 10,635,215	\$ 5,400,906
Attributable to non-controlling interests:		
Share in profit for the year	1,479,742	2,373,249
Exchange differences on translating the financial statements of foreign operations	27,271	689,297
Profit and loss from cash flow hedging	(10,463)	26,883
Unrealized gains and losses from FVTOCI	(6,309)	20,837
Cash dividends of subsidiaries' shareholders	(1,079,277)	(1,074,477)
The Company's shares held by subsidiaries accounted for as treasury shares	-	(66)
Adjustment of treasury shares at the end of the period	(131,821)	468,677
Treasury shares purchased by subsidiaries	(19,824)	(13,828)
Non-controlling interest arising from acquisition of subsidiaries (Note 30)	-	2,985,237
Adjustment to non-controlling interest for dividends paid to subsidiaries	332,283	247,475
Changes in equity in subsidiaries	59,796	47
Acquisition of non-controlling interests in subsidiaries	-	(811,801)
Disposal of non-controlling interests in subsidiaries	7,903	-
Share-based payment transaction	606	-
Increase in non-controlling interests	<u>124,190</u>	<u>322,779</u>
Balance at December 31	<u>\$ 11,419,312</u>	<u>\$ 10,635,215</u>

f. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2023	241,960
Increase during the year	<u>48,392</u>
Number of shares at December 31, 2023	<u>290,352</u>
Number of shares at January 1, 2022	239,561
Increase during the year	<u>2,399</u>
Number of shares at December 31, 2022	<u>241,960</u>

BBI-TW and 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 and TCE.

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Cost	Market Price
<u>December 31, 2023</u>			
BBI-TW	<u>167,204</u>		<u>\$ 6,621,273</u>
TCE	<u>123,148</u>		<u>\$ 4,876,676</u>
Belonging to the Company	<u>124,300</u>	<u>\$ 4,386,159</u>	<u>\$ 4,922,272</u>
<u>December 31, 2022</u>			
BBI-TW	<u>139,336</u>		<u>\$ 5,907,870</u>
TCE	<u>102,624</u>		<u>\$ 4,351,243</u>
Belonging to the Company	<u>103,995</u>	<u>\$ 4,473,674</u>	<u>\$ 4,409,367</u>

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

g. share-based payment

Qualified employees of the subsidiary Right Way were granted 2,300 options in January 2019. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of Right Way. The options granted are valid for 5 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price not less than 75% of the closing price of Right Way's ordinary shares listed at the grant date. The actual share price is determined by the board of directors. For any subsequent changes in Right Way's capital surplus, the exercise price is adjusted accordingly.

Above for employee share options granted are priced using approximation of the American option pricing (Pseudo American Option), and the inputs to the model are as follows:

	January 2019
Grant-date share price	\$ 21.30
Exercise price	15.98
Expected volatility	29.98%
Expected life (in years)	5
Expected Rate (%)	-
Risk-free interest rate	0.54%-0.73%

Expected volatility is based on the historical share price volatility over the past 5 years.

Details of the above for employee share options are as follows:

	For the Year Ended December 31			
	2023		2022	
	Weighted average performance price (\$)	Number of stock options (In Thousands of Units)	Weighted average performance price (\$)	Number of stock options (In Thousands of Units)
Balance at January 1	\$ 13.4	655	\$ 14.79	1,505
Options granted	-	-	14.79	40
Options forfeited	-	-	13.49	(264)
Options exercised	13.3-13.4	<u>(595)</u>	13.53	<u>(626)</u>
Balance at December 31	13.3	<u>60</u>	13.4	<u>655</u>
Options exercisable, end of the year	13.3	60	13.4	263

25. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 100,258,202	\$ 114,148,570
Construction contract revenue	<u>998,399</u>	<u>-</u>
	<u>\$ 101,256,601</u>	<u>\$ 114,148,570</u>

Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 10)	<u>\$ 7,466,965</u>	<u>\$ 8,065,531</u>	<u>\$ 7,267,972</u>

Contract assets (recognized as other current assets)

	December 31, 2023	December 31, 2022	January 1, 2022
Revenue from sale of goods and construction contract revenue	\$ <u>28,407</u>	\$ <u>-</u>	\$ <u>-</u>

Contract liabilities

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	\$ <u>145,627</u>	\$ <u>173,958</u>	\$ <u>49,206</u>

Refer to Note 39 for segment revenue information.

26. PROFIT (LOSS) BEFORE INCOME TAX

a. Other operating income and expenses

	For the Year Ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment	\$ <u>(15,415)</u>	\$ <u>(4,759)</u>

b. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits and financial assets at amortized cost	\$ <u>286,613</u>	\$ <u>86,225</u>

c. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 14,409	\$ 3,911
Dividends	400	1,197
Others	<u>321,025</u>	<u>359,947</u>
	\$ <u>335,834</u>	\$ <u>365,055</u>

d. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Foreign exchange gain	\$ 3,131,147	\$ 8,251,891
Foreign exchange losses	(3,000,963)	(6,300,083)
Net loss on financial assets designated as at FVTPL	1,317,800	(197,779)
Impairment loss recognized on non-financial assets	-	(67,386)
Deemed as gain (loss) on disposal of accounted for using the equity method	-	(79,461)
Gain on disposed of non-current groups held for sale	4,455	37,774
Others	<u>(10,306)</u>	<u>(19,416)</u>
	<u>\$ 1,442,133</u>	<u>\$ 1,625,540</u>

e. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 1,782,611	\$ 1,185,964
Amortization of arrangement fees of syndicated bank loans	62,060	52,542
Loss arising on derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	(553,789)	(43,924)
Interest on lease liabilities	<u>236,235</u>	<u>130,617</u>
	1,527,117	1,325,199
Less: Amounts included in the cost of qualifying assets	<u>367,917</u>	<u>109,389</u>
	<u>\$ 1,159,200</u>	<u>\$ 1,215,810</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	\$ 367,917	\$ 109,389
Capitalization rate	1.9%-6.41%	1.36%-3.58%

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 1,166,403	\$ 949,084
Investment properties	9,553	6,823
Other intangible assets	406,287	350,494
Other non-current assets	799	358
Right-of-use assets	<u>1,214,951</u>	<u>1,154,010</u>
	<u>\$ 2,797,993</u>	<u>\$ 2,460,769</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 763,307	\$ 636,423
Operating expenses	<u>1,627,600</u>	<u>1,473,494</u>
	<u>\$ 2,390,907</u>	<u>\$ 2,109,917</u>
An analysis of amortization by function		
Operating costs	\$ 799	\$ 1,307
Operating expenses	<u>406,287</u>	<u>349,545</u>
	<u>\$ 407,086</u>	<u>\$ 350,852</u>
		(Concluded)

g. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses from investment properties generating rental income	\$ <u>-</u>	\$ <u>135</u>

h. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 6,534,471	\$ 7,838,040
Post-employment benefits		
Defined contribution plans	207,659	147,341
Defined benefit plans (refer to Note 23)	<u>(144)</u>	<u>3,347</u>
	<u>207,515</u>	<u>150,688</u>
Total employee benefits expense	<u>\$ 6,741,986</u>	<u>\$ 7,988,728</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,292,011	\$ 2,396,472
Operating expenses	<u>4,449,975</u>	<u>5,592,256</u>
	<u>\$ 6,741,986</u>	<u>\$ 7,988,728</u>

i. Employees' compensation and remuneration of directors and supervisors for 2023 and 2022

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates of no less 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 years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 12, 2024 and March 13, 2023 were as follows:

Accrual rate

	For the Year Ended	
	December 31, 2023	December 31, 2022
Employees' compensation	3%	3%
Remuneration of directors and supervisors	0.39%	0.18%

Amount

	For the Year Ended	
	December 31, 2023	December 31, 2022
Employees' compensation – cash	\$ 185,807	\$ 395,990
Remuneration of directors – cash	24,000	24,000

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

There was no difference between the actual amounts of employees' compensation paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2022.

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

27. INCOME TAX

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 1,508,180	\$ 4,243,253
Adjustments for prior years	79,348	(42,012)
Income tax on unappropriated earnings	419,961	276,396
	<u>2,007,489</u>	<u>4,477,637</u>
Deferred tax		
In respect of the current year	<u>790,307</u>	<u>309,722</u>
Income tax expense recognized in profit or loss	<u>\$ 2,797,796</u>	<u>\$ 4,787,359</u>

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

	For the Year Ended December 31	
	2023	2022
Profit (loss) before tax	\$ 9,608,340	\$ 19,186,223
Income tax expense calculated at the statutory rate	\$ 2,565,287	\$ 4,999,474
Non-deductible expenses (income) in determining taxable income	208,206	98,490
Tax - added income	1,778	550
Income tax on unappropriated earnings	419,961	276,396
Unrecognized loss carryforwards and deductible temporary differences	(369,787)	(446,157)
Adjustments for prior years	79,348	(42,012)
Controlled foreign corporate tax burden	8,697	-
Deduction of income tax	<u>(115,694)</u>	<u>(99,382)</u>
Income tax expense recognized in profit or loss	\$ 2,797,796	\$ 4,787,359

The corporate tax rate applicable to companies in the ROC is 20%. The corporate tax rate applicable to subsidiaries in China is 25%, while the tax rate applicable to subsidiaries in the U.S. is 21%. Tax rates used by other entities of the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

The Company and BBI-TW determined that the unappropriated earnings of overseas subsidiaries would be reinvested permanently for the continuous expansion of the scale of operations and to support the needs for operating funds of overseas subsidiaries. As a result, no deferred tax liability has been recognized on the related investment income recognized under the equity method.

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year:		
Fair value changes of hedging instruments for cash flow hedges	\$ (163,346)	\$ (21,946)
Remeasurement of defined benefit plans	(1,162)	(4,780)
Translation of foreign operation	<u>2,016</u>	<u>(2,799)</u>
Total income tax recognized in other comprehensive income	\$ <u>(162,492)</u>	\$ <u>(29,525)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	\$ 1,133,906	\$ 1,742,653
Current tax liabilities		
Income tax payable	\$ 918,108	\$ 1,595,242

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, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Difference between tax reporting and financial reporting – depreciation and amortization expenses	\$ 44,535	\$ 29,646	\$ -	\$ (433)	\$ 73,748
Unrealized gross profit from sales	865,267	(243,830)	-	-	621,437
Defined benefit obligations	12,127	(986)	(540)	-	10,601
Unrealized loss on inventories	413,482	(36,421)	-	827	377,888
Difference between tax reporting and financial reporting – inventory capitalization	417,313	(159,040)	-	2,228	260,501
Allowance for doubtful accounts and sales return	33,025	(9,648)	-	138	23,515
Difference between profit and loss of sale-lease back disposal	66,406	(9,080)	-	120	57,446
Exchange differences on translation of the financial statements of foreign operations	31,537	-	2,016	-	33,553
Unrealized Investment losses	26,987	(28,292)	-	1,305	-
Others	563,630	(338,800)	-	4,959	229,789
	2,474,309	(796,451)	1,476	9,144	1,688,478
Loss carryforward	209,904	(92,396)	-	544	118,052
	<u>\$ 2,684,213</u>	<u>\$ (888,847)</u>	<u>\$ 1,476</u>	<u>\$ 9,688</u>	<u>\$ 1,806,530</u>
Deferred Tax Liabilities					
Temporary differences					
Hedging instruments	\$ 22,823	\$ 132,520	\$ 163,346	\$ (4,171)	\$ 314,518
Difference between tax reporting and financial reporting - depreciation and amortization expenses	1,421,904	(110,849)	-	1,368	1,312,423
Net defined benefit Assets	21,851	3,857	622	-	26,330
Unrealized gain or loss on financial instrument	5,773	13,901	-	137	19,811
Property, plant and equipment	201,218	-	-	-	201,218
Others	147,872	(137,969)	-	1,452	11,355
	<u>\$ 1,821,441</u>	<u>\$ (98,540)</u>	<u>\$ 163,968</u>	<u>\$ (1,214)</u>	<u>\$ 1,885,655</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Acquisition of combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences						
Difference between tax reporting and financial reporting – depreciation and amortization expenses	\$ 29,615	\$ -	\$ 12,105	\$ -	\$ 2,815	\$ 44,535
Unrealized gross profit from sales	700,054	-	165,213	-	-	865,267
Defined benefit obligations	15,672	2,083	(848)	(4,780)	-	12,127
Unrealized loss on inventories	192,119	-	188,044	-	33,319	413,482
Difference between tax reporting and financial reporting – inventory capitalization	287,301	-	95,656	-	34,356	417,313

(Continued)

Deferred Tax Assets	Opening Balance	Acquisition of combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Allowance for doubtful accounts and sales return	\$ 22,834	\$ -	\$ 7,482	\$ -	\$ 2,709	\$ 33,025
Difference between profit and loss of sale-lease back disposal	75,523	-	(16,871)	-	7,754	66,406
Exchange differences on translation of the financial statements of foreign operations	-	34,336	-	(2,799)	-	31,537
Unrealized Investment losses	-	28,915	(1,928)	-	-	26,897
Others	<u>521,349</u>	<u>7,133</u>	<u>(3,171)</u>	<u>-</u>	<u>38,319</u>	<u>563,630</u>
	1,844,467	72,467	445,682	(7,579)	119,272	2,474,309
Loss carryforward	<u>634,299</u>	<u>23,599</u>	<u>(494,756)</u>	<u>-</u>	<u>46,762</u>	<u>209,904</u>
	<u>\$ 2,478,766</u>	<u>\$ 96,066</u>	<u>\$ (49,074)</u>	<u>\$ (7,579)</u>	<u>\$ 166,034</u>	<u>\$ 2,684,213</u>
Deferred Tax Liabilities						
Temporary differences						
Hedging instruments	\$ 105	\$ -	\$ -	\$ 21,946	\$ 772	\$ 22,823
Difference between tax reporting and financial reporting - depreciation and amortization expenses	1,171,901	-	118,132	-	131,871	1,421,904
Net defined benefit Assets	13,210	-	8,641	-	-	21,851
Unrealized gain or loss on financial instrument	57	-	5,695	-	21	5,773
Property, plant and equipment	-	201,218	-	-	-	201,218
Others	<u>15,346</u>	<u>-</u>	<u>128,180</u>	<u>-</u>	<u>4,346</u>	<u>147,872</u>
	<u>\$ 1,200,619</u>	<u>\$ 201,218</u>	<u>\$ 260,648</u>	<u>\$ 21,946</u>	<u>\$ 137,010</u>	<u>\$ 1,821,441</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2023	2022
Loss carryforwards		
Expiry in 2026	\$ -	\$ 1,833
Expiry in 2027	53,822	60,662
Expiry in 2028	49,155	49,155
Expiry in 2029	12,963	12,963
Expiry in 2030	260	260
Expiry in 2031	99,932	99,997
Expiry in 2032	758,075	767,864
Expiry in 2033	<u>465,704</u>	<u>-</u>
	<u>\$ 1,439,911</u>	<u>\$ 992,734</u>
Deductible temporary differences	<u>\$ 276,646</u>	<u>\$ 292,584</u>

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

The Company and BBI-TW determined that the unappropriated earnings of overseas subsidiaries would be reinvested permanently for the continuous expansion of the scale of operations and to support the needs for operating funds of overseas subsidiaries (the unappropriated earnings as of December 31, 2023 were approved by the Company's board and BBI-TW's board of directors on March 12, 2024). As a result, no deferred tax liability has been recognized on the related investment income recognized

under the equity method.

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$36,046,413 thousand and \$31,147,545 thousand, respectively.

g. Income tax assessments

The Company's and its subsidiary's income tax returns through 2021 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

The effect of the stock dividends has been retroactively adjusted for the calculation of earnings per share, and the base date of the stock dividends was set on August 25, 2023. The changes in basic and diluted earnings per share for 2022 due to retroactive adjustments are as follows:

Unit: NTD per share

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	\$ 6.23	\$ 5.15
Diluted earnings per share	\$ 6.19	\$ 5.12

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2023	2022
Profit (loss) for the year attributable to owners of the Company	\$ 5,330,802	\$ 12,025,615

Number of Shares

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	2,322,211	2,336,423
Effect of potentially dilutive ordinary shares:		
Employees' compensation	6,451	10,721
Weighted average number of ordinary shares used in the computation of diluted earnings per share	2,328,662	2,347,144

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 number of shares to be distributed to employees is resolved in the following year.

29. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Manufacture and sale of curtains and decorations	May 1, 2022	100	\$ <u>166,282</u>
NOEI GEENG	Manufacture screws and nuts	June 1, 2022	97	\$ <u>77,786</u>
Hupao	Energy Technical Services	June 1, 2022	99.7	\$ <u>191,092</u>
Shie Shin	Manufacture screws and nuts	June 9, 2022	98	\$ <u>285,171</u>
Right Way	Engine, automotive and motorcycle parts manufacturing	June 20, 2022	20.4	\$ <u>632,308</u>

The Group acquired the aforementioned companies for the year ended December 31, 2022 to continue expanding its sales.

b. Consideration transferred

The Group acquired Wei Mei Hsin Shu Interior Decoration Co., Ltd. the consideration transferred was cash.

The Group acquired Noei Geeng, Hupao, Shie Shin Enterprise Co., Ltd., and Right Way the consideration transferred was \$554,049 thousand in cash and fair value of investments transferred using the equity method at the date of acquisition \$632,308 thousand.

c. Assets acquired and liabilities assumed at the date of acquisition

	Wei Mei Hsin Shu Co., Ltd.	Noei Geeng Co., Ltd.	Hupao Co., Ltd.	Shie shin Co., Ltd.	Right Way Co., Ltd.
Current assets					
Cash and cash equivalents	\$ 2,056	\$ 98,164	\$ 217,491	\$ 285,325	\$ 773,618
Trade and other receivables	11,113	42,270	2,980	23,625	297,141
Inventories	63,409	-	-	-	427,178
Others	10,018	626	50	-	149,137
Non-current assets					
Property, plant and equipment	7,576	23,348	-	-	2,437,925
Intangible assets	25,400	-	31,440	-	-
Others	662	16,300	-	-	320,444
Current liabilities					
Short-term borrowings	-	(10,622)	-	-	(62,323)
Trade and other payables	(27,492)	(60,290)	(28,017)	(18,672)	(280,850)
Others	-	(30,259)	(33,000)	(72)	(128,336)
Non-current liabilities					
Long-term borrowings	-	-	-	-	(2,647)
Deferred tax liabilities	-	-	-	-	(201,218)
Others	-	-	-	-	(8,914)
	<u>\$ 92,742</u>	<u>\$ 79,537</u>	<u>\$ 190,944</u>	<u>\$ 290,206</u>	<u>\$3,721,155</u>

d. Non-controlling interests

The non-controlling interests of Noei Geeng, Hupao, Shie Shin and Right Way, are measured by their proportionate shares of the recognized amounts of the acquiree's net identifiable assets.

e. Goodwill recognized on acquisitions (Gain from bargain purchase recognized on acquisition)

	Wei Mei Hsin Shu Co., Ltd.	Noei Geeng Co., Ltd.	Hupao Co., Ltd.	Shie shin Co., Ltd.	Right Way Co., Ltd.
Fair value before acquisition	\$ -	\$ -	\$ -	\$ -	\$ 632,308
Consideration transferred	166,282	77,786	191,092	285,171	-
Plus: Non-controlling interests	-	1,751	(148)	5,035	2,978,599
Less: Fair value of identifiable net assets acquired	(92,742)	(79,537)	(190,944)	(290,206)	(3,721,155)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Goodwill recognized on acquisitions	<u>\$ 73,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (110,248)</u>

f. Net cash outflow (inflow) on the acquisition of subsidiaries

	Wei Mei Hsin Shu Co., Ltd.	Noei Geeng Co., Ltd.	Hupao Co., Ltd.	Shie shin Co., Ltd.	Right Way Co., Ltd.
Consideration paid in cash	\$ 166,282	\$ 77,786	\$ 191,092	\$ 285,171	\$ 467,832
Less: Cash and cash equivalent balances acquired	(2,056)	(98,164)	(217,491)	(285,325)	(773,618)
	<u>\$ 164,226</u>	<u>\$ (20,378)</u>	<u>\$ (26,399)</u>	<u>\$ (154)</u>	<u>\$ (305,786)</u>

g. Impact of acquisitions on the results of the Group

If the aforementioned companies concluded the acquisition at January 1, 2022, the Group's consolidated revenue and profit were \$114,762,445 thousand and \$14,429,179 thousand for the year ended December 31, 2022, respectively.

This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, nor is it intended to be a projection of future results.

h. Figures have been restated based on the valuation report

The Group's figures have been restated based on the valuation report to acquire the operating assets, Wei Mei Hsin Shu and Right Way, in October 2022, March 2023 and May 2023, respectively, as if the initial accounting was completed at the acquisition date.

The adjusted increase (decrease) of related items in the balance sheet of the Group are as follow:

For the year ended December 31, 2023

	Originally	Adjustment Wei Mei Hsin Shu Co., Ltd. Acquire	Restated
Other assets	\$ 63,003	\$ (1,078)	\$ 61,925
Property, plant and equipment	\$ 22,991,260	\$ 1,098	\$ 22,992,358
Goodwill	\$ 4,212,701	\$ (25,420)	\$ 4,187,281
Intangible assets-customer relationships	\$ 399,658	\$ 25,400	\$ 425,058

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Right Way Industrial Co., Ltd. purchased the shares of BBI-TW in the market. The transaction was recognized to purchase treasury shares, and the Group's continuing interest of BBI-TW was changed.

The Group subscribed for additional new shares of Ta Chen Lung Mei Home Life Co., Ltd. at a percentage different from its existing ownership percentage, and its continuing interest increased from 99.62% to 99.96% for the year ended December 31, 2023.

In January 2023, the Group subscribed for additional new shares and sold part of its stock of Right Way Industrial Co., Ltd. at a percentage different from its existing ownership percentage, and its continuing interest was reduced from 19.83% to 18.09%.

From January 1 to December 31, 2022, the Group purchased 37,352 thousand shares of common stock of BBI-TW in the market respectively.

In June 2022, the Group subscribed for additional new shares of Ta Chen Lung Mei Home Life Co., Ltd. at a percentage different from its existing ownership percentage, and reduced its continuing interest from 100% to 70%.

In June 2022, the Group subscribed for additional new shares of Ta Chen Lung Mei Home Life Co., Ltd. at a percentage different from its existing ownership percentage, and increased its continuing interest from 69.17% to 84.58%.

In June 2022, the Group subscribed for additional new shares of Noei Geeng, Hupao and Shie Shin at a percentage different from its existing ownership percentage, and reduced its continuing interest from 97%, 99.7% and 98% to 80%, respectively.

Since the above transactions did not change the control of the Group over these subsidiaries, the Group treated as an equity transaction.

2023

	BBI-TW	Ta Chen Lung Mei Home Life Co., Ltd	RIGHT WAY.
Cash Consideration paid	\$ 14	\$ (600,000)	\$ 21,138
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(42,691)	598,817	(7,582)
	<hr/>	<hr/>	<hr/>
Difference recognized from equity transactions	<u>\$ (42,677)</u>	<u>\$ (1,183)</u>	<u>\$ 13,556</u>

	BBI-TW	Ta Chen Lung Mei Home Life Co., Ltd	RIGHT WAY INDUSTRIAL CO., LTD.	Total
<u>Adjustment subjects to the difference from equity transactions</u>				
Additional Paid-In Capital - the difference between the actual acquisition or disposal of subsidiary equity prices and book value	\$ 14	\$ -	\$ 13,235	\$ 13,249
Additional Paid-In Capital - Recognition of changes in ownership equity in subsidiaries	(42,691)	(1,183)	321	(43,553)
	<u>\$ (42,677)</u>	<u>\$ (1,183)</u>	<u>\$ 13,556</u>	<u>\$ (30,304)</u>

2022

	BBI-TW	WEI MEI ROLLER BLIND CO., LTD.	Ta Chen Lung Mei Home Life Co., Ltd	NOEI GEENG ENTERPRISE CO., LTD	Hupao Technology CO., LTD.	Shie Shin	RIGHT WAY.	
Cash Consideration paid	\$ (1,297,788)	\$ 30,000	\$ -	\$ 10,913	\$ 18,958	\$ 26,586	\$ (19,849)	
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	811,801	(29,794)	(58,893)	(7,860)	(19,166)	(26,574)	(17,415)	
Difference recognized from equity transactions	<u>\$ (485,987)</u>	<u>\$ 206</u>	<u>\$ (58,893)</u>	<u>\$ 3,053</u>	<u>\$ (208)</u>	<u>\$ 12</u>	<u>\$ (37,264)</u>	
	BBI-TW	WEI MEI ROLLER BLIND CO., LTD.	Ta Chen Lung Mei Home Life Co., Ltd	NOEI GEENG ENTERPRISE CO., LTD.	Hupao Technology CO., LTD.	Shie Shin	RIGHT WAY.	Total
<u>Adjustment subjects to the difference from equity transactions</u>								
Additional Paid-In Capital - the difference between the actual acquisition or disposal of subsidiary equity prices and book value	\$ (315,032)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (315,032)
Additional Paid-In Capital - Recognition of changes in ownership equity in subsidiaries	-	206	(58,893)	3,053	(208)	12	(23,135)	(78,965)
Retained Earnings	<u>(170,955)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,129)</u>	<u>(185,084)</u>
	<u>\$ (485,987)</u>	<u>\$ 206</u>	<u>\$ (58,893)</u>	<u>\$ 3,053</u>	<u>\$ (208)</u>	<u>\$ 12</u>	<u>\$ (37,264)</u>	<u>\$ (579,081)</u>

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged for 2023 and 2022.

The capital structure of the Group consists of net debt and equity of the Group.

Key management personnel of the Group 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 Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or existing debt redeemed and invested in financial instruments.

32. FINANCIAL INSTRUMENTS

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

Fair value hierarchy

The carrying amounts of the Group's financial instruments that are not measured at fair value, such as cash and cash equivalents, receivables, other financial assets, refundable deposits, bank borrowings, short-term bills payable and accounts payable (related parties included), approximate their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 666,952	\$ -	\$ 666,952
Mutual funds	<u>108,645</u>	<u>-</u>	<u>-</u>	<u>108,645</u>
	<u>\$ 108,645</u>	<u>\$ 666,952</u>	<u>\$ -</u>	<u>\$ 775,597</u>
Financial assets at FVTOCI				
Foreign listed shares	\$ 79,030	\$ -	\$ -	\$ 79,030
Domestic emerging market shares	-	-	759,295	759,295
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>27,152</u>	<u>27,152</u>
	<u>\$ 79,030</u>	<u>\$ -</u>	<u>\$ 786,447</u>	<u>\$ 865,477</u>
Financial assets for hedging				
Derivatives	<u>\$ -</u>	<u>\$ 697,866</u>	<u>\$ -</u>	<u>\$ 697,866</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 175,429</u>	<u>\$ -</u>	<u>\$ 175,429</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 40,839	\$ -	\$ 40,839
Mutual funds	<u>81,410</u>	<u>-</u>	<u>-</u>	<u>81,410</u>
	<u>\$ 81,410</u>	<u>\$ 40,839</u>	<u>\$ -</u>	<u>\$ 122,249</u>
Financial assets at FVTOCI				
Foreign listed shares	\$ 79,240	\$ -	\$ -	\$ 79,240
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>741,799</u>	<u>741,799</u>
	<u>\$ 79,240</u>	<u>\$ -</u>	<u>\$ 741,799</u>	<u>\$ 821,039</u>
Financial assets for hedging				
Derivatives	<u>\$ -</u>	<u>\$ 1,640,059</u>	<u>\$ -</u>	<u>\$ 1,640,059</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 182,653</u>	<u>\$ -</u>	<u>\$ 182,653</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 private share of listed company is evaluated by B-S Model with the target price, option exercise price, risk-free rate, historic volatility, and the maturity date.

The fair value measurement of foreign exchange swap contracts, foreign exchange forward contracts and cross-currency swaps are based on the exchange rate quotations and corresponding yield curves. The fair value measurement of metal swap contracts, metal forward contracts and metal future contracts are based on the forward quotations of the metal and the corresponding yield curves. Option contracts were measured by option pricing models.

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair value of limited partnerships is estimated on the basis of net value. The fair value of domestic unlisted equity investments is evaluated based on the market approach, which compares the ratio of the stock price to the net value of similar peers.

4) Adjustment of financial instruments measured by Level 3 fair value

2023

	Financial assets at fair value through other comprehensive income Equity instruments
Balance at January 1, 2023	\$ 741,799
Additional	53,905
Recognized in other comprehensive income	<u>(9,257)</u>
Balance at December 31, 2023	<u>\$ 786,447</u>

2022

	Financial assets at fair value through other comprehensive income Equity instruments
Balance at January 1, 2022	\$ 496,222
Additions	10,947
Recognized in other comprehensive income	(45,572)
Acquisitions through Business Combinations	<u>280,202</u>
Balance at December 31, 2022	<u>\$ 741,799</u>

c. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ 666,952	\$ 40,839
Mandatorily classified as at FVTPL	108,645	81,410
Financial assets for hedging	697,866	1,640,059
Financial assets at amortized cost (Note 1)	23,047,794	24,082,246
Financial assets at FVTOCI	865,477	821,039
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	175,429	182,653
Financial liabilities at amortized cost (Note 2)	47,956,789	59,625,904

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

Note2: The balances include financial liabilities measured at amortized cost, which comprise short-term and long-term loans (long-term loans due in one year included), short-term bills payable, accounts payable (related parties included), other payables and guarantee deposit received (recognized in other non-current liabilities).

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, short-term bills payable and borrowings. The Group'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 Group 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 Group 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 Group'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 Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group'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 Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group 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 Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 37.

Sensitivity analysis

The Group was mainly exposed to the USD. The following table details the Group'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 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, and the balances below would be negative.

	USD Impact (Note)	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 110,189	\$ 170,593

This was mainly attributable to the exposure on outstanding foreign currency and cash equivalents, receivables, other receivables, other financial assets, payables and loans, which were not hedged at the end of the reporting date.

The Group's sensitivity to foreign currency decreased during the current period due to the decrease in the sales of the US dollar-denominated goods, which is caused by the decrease in foreign currency 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

Cross-currency swap

The Group entered into cross-currency swap contracts to mitigate the risk of changes in foreign exchange rates and interest rates on cash flow and fair value exposure related to its outstanding variable rate debts.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group'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, 2022

	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 (iv)
Cash flow hedge			
Forecast cash flow interest rate risk		\$ (524)	\$ 3,836

b) Interest rate risk

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

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

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	\$ 8,111,461	\$ 9,059,104
Financial liabilities	40,893,614	50,849,236

Sensitivity analysis

The sensitivity analysis below was determined based on the Group'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/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have been lower by \$327,822 thousand and \$417,901 thousand, respectively, which was merely a result of variable-rate debts.

Hedge accounting

The Group entered into interest rate swap contracts to mitigate the risk of changes in interest rates on the cash flow exposure related to its outstanding variable rate debts, and those transactions are designated as cash flow hedges. Interest rate swap contracts are settled on a monthly basis. Floating rate on interest swap contracts is an interbank interest rate. The Group will settle the difference between fixed and floating interest rate on a net basis.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the foreign exchange forward contracts, which is not reflected in the fair value 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 interest rate swap contracts at the end of the reporting period were as follows:

December 31, 2023

Notional Amount (in thousand)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount Asset
USD 300,000 (Note)	2027.5.6	1.78%	Compounded SOFR+0.11448%	Financial Assets for hedging	\$ 474,545
USD 75,000	2027.5.6	0.98%	Compounded SOFR+0.11448%	Financial Assets for hedging	158,917
USD 10,000	2026.5.1	0.98%	Compounded SOFR+0.11448%	Financial Assets for hedging	20,984
USD 10,000	2026.5.1	1.02%	Compounded SOFR+0.11448%	Financial Assets for hedging	21,655
USD 10,000	2026.5.1	1.00%	Compounded SOFR+0.11448%	Financial Assets for hedging	21,765
					<u>\$ 697,866</u>

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			
Syndicated Loans of TCI and its Subsidiaries	\$ 546,542	\$ 633,462	\$ -
Syndicated Loans of BBI-USA	-	64,404	-

Note: The Group designated the contract amount of USD 245,000 as Hedge accounting.

For the year ended December 31, 2023

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount Reclassified to P/L and the Adjusted Line Item
		Due to Hedged Item Affecting P/L
Cash flow hedge		
Fluctuations of interest of loan	\$ (745,759)	\$ 553,789

December 31, 2022

Notional Amount (in thousand)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount Asset
USD 300,000	2027.5.6	1.78%	USD LIBOR- 1month	Financial Assets for hedging	\$ 761,101
USD 50,000	2027.5.6	0.67%	USD LIBOR- 1month	Financial Assets for hedging	195,470
USD 100,000	2024.5.6	1.31%	Term SOFR 1 month to 1%	Financial Assets for hedging	103,319
USD 100,000	2023.5.6	1.27%	Term SOFR 1 month to 1%	Financial Assets for hedging	44,885
USD 25,000	2024.5.6	1.37%	USD LIBOR- 1month	Financial Assets for hedging	34,040
USD 50,000	2024.5.7	1.37%	USD LIBOR- 1month	Financial Assets for hedging	72,888
USD 75,000	2027.5.6	1.1%	USD LIBOR- 1month	Financial Assets for hedging	141,348
USD 50,000	2027.5.6	0.7%	USD LIBOR- 1month	Financial Assets for hedging	198,511
USD 10,000	2026.5.1	0.975%	USD LIBOR- 1month	Financial Assets for hedging	29,220
USD 10,000	2026.5.1	1.023%	USD LIBOR- 1month	Financial Assets for hedging	29,530
USD 10,000	2026.5.1	1.005%	USD LIBOR- 1month	Financial Assets for hedging	29,747
					<u>\$ 1,640,059</u>

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			
Syndicated Loans of TCI and its subsidiaries	\$ -	\$ 1,551,562	\$ -
Syndicated Loans of BBI-USA	-	88,497	-

For the year ended December 31, 2022

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount Reclassified to P/L and the Adjusted Line Item
		Due to Hedged Item Affecting P/L
Cash flow hedge		
Fluctuations of interest of loan	\$ 1,397,463	\$ 40,088

For the adjustment information of other equity for hedging, refer to Note 24.

c) Other price risk

The Group was exposed to market price risk through its investments in metal (i.e. 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.

With regard to the unsettled aluminum and nickel price derivative instrument contracts, if market prices had been 1% higher/lower, pre-tax loss for years ended December 31, 2023 and 2022 would have increased/decreased by \$25,591 thousand and \$23,000 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 Group had recognized unrealized losses of \$93,202 thousand and unrealized losses of \$135,962 thousand for years ended December 31, 2023 and 2022, 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 Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposures and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the risk management committee annually.

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 Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group'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 Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (3) below.

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

The following table details the Group'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 Group 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, 2023

	On Demand and Less than 1 year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 5,239,685	\$ 45,185
Lease liabilities	1,378,225	8,836,538
Fixed interest rate bank loans	887,843	731,468
Floating interest rate bank loans	<u>20,762,878</u>	<u>23,255,225</u>
	<u>\$ 28,268,631</u>	<u>\$ 32,868,416</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 1,378,225</u>	<u>\$ 4,799,918</u>	<u>\$ 4,036,620</u>

December 31, 2022

	On Demand and Less than 1 year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 6,980,190	\$ -
Lease liabilities	1,151,917	7,864,418
Fixed interest rate bank loans	2,136,703	824,929
Floating interest rate bank loans	<u>32,083,978</u>	<u>39,061,500</u>
	<u>\$ 42,352,788</u>	<u>\$ 47,750,847</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 1,151,917</u>	<u>\$ 4,028,672</u>	<u>\$ 3,835,746</u>

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

The following table details the Group'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, 2023

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Foreign exchange forward contracts	\$ 45,267	\$ -
Metal price derivative contracts	<u>130,162</u>	<u>-</u>
	<u>\$ 175,429</u>	<u>\$ -</u>

December 31, 2022

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Foreign exchange forward contracts	\$ 15,517	\$ -
Foreign exchange swap contracts	15,583	-
Metal price derivative contracts	<u>151,353</u>	<u>-</u>
	<u>\$ 182,453</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2023	2022
Unsecured bank overdraft facilities, reviewed annually:		
Amount used	\$ 12,552,016	\$ 9,381,340
Amount unused	<u>8,137,051</u>	<u>9,639,883</u>
	<u>\$ 20,689,067</u>	<u>\$ 19,021,223</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 30,277,763	\$ 43,370,367
Amount unused	<u>54,290,157</u>	<u>37,045,434</u>
	<u>\$ 84,567,920</u>	<u>\$ 80,415,801</u>

33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

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

Related Party Name	Relationship
Jinn Her Enterprise Co., Ltd.	Corporate director of subsidiaries
Fang Sheng Screw Co., Ltd.	Related party in substance
Lpjr Investment Llc. (LPJR)	Related party in substance
Ou Bo Hua Company	Related party in substance
Ying Lun Investment Co., Ltd.	Related party in substance
Winlink Fasteners Co., Ltd.	Related party in substance
Tong Win International Co., Ltd. (Tong Win)	Related party in substance
Re-Dai Precision Tools Co., Ltd (Rei-Dai)	Related party in substance

(Continued)

Related Party Name	Relationship
TY Steel Co., Ltd. (TY Steel)	Associate (Note 1)
Fuzhou Assured Brake Systems Co., Ltd. (Fuzhou Assured)	Associate of the Group before February 2023 (Note 2)
Ta Chen Green System Co., Ltd.	Associate
Victor Shieh	Related party in substance, is also the director of the Group since June 26, 2023(Note 15)
Full Guan Co., Ltd.	Related party in substance (the person in charge is close relative of the director of the subsidiary)
Wei Mei Curtain Co., Ltd.	Related party in substance (the person in charge is close relative of the director of the subsidiary)
Anders Enterprise Co., Ltd.	Related party in substance (the director is close relative of the general manager of the subsidiary)

(Concluded)

Note 1: A related party since January 5, 2022.

Note 2: As described in Note 13, it became a related party in June 2022, which is evaluated by the equity method and is classified as an associate of the Company.

b. Purchases of goods and purchase allowances

Related Party Category / Name	For the Year Ended December 31	
	2023	2022
Jinn Her Enterprise Co., Ltd.	\$ 1,667,955	\$ 2,493,923
Fang Sheng Screw Co., Ltd.	757,365	904,452
Tong Win	1,053,523	1,689,890
TY Steel	-	564,837
Related party in substance	<u>259,832</u>	<u>410,101</u>
	<u>\$ 3,738,675</u>	<u>\$ 6,063,203</u>

The items and prices of the purchases from related parties do not have similar items to which they can be compared. The Company's payment term to related parties is 45 to 90 days or prepaid; and the payment term to third parties is prepaid or 0 to 90 days.

c. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category / Name	December 31	
		2023	2022
Other receivables	Corporate director of subsidiaries	\$ 666	\$ 900
	Related party in substance	<u>656</u>	<u>379</u>
		<u>\$ 1,322</u>	<u>\$ 1,279</u>

The outstanding accounts receivable from related parties are unsecured and no interest was accrued.

d. Payables to related parties

Line Item	Related Party Category / Name	December 31	
		2023	2022
Accounts payable	Corporate director of subsidiaries	\$ 178,149	\$ 261,235
	Related party in substance	<u>132,646</u>	<u>162,815</u>
		<u>\$ 310,795</u>	<u>\$ 424,050</u>

The outstanding accounts payable to related parties are unsecured and no interest was accrued.

e. Prepayments

Related Party Category / Name	December 31	
	2023	2022
Associated	\$ 20,000	\$ 20,000
Corporate director of subsidiaries	-	13,108
Related party in substance	<u>-</u>	<u>2,495</u>
	<u>\$ 20,000</u>	<u>\$ 35,603</u>

f. Refundable deposits (recognized as financial assets at amortized cost - non current)

Related Party Category / Name	December 31	
	2023	2022
Related party in substance	<u>\$ 1,760</u>	<u>\$ 2,060</u>

g. Loan to Related parties

Related Party Category / Name	December 31	
	2023	2022
<u>Other Receivables</u>		
Fuzhou Assured (Note)	<u>\$ -</u>	<u>\$ 12,367</u>
<u>Interest Revenue</u>		
Fuzhou Assured	<u>\$ 162</u>	<u>\$ 395</u>

Note: It is an unsecured loan between Right Way Industrial Co., Ltd. and Fuzhou Assured Company. The interest is calculated according to the average interest rate of short-term borrowings from financial institutions by Right Way Industrial Co., Ltd in the current year.

h. Lease agreements - the Group is lessee

The Company entered into a contract with its related parties in substance to rent Taipei office space, Tainan dormitories, Kaohsiung office, Kaohsiung plant, dormitories in California and two cars, five locations in total, from December 2023 to April 2024. The rental is based on similar assets' market rental rates, which 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 and low-value asset leases are as follows:

	December 31	
	2023	2022
Future lease payables	\$ 12,788	\$ 4,502
Related Party Category / Name	For the Year Ended December 31	
	2023	2022
<u>Lease expense</u>		
Related party in substance	<u>\$ 17,796</u>	<u>\$ 12,446</u>

i. Others

The Group engages substantive related parties Wei Mei Curtain Co., Ltd. to provide consulting services to operational needs. The Group paid the amounts of \$7,560 thousand of consulting expense (recognized as operating expense) for the years ended December 31, 2023.

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 518,148	\$ 444,320
Post-employment benefits	<u>1,481</u>	<u>1,421</u>
	<u>\$ 519,629</u>	<u>\$ 445,741</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Financial assets at amortized cost (pledged time deposits, pledged demand deposits and pledged repurchase agreements collateralized by bonds)	\$ 2,914,243	\$ 3,106,035
Accounts receivable	5,778,669	6,785,442
Inventories	50,667,356	65,660,934
Property, plant and equipment, net	<u>10,348,204</u>	<u>10,770,986</u>
	<u>\$ 69,708,472</u>	<u>\$ 86,323,397</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

- a. Unused letters of credit for purchases of raw materials as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Unused letters of credit for purchases of raw materials	\$ 401,796	\$ 331,588

- b. Unrecognized commitments were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	\$ 9,529,735	\$ 1,635,815

- c. As of December 31, 2023, the subsidiary BBI-USA provided a letter of credit in the amount of \$156,596 thousand (US \$5,100 thousand) to Hudson Insurance Company, the insurance company of the customs broker of BBI-USA, as collateral for the customs investigation described below.
- d. The U.S. Customs and Border Protection (CBP) has conducted an investigation into BBI-USA (including the import procedures, information about main vendors or manufacturers, product content, place of production, control of antidumping products, etc.) in accordance with the Tariff Act of 1930 in the U.S. since April 2014. The CBP's main purpose of the investigation is to find out whether the country of origin of certain steel threaded rods that BBI-USA imported through merchants is China, in order to examine whether the makers of fasteners in China sell products to America through triangular trade to avoid anti-dumping duties. BBI-USA has estimated payback customs duty and fines in the amount of \$108,229 thousand (US\$3,525 thousand) for the year ended December 31, 2023, which was recognized as cost of goods sold and other payables, and BBI-USA has authorized lawyers to negotiate with U.S. Customs. The evaluation of the proposal for consultation options by U.S. Customs is currently under negotiation. As of the date the consolidated financial statements were authorized for issue, according to the statement from the attorney of BBI-USA, the attorney was unable to express an opinion on the outcome of the litigation. The final outcome of the litigation has yet to be negotiated with U.S. Customs.
- e. As of December 31, 2023 and 2022, the guaranteed notes submitted and payables issued by the Group for the loan was \$337,300 thousand and \$1,219,000 thousand, respectively.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Donations

The Group engaged in charitable donations from January 1 to December 31, 2023 and 2022, donating a total of \$15,901 thousand and \$199,924 thousand, respectively, to the Buddhist Compassion Relief Tzu Chi Foundation and Buddhist Compassion Relief Tzu Chi Hospital, recognized as operating expenses.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group'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, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 379,058	30.705	\$ 11,638,987
USD	3,856	7.0827 (USD:CNY)	118,400
EUR	550	33.98	18,673
EUR	4,278	7.8592 (EUR:CNY)	145,745
CAD	3,490	23.2	80,979
AUD	36,894	20.98	774,032

Financial liabilities

Monetary items			
USD	16,100	30.705	494,354
USD	2,022	7.0827 (USD:CNY)	62,089
USD	5,930	4.8413 (USD:BRL)	182,091

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 580,570	30.71	\$ 17,829,312
USD	5,481	6.9646 (USD:CNY)	168,322
EUR	1,025	32.72	33,552
EUR	3,720	7.4229 (EUR:CNY)	107,041
CAD	19,762	22.67	448,009
AUD	37,000	20.83	770,715
RMB	7,961	4.408	35,092
GBP	2,130	37.09	79,009
NZD	1,402	19.44	27,258

Financial liabilities

Monetary items			
USD	22,026	30.71	676,422
USD	1,015	6.9646 (USD:CNY)	31,184
USD	7,512	5.8857 (USD:BRL)	230,689

The Group is mainly exposed to the foreign exchange risk of the USD. The following information was aggregated by the functional currencies of the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended December 31			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ 111,219	1 (NTD:NTD)	\$ 1,951,673
USD	31.1548 (USD:NTD)	(963)	29.8045 (USD:NTD)	(13,521)
BRL	5.8493 (BRL:NTD)	7,317	5.7738 (BRL:NTD)	4,452
CAD	22.4933 (CAD:NTD)	1,020	22.8975 (CAD:NTD)	(1,378)
NZD	19.1500 (NZD:NTD)	(650)	18.9125 (NZD:NTD)	(659)
GBP	36.9033 (GBP:NTD)	470	36.7992 (GBP:NTD)	(56)
AUD	20.8000 (AUD:NTD)	(789)	20.6650 (AUD:NTD)	(1,094)
CNY	4.4240 (CNY:NTD)	<u>12,560</u>	4.4346 (CNY:NTD)	<u>12,391</u>
		<u>\$ 130,184</u>		<u>\$ 1,951,808</u>

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (Table 3)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
- 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 5)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 6)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 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 32)
- 10) Intercompany relationships and significant intercompany transactions (Table 12)

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 2, 3, 8, 9, 10 and 12):
 - 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 on major shareholders: the name, amount and proportion of shareholders who hold more than 5 % of the shares (Table 11).

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance is based on the types of goods provided. Stainless steel and aluminum segment as well as screw head and nuts segments are the main segments for the Group.

Specifically, the Group's reportable segments were as follows:

Stainless steel and aluminum segment - the Company, TCI, PPTH, ERI, TCH, Ta Chen (Shijiazhuang), Ta Chen (Boye), Yinrong (Shanghai) and TCE mainly focus on manufacturing and selling stainless steel pipes, stainless steel pipe fittings, as well as stainless steel plates (rolls), bars and aluminum products.

Aluminum manufacturing segment – the subsidiaries, TKA mainly focus on manufacturing and selling aluminum rolling.

Screws and nuts segment - TIG, BBI-TW, BBI-USA, BBI-CA, BBI-UK, BBI-AU, BBI-NZ and BBI-BZ mainly focus on selling screws and nuts.

Other segments - Lung Mei, Wei Mei Roller Blind, Wei Mei Hsin Shu, Right Way, Right Way North America Inc. and Right Way Global Co., Ltd. mainly focus on the manufacture and sale of curtains and decorations, interior decoration and manufacturing and mobile parts.

a. Segment revenue and results

	Stainless Steel and Aluminum	Aluminum Manufacturing	Screws and Nuts	Curtains and Decorations	Adjustments and Eliminations	Total
<u>For the year ended December 31, 2023</u>						
Revenue from external customers	\$ 75,796,808	\$ -	\$ 22,705,995	\$ 2,753,798	\$ -	\$ 101,256,601
Inter-segment revenue	<u>8,557,222</u>	<u>20,349,409</u>	<u>780,633</u>	<u>50,795</u>	<u>(29,738,059)</u>	<u>-</u>
Segment revenue	<u>\$ 84,354,030</u>	<u>\$ 20,349,409</u>	<u>\$ 23,486,628</u>	<u>\$ 2,804,593</u>	<u>\$ (29,738,059)</u>	<u>\$ 101,256,601</u>
Segment income	<u>\$ 4,965,966</u>	<u>\$ 469,541</u>	<u>\$ 3,728,195</u>	<u>\$ (374,144)</u>	<u>\$ 66,416</u>	<u>\$ 8,855,974</u>
Non-operating income and expenses						2,064,580
Finance costs						(1,159,200)
Share of associates accounted for using the equity method						(153,014)
Profit before income tax						<u>\$ 9,608,340</u>
<u>For the year ended December 31, 2022</u>						
Revenue from external customers	\$ 88,305,153	\$ -	\$ 24,669,057	\$ 1,174,360	\$ -	\$ 114,148,570
Inter-segment revenue	<u>12,800,710</u>	<u>21,202,338</u>	<u>1,006,890</u>	<u>27,225</u>	<u>(35,037,163)</u>	<u>-</u>
Segment revenue	<u>\$ 101,105,863</u>	<u>\$ 21,202,338</u>	<u>\$ 25,675,947</u>	<u>\$ 1,201,585</u>	<u>\$ (35,037,163)</u>	<u>\$ 114,148,570</u>
Segment income	<u>\$ 14,481,901</u>	<u>\$ (416,579)</u>	<u>\$ 5,125,645</u>	<u>\$ (731,866)</u>	<u>\$ 67,101</u>	<u>\$ 18,526,202</u>
Non-operating income and expenses						2,187,068
Finance costs						(1,215,810)
Share of associates accounted for using the equity method						(311,237)
Profit before income tax						<u>\$ 19,186,223</u>

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, rental revenue, interest income, gains or losses on disposals of financial instruments, foreign exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group operates in three principal geographical areas - USA, Taiwan and China.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2023	2022
USA	\$ 93,233,405	\$ 105,722,840
China	1,382,278	1,565,460
Taiwan	3,658,398	4,046,159
Others	<u>2,982,520</u>	<u>2,814,111</u>
	<u>\$ 101,256,601</u>	<u>\$ 114,148,570</u>
	Non-current Assets	
	December 31	
	2023	2022
USA	\$ 31,745,158	\$ 25,674,214
China	618,411	662,047
Taiwan	11,535,416	12,989,216
Others	<u>2,624,563</u>	<u>898,604</u>
	<u>\$ 46,523,548</u>	<u>\$ 40,224,081</u>

Non-current assets excluded those classified as investments accounted for using the equity method financial instruments (include prepayments for investments), financial instruments, net defined benefit assets and deferred tax assets.

c. Information about major customers

The customer contributing 10% or more to the Group's revenue was as follows:

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Customer A	<u>\$ 10,928,943</u>	<u>11</u>	<u>\$ 13,324,469</u>	<u>12</u>

TABLE 1

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Land	Land Improvements	Buildings	Machinery and Equipment	Storage Equipment	Electrical Equipment	Transportation Equipment	Office Equipment	Molding Equipment	Leasehold Improvements	Leased Assets	Other Equipment	Property Under Construction	Total
<u>Cost</u>														
Balance at January 1, 2022	\$ 4,244,981	\$ 129,782	\$ 4,565,320	\$ 9,145,432	\$ 1,722,559	\$ 341,757	\$ 189,164	\$ 529,218	\$ 229,791	\$ 290,337	\$ 1,671	\$ 266,392	\$ 494,496	\$ 22,150,900
Additions	2,395,289	6,716	220,463	574,708	156,804	734	88,430	49,797	2,076	145,293	-	227,701	302,889	4,170,900
Disposals	(45,500)	-	(26,634)	(202,281)	(8,130)	-	(14,673)	(11,980)	(145)	(17,223)	-	(15,872)	-	(342,438)
Transferred to expense	(27,359)	-	-	-	-	-	-	-	-	-	-	-	-	(27,359)
Reclassifications	2,739	13,279	(17,121)	302,604	21,257	-	-	3,344	596	-	-	60,374	(44,176)	342,896
Acquisitions through business combinations	2,116,453	-	416,001	813,772	-	-	16,647	36,979	78,982	-	-	60,422	2,272,287	5,811,543
Effects of foreign currency exchange differences	123,165	6,245	306,001	668,940	173,224	-	3,229	43,781	(1,917)	11,649	183	3,335	7,648	1,345,483
Balance at December 31, 2022	<u>\$ 8,809,768</u>	<u>\$ 156,022</u>	<u>\$ 5,464,030</u>	<u>\$ 11,303,175</u>	<u>\$ 2,065,714</u>	<u>\$ 342,491</u>	<u>\$ 282,797</u>	<u>\$ 651,139</u>	<u>\$ 309,383</u>	<u>\$ 430,056</u>	<u>\$ 1,854</u>	<u>\$ 602,352</u>	<u>\$ 3,033,144</u>	<u>\$ 33,451,925</u>
<u>Accumulated Depreciation</u>														
Balance at January 1, 2022	\$ -	\$ 49,189	\$ 1,169,140	\$ 4,188,048	\$ 1,409,582	\$ 197,991	\$ 139,082	\$ 431,424	\$ 221,603	\$ 241,840	\$ 1,671	\$ 206,737	\$ -	\$ 8,256,307
Depreciation expenses	-	6,996	198,248	474,697	119,421	19,741	27,216	35,316	5,756	22,909	-	38,784	-	949,084
Disposals	-	-	(13,320)	(190,146)	(6,681)	-	(10,743)	(11,502)	(145)	(17,174)	-	(15,379)	-	(265,090)
Acquisitions through business combinations	-	-	190,698	721,497	-	-	9,544	32,763	65,217	-	-	52,039	-	1,071,758
Effects of foreign currency exchange differences	-	1,055	63,537	192,163	141,337	-	2,476	36,100	(1,089)	9,088	183	2,658	-	447,508
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 57,240</u>	<u>\$ 1,608,303</u>	<u>\$ 5,386,259</u>	<u>\$ 1,663,659</u>	<u>\$ 217,732</u>	<u>\$ 167,575</u>	<u>\$ 524,101</u>	<u>\$ 291,342</u>	<u>\$ 256,663</u>	<u>\$ 1,854</u>	<u>\$ 284,839</u>	<u>\$ -</u>	<u>\$ 10,459,567</u>
Carrying amounts at December 31, 2022	<u>\$ 8,809,768</u>	<u>\$ 98,782</u>	<u>\$ 3,855,727</u>	<u>\$ 5,916,916</u>	<u>\$ 402,055</u>	<u>\$ 124,759</u>	<u>\$ 115,222</u>	<u>\$ 127,038</u>	<u>\$ 18,041</u>	<u>\$ 173,393</u>	<u>\$ -</u>	<u>\$ 317,513</u>	<u>\$ 3,033,144</u>	<u>\$ 22,992,358</u>
<u>Cost</u>														
Balance at January 1, 2023	\$ 8,809,768	\$ 156,022	\$ 5,464,030	\$ 11,303,175	\$ 2,065,714	\$ 342,491	\$ 282,797	\$ 651,139	\$ 309,383	\$ 430,056	\$ 1,854	\$ 602,352	\$ 3,033,144	\$ 33,451,925
Additions	69,277	265	268,513	222,982	82,533	-	24,828	29,793	2,843	132,586	-	25,214	5,276,670	6,135,504
Disposals	(3,896)	-	(26,791)	(62,229)	(15,157)	-	(22,171)	(11,670)	(2,532)	(29,519)	-	(17,012)	-	(190,977)
Reclassifications	190	-	1,452,179	71,162	4,549	-	1,950	16,902	234	-	-	37,112	(260,240)	1,324,038
Effects of foreign currency exchange differences	(4,702)	(10)	28,996	(29,402)	2,779	-	(484)	201	37,562	(67)	-	(37,437)	12,195	9,631
Balance at December 31, 2023	<u>\$ 8,870,637</u>	<u>\$ 156,277</u>	<u>\$ 7,186,927</u>	<u>\$ 11,505,688</u>	<u>\$ 2,140,418</u>	<u>\$ 342,491</u>	<u>\$ 286,920</u>	<u>\$ 686,365</u>	<u>\$ 347,490</u>	<u>\$ 533,056</u>	<u>\$ 1,854</u>	<u>\$ 610,229</u>	<u>\$ 8,061,769</u>	<u>\$ 40,730,121</u>
<u>Accumulated Depreciation</u>														
Balance at January 1, 2023	\$ -	\$ 57,240	\$ 1,608,303	\$ 5,386,259	\$ 1,663,659	\$ 217,732	\$ 167,575	\$ 524,101	\$ 291,342	\$ 256,663	\$ 1,854	\$ 284,839	\$ -	\$ 10,459,567
Depreciation expenses	-	7,216	277,110	551,597	107,587	19,134	33,115	44,039	7,639	58,851	-	60,115	-	1,166,403
Disposals	-	-	(23,187)	(46,269)	(12,672)	-	(17,946)	(11,153)	(2,532)	(29,018)	-	(16,696)	-	(159,473)
Reclassifications	-	-	-	(2,116)	-	-	-	-	-	-	-	-	-	(2,116)
Effects of foreign currency exchange differences	-	(47)	(5,266)	(31,785)	1,457	-	(447)	389	-	63	-	196	-	(35,440)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 64,409</u>	<u>\$ 1,856,960</u>	<u>\$ 5,857,686</u>	<u>\$ 1,760,031</u>	<u>\$ 236,866</u>	<u>\$ 182,297</u>	<u>\$ 557,376</u>	<u>\$ 296,449</u>	<u>\$ 286,559</u>	<u>\$ 1,854</u>	<u>\$ 328,454</u>	<u>\$ -</u>	<u>\$ 11,428,941</u>
Carrying amounts at January 1, 2023	<u>\$ 8,809,768</u>	<u>\$ 98,782</u>	<u>\$ 3,855,727</u>	<u>\$ 5,916,916</u>	<u>\$ 402,055</u>	<u>\$ 124,759</u>	<u>\$ 115,222</u>	<u>\$ 127,038</u>	<u>\$ 18,041</u>	<u>\$ 173,393</u>	<u>\$ -</u>	<u>\$ 317,513</u>	<u>\$ 3,033,144</u>	<u>\$ 22,992,358</u>
Carrying amounts at December 31, 2023	<u>\$ 8,870,637</u>	<u>\$ 91,868</u>	<u>\$ 5,329,967</u>	<u>\$ 5,648,002</u>	<u>\$ 380,387</u>	<u>\$ 105,625</u>	<u>\$ 104,623</u>	<u>\$ 128,989</u>	<u>\$ 51,041</u>	<u>\$ 246,497</u>	<u>\$ -</u>	<u>\$ 281,775</u>	<u>\$ 8,061,769</u>	<u>\$ 29,301,180</u>

TABLE 2

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	The Company	Wei Mei Roller Blind Co., Ltd.	Other receivables from related parties	Y	\$ 80,000	\$ 80,000	\$ 80,000	1.80%	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 6,306,000	\$ 25,223,999
		Ta Chen Lung Mei Home Life Co., Ltd.	Other receivables from related parties	Y	600,000	200,000	200,000	1.50%	2	-	Operating capital	-	None	-	6,306,000	25,223,999
		Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Other receivables from related parties	Y	75,000	-	-	1.80%	2	-	Operating capital	-	None	-	6,306,000	25,223,999
		Ta Chen (Hong Kong) Limited	Other receivables from related parties	Y	159,300	-	-	-	2	-	Operating capital	-	None	-	6,306,000	25,223,999
		TCI Texarkana Inc.	Other receivables from related parties	Y	2,782,800	2,782,800	2,782,800	5.85%	2	-	Operating capital	-	None	-	6,306,000	25,223,999
1	Brighton-Best International (Taiwan) Inc.	Brighton-best International (NZ), Limited	Other receivables from related parties	Y	10,761	8,921	8,921	-	1	23,773	—	-	None	-	23,773	11,045,926
		Brighton-best International (AU), Pty Ltd.	Other receivables from related parties	Y	424,345	408,275	408,275	-	1	864,511	—	-	None	-	864,511	11,045,926
		Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	88,796 (Note 3)	15,205	15,205	-	1	88,266	—	-	None	-	88,266	11,045,926
		Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	16,213	-	-	-	2	-	Operating capital	-	None	-	5,034,688	10,069,376
		Brighton-Best International (UK), Limited	Other receivables from related parties	Y	131,690	127,238	116,634	-	2	-	Operating capital	-	None	-	5,034,688	10,069,376
2	Brighton-Best International, Inc.	Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	153,525	153,525	153,525	-	2	-	Operating capital	-	None	-	2,744,506	5,489,012
		Brighton-best International (Canada), Inc.	Other receivables from related parties	Y	81,063	76,763	-	-	2	-	Operating capital	-	None	-	2,744,506	5,489,012
3	Brighton-Best International (AU), Pty Ltd.	Brighton-best International (NZ), Limited	Other receivables from related parties	Y	62,940	62,940	55,977	-	2	-	Operating capital	-	None	-	180,816	361,633
4	Ta Chen Empire Co., Ltd.	Hupao Technology Co., Ltd.	Other receivables from related parties	Y	120,000	-	-	1.50%	2	-	Operating capital	-	None	-	1,199,544	2,399,088
		Noei Geeng Enterprise Co., Ltd.	Other receivables from related parties	Y	220,000	-	-	1.50%	2	-	Operating capital	-	None	-	1,199,544	2,399,088
5	Hupao Technology Co., Ltd.	Noei Geeng Enterprise Co., Ltd.	Other receivables from related parties	Y	45,000	45,000	32,400	1.50%	2	-	Operating capital	-	None	-	46,928	93,856
6	Right way industrial Co., Ltd.	Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables from related parties	Y	48,638	46,058	38,381	5.0%	1	94,645	—	-	None	-	94,645	1,089,376
7	Empire Resources, Inc.	Fuzhou Assured Brake Systems Co., Ltd.	Other receivables	N	17,780	-	-	7.0%	2	-	Operating capital	-	None	-	408,516	1,089,376
		Ta Chen International, Inc.	Other receivables from related parties	Y	2,765,205	2,765,205	2,068,855	-	2	-	Operating capital	-	None	-	4,587,759	4,587,759
		Imbali Metals BVBA	Other receivables from related parties	Y	370,180	258,160	157,853	1M Term SORF+1.6%	2	-	Operating capital	-	None	-	4,587,759	4,587,759
		Empire Resources (UK)limited	Other receivables from related parties	Y	215,250	215,250	141,661	1M Term SORF+1.6%	2	-	Operating capital	-	None	-	4,587,759	4,587,759
8	Primus Pipe and Tube Holding, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	13,400	13,400	13,400	-	2	-	Operating capital	-	None	-	1,632,741	1,632,741
9	Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	Other receivables from related parties	Y	325,970	193,700	193,700	4.50%	2	-	Operating capital	-	None	-	2,356,390	2,356,390
10	8911 Kelso Drive	Empire Resources, Inc.	Other receivables from related parties	Y	80,655	80,655	80,655	-	2	-	Operating capital	-	None	-	89,859	89,859

Note 1:

	Financing Limit for Each Borrower	Aggregate Financing Limit
The Company	10% 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
Brighton-Best International (Taiwan) Inc.	For business transaction: Recently business transaction amount	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: 20% 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
Brighton-Best International, Inc.	20% 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
Brighton-Best International (AU), Pty Ltd.	20% 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
Ta Chen Empire Co., Ltd.	20% 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
Hupao Technology CO., LTD.	20% 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
Empire Resources, Inc.	Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth	100% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (Hong Kong) Limited	Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth	1,000% of net worth in recently audited financial statements or reviewed financial statements
8911 Kelso Drive	Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth	100% of net worth in recently audited financial statements or reviewed financial statements
Right Way Industrial Co., Ltd.	For business transaction: To the extent that it doesn't exceed the amount of business transactions between the two parties, which the amount of business transactions refer to the higher of the amount of goods purchased or sold between the parties	For business transaction: 40% of net worth in recently audited financial statements reviewed financial statements
	For short-term financing: 15% of net worth in recently audited financial statements or reviewed financial statements	For business transaction: 40% of net worth in recently audited financial statements 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: Because of difference in exchange rate, actual amount borrowed was exceeded financing limit for Each Borrower from BBI-TW financing provided to Brighton-best International (Brasil), Comercio De Parafusos Ltda. After checking, the amount of the originally currency of highest balance for the Period was US\$2,751,669,89 which was less than the amount of the originally currency of nature of financing was US\$3,010,811.79. There is no risk of exceeding the limit.

TABLE 3

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	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	\$ 126,119,994	\$ 100,188	\$ 100,188	\$ -	\$ -	-	\$ 126,119,994	Y	N	N
		Ta Chen (Hong Kong) Limited	Subsidiary	126,119,994	2,141,438	-	-	-	-		Y	N	N
		Ta Chen (Shijiazhuang) Co., Ltd.	Sub-subsi-dary	126,119,994	145,700	-	-	-	-		Y	N	Y
		Empire Resources, Inc.	Sub-subsi-dary	126,119,994	181,170	181,170	181,170	-	-		Y	N	N
		Ta Chen (Boye) Co., Ltd.	Sub-subsi-dary	126,119,994	157,608	157,608	157,608	-	-		Y	N	Y
		TMCT Products, Inc.	Sub-subsi-dary	126,119,994	174,132	174,132	174,132	-	-		Y	N	N
		Ta Chen Lung Mei Home Life Co., Ltd.	Subsidiary	126,119,994	2,050,000	2,050,000	2,050,000	-	3		Y	N	N
		TCI Texarkana, Inc.	Sub-subsi-dary	126,119,994	913,500	913,500	-	-	1		Y	N	N
		Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Sub-subsi-dary	126,119,994	95,000	95,000	95,000	-	-		Y	N	N
1	Brighton-Best International (Taiwan) Inc.	Brighton-Best International (AU), Pty Ltd.	Subsidiary (100% of ownership)	20,138,750	243,935	170,489	-	-	1	25,173,438	N	N	N
		Brighton-Best International (NZ), Limited	Subsidiary (100% of ownership)	20,138,750	89,921	89,921	-	-	-		N	N	N
2	Ta Chen Empire Co., Ltd.	Hupao Technology Co., Ltd.	Subsidiary (80% of ownership)	4,798,176	148,000	148,000	148,000	-	2	5,997,720	N	N	N
		Noei Geeng Enterprise Co., Ltd.	Subsidiary (80% of ownership)	4,798,176	190,000	190,000	190,000	-	3		N	N	N
3	Ta Chen International, Inc.	Empire Resources Pacific, Ltd.	Sub-subsi-dary	102,691,104	29,230,500	29,230,500	29,230,500	-	57	102,691,104	N	N	N
		TCI Investment Group, Inc.	Subsidiary	102,691,104	29,230,500	29,230,500	29,230,500	-	57		N	N	N
		Empire Resources, Inc.	Subsidiary	102,691,104	29,230,500	29,230,500	29,230,500	-	57		N	N	N
		TCI Texarkana, Inc.	Subsidiary	102,691,104	41,574,860	39,222,060	39,222,060	-	76		N	N	N
		Primus Pipe and Tube Holding, Inc.	Subsidiary	102,691,104	29,230,500	29,230,500	29,230,500	-	57		N	N	N
		Primus Pipe and Tube Inc.	Sub-subsi-dary	102,691,104	29,230,500	29,230,500	29,230,500	-	57		N	N	N
4	Empire Resources, Inc.	Ta Chen International, Inc.	Parent company	91,755,180	29,230,500	29,230,500	29,230,500	-	637	91,755,180	N	N	N
		Empire Resources Pacific, Ltd.	Subsidiary	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		Ta Chen International, Inc.	Parent company	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
5	TCI Investment Group, Inc.	TCI Texarkana, Inc.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070	63,661,500	N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		Ta Chen International, Inc.	Parent company	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
6	Empire Resources Pacific, Ltd.	Ta Chen International, Inc.	Parent company	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940	77,500,000	N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Empire Resources, Inc.	Parent company	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Ta Chen International, Inc.	Parent company	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
7	Primus Pipe and Tube Holding, Inc.	Empire Resources Pacific, Ltd.	Fellow subsidiaries	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790	57,145,935	N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
		Primus Pipe and Tube, Inc.	Subsidiary	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
		Ta Chen International, Inc.	Parent company	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		Primus Pipe and Tube Holding, Inc.	Parent company	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
8	Primus Pipe and Tube Inc.	Empire Resources Pacific Ltd.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302	76,497,355	N	N	N
		Primus Pipe and Tube Holdings, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Ta Chen International, Inc.	Parent company	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Empire Resources Pacific Ltd.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
9	TCI Texarkana, Inc.	TCI Investment Group, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302	47,777,530	N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Ta Chen International, Inc.	Parent company	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Empire Resources Pacific Ltd.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Ta Chen International, Inc.	Parent company	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N

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 Empire Co., Ltd.	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.	25,000,000% of net worth in recently audited financial statements or reviewed financial statements	25,000,000% 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	

TABLE 4

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2022				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Nomura Global High Dividend Fund Accumulate TWD	None	Financial assets at fair value through profit or loss - current	42,757.80	\$ 990	-	\$ 990	
	Yuanta New ASEAN Balanced Fund TWD	"	"	600,000.00	4,782	-	4,782	
	Capital ASEAN Fund TWD	"	"	61,156.30	702	-	702	
	Capital Conservative Allocation Fund of Funds A TWD	"	"	200,000.00	1,967	-	1,967	
	Union Multi-Asset High Income Fund A TWD	"	"	200,000.00	1,556	-	1,556	
	Amundi TW - US Dollar Core Fixed Income Fund- A2 TWD (C)	"	"	100,000.00	992	-	992	
	Shin Kong Hang Seng TECH Index Fund (TWD)	"	"	100,000.00	411	-	411	
	UBS (TW) Bond Fund - Fixed Income Fund of Funds (TWD) A	"	"	200,000.00	1,646	-	1,646	
	PGIM USD High Yield Bond Fund-TWD(A)	"	"	200,000.00	1,994	-	1,994	
	PineBridge ESG Quantitative Income & Growth Fund A USD	"	"	27,863.17	8,620	-	8,620	
	KGI ESG Sustainable Emerging Market Bond Fund - TWD A	"	"	500,000.00	4,288	-	4,288	
	KGI ESG Sustainable Emerging Market Bond Fund - USD A	"	"	15,000.00	4,041	-	4,041	
	Amundi Funds - Global Ecology ESG U USD (C)	"	"	373.92	807	-	807	
	HSBC ESG Sustainable Multi-Asset Fund of Funds ACHTWD	"	"	150,000.00	1,409	-	1,409	
	FSITC Glbl Artificial Intligne Fd TWD	"	"	78,657.60	1,428	-	1,428	
	BlackRock Global Funds - Global Allocation Fund A2	"	"	1,947.29	4,358	-	4,358	
	Jih Sun Vietnam Opportunity Fund A (TWD)	"	"	500,000.00	4,090	-	4,090	
	Allianz Global Investors Income and Growth Fund-A TWD	"	"	236,779.80	3,000	-	3,000	
	CTBC ESG Global Digital Infrastructure Fund-USA A	"	"	10,000.00	3,071	-	3,071	
	SinoPac ESG Global Digital Infrastructure Fund-TWD Acc. N	"	"	500,000.00	4,595	-	4,595	
	Goldman Sachs US Credit - Y Cap USD	"	"	532.53	5,205	-	5,205	
	TSMC LTD.	"	"	-	6,194	-	6,194	
	FSITC US Top 100 Bond Fund Acc TWD	"	"	1,066,211.80	10,043	-	10,043	
	Cathay 3-Year Maturity Global Market Investment Grade Bond Fund A TWD	"	"	50,000.00	510	-	510	
	Yuanta Japan Leaders Equity Fund -TWD(A)	"	"	1,369,810.20	13,698	-	13,698	
	Mega Global Bond ETF Strategic Income Fund of Funds TWD Acc	"	"	500,000.00	4,951	-	4,951	
	Mega Global Bond ETF Strategic Income Fund of Funds USD Acc	"	"	10,000.00	3,177	-	3,177	
	FSITC Global Sustainable Impact Investment Multi-Asset Fund-A-TWD	"	"	200,000.00	1,994	-	1,994	
	Taishin Flexible Income Fund A-USD	"	"	10,000.00	3,129	-	3,129	
	Hua Nan Future Technology Fund	"	"	205,752.85	3,998	-	3,998	
	Union APEC Balanced Fund A	"	"	100,000.00	990	-	990	
					\$ 108,645		\$ 108,645	
	Unlisted shares - ROC							
	IBT VII Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	435,296	\$ 4,353	2.5	\$ 4,353	
	Sunny Bank Ltd.	"	"	1,698,872	12,000	0.05	12,000	
	Greencasa Co., Ltd.	"	"	553,824	10,799	18	10,799	
					\$ 27,152		\$ 27,152	
	Foreign listed shares							
	PT Alumindo Light MetalIndustry Tbk	None	Financial assets at fair value through other comprehensive income - current	32,806,000	\$ 12,551	5.33	\$ 12,551	
	Ascent Industries Co Com	"	"	226,472	66,479	2.21	66,479	
					\$ 79,030		\$ 79,030	
	Listed shares - ROC and Emerging market shares							
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	39,857,365	\$ 428,068	9.58	\$ 428,068	
	Ta Chen Stainless Pipe Co., Ltd.	Parent Company	Financial assets at fair value through profit or loss - current	5,113,089	202,478	0.21	202,478	
	Ta Chen Stainless Pipe Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income - non-current	162,090,795	6,418,795	6.66	6,418,795	
	Listed shares - ROC							
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through profit or loss - current	6,226,556	246,572	0.26	246,572	
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	116,921,815	4,630,104	4.80	4,630,104	
	Listed shares - ROC							
	Ta Chen Stainless Pipe Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income - non-current	12,735,000	450,819	1.23	450,819	
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	30,840,493	331,227	7.41	331,227	
	Unlisted shares - ROC							
	Phoenix Motor Corporation	None	Financial assets at fair value through profit or loss - current	600,000	-	-	-	The amount is already recognized as impairment losses.

Note 1: The marketable securities in Table 3 refer to equity securities, debt securities, mutual funds and securities derived from the list above.

Note 2: Refer to Table 9 and Table 10 for information regarding investment in subsidiaries.

TABLE 5

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Amount	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount
The Company	Ta Chen Lung Mei Home Life Co., Ltd. - shares	Investment accounted for using the equity method	Open market	Subsidiary	40,845,835	\$ -	60,000,000	\$ 600,000	-	\$ -	\$ -	\$ -	\$ (463,413) (Note 1)	29,987,363 (Note 3)	\$ 136,587
Ta Chen International Inc.	TCI Texarkana, Inc. - shares	Investment accounted for using the equity method	Open market	Subsidiary	60,000	6,519,863	20,000	3,070,500 (US\$ 100,000 thousand) (Note 2)	-	-	-	-	(34,857) (Note 1)	80,000	9,555,506

Note 1: Investment accounted for using the equity method includes adjustment related to shareholders’ equity recognized under the equity method.

Note 2: The related amount is converted according to the average exchange rate of the Bank of Taiwan at the end of December 2023 (US dollar: NTD = 1: 30.705).

Note 3: The number of shares at the end of period includes decreased its capital of 70,858,472 share.

TABLE 6

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

ACQUISITIONS 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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty/ Acquisition Item	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.	Warehouse construction project	2023.05.16 (Board of Directors' resolution date)	\$ 540,523 (US\$ 16,750 thousand)	Had paid a performance of 378,887 thousand in accordance with the contract.	Premier Development Partners, LLC	Non-related party	N/A	N/A	N/A	\$ -	N/A	For operation	None
TCI Texarkana, Inc.	Building	2023.5.26	2,456,614 (US\$ 76,245 thousand)	210,084 (US\$ 6,842 thousand)	H&M Construction Co., Inc.	Non-related party	N/A	N/A	N/A	-	N/A	For operation	None
	Building	2023.9.25	4,243,421 (US\$ 131,497 thousand)	paid 13,909 (US\$ 453 thousand) paid	H&M Construction Co., Inc.		N/A	N/A	N/A	-	N/A	For operation	None

TABLE 7

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

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, 2023
(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)	\$ (8,355,248)	(88)	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.	\$ 5,850,153	97	-
Ta Chen International, Inc.	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	Purchase	17,456,210	38	Within 30 days	General market price	Same	(1,401,210)	(16)	-
	Primus Pipe and Tube, Inc.	Sub-subsidiaries (100% indirect shareholding)	Purchase	627,616	1	Within 30 days	General market price	Same	(31,557)	-	-
Empire Resources, Inc. Brighton-Best International (Taiwan) Inc.	TCI Texarkana, Inc.	Fellow Subsidiaries	Purchase	2,893,198	91	Within 30 days	General market price	Same	(217,717)	(99)	-
	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	(Sale)	(7,431,240)	(86)	Within 180 days	No third-party could be compared	No third-party could be compared	2,608,031	83	-
	Brighton-Best International (AU), Pty Ltd.	Subsidiaries (100% ownership)	(Sale)	(581,166)	(7)	Within 180 days	No third-party could be compared	No third-party could be compared	328,902	10	-
	Brighton-Best International (Canada), Inc.	Subsidiaries (100% ownership)	(Sale)	(391,649)	(5)	Within 180 days	No third-party could be compared	No third-party could be compared	65,877	2	-
	Brighton-Best International (UK), Limited	Subsidiaries (100% ownership)	(Sale)	(203,406)	(2)	Within 180 days	No third-party could be compared	No third-party could be compared	129,074	4	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors	Purchase	418,475	6	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(47,236)	(7)	-
	Fang Sheng Screw Co., Ltd.	Referred party in substance	Purchase	757,365	10	Within 45-90 days	No third-party could be compared	Note	(99,784)	(15)	-
	Winlink Fasteners Co., Ltd.	Referred party in substance	Purchase	254,537	3	T/T 5 days after acceptance	No third-party could be compared	Note	(6,803)	(1)	-
	Tong Win International Co., Ltd.	Referred party in substance	Purchase	1,053,523	14	T/T 5 days after acceptance	No third-party could be compared	Note	(22,139)	(3)	-
Brighton-Best International, Inc.	Jinn Her Enterprise Co., Ltd.	Corporate directors of parent entity	Purchase	1,249,480	8	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(130,913)	(5)	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	(Sale)	(748,040)	(100)	Within 180 days	No third-party could be compared	No third-party could be compared	352,700	100	-

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

TABLE 8**TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE YEAR ENDED DECEMBER 31, 2023****(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)	\$ 5,850,153	1.21	\$ -	-	\$ 1,962,060	\$ -
	TCI Texarkana, Inc.	Sub-subsidiaries (100% ownership)	2,782,800	Note 2	-	-	-	-
	Ta Chen Lung Mei Home Life Co., Ltd.	Subsidiaries (99.96% ownership)	200,000	Note 2	-	-	-	-
Ta Chen International, Inc.	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	4,912,800	Note 2	-	-	-	-
Ta Chen (B.V.I.) Holdings Ltd.	Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiaries (93.14% ownership)	247,154	Note 3	-	-	-	-
TCI Texarkana, Inc.	Ta Chen International, Inc.	Parent company	1,401,210	10.77	-	-	1,398,189	-
Empire Resources, Inc.	Empire Resources, Inc.	Fellow subsidiaries	217,717	12.18	-	-	217,717	-
	Ta Chen International, Inc.	Parent company	2,068,855	Note 2	-	-	-	-
	Imbali Metals BVBA	Subsidiaries (100% ownership)	157,853	Note 2	-	-	-	-
Ta Chen (Hong Kong) Limited	Empire Resources (UK) Limited	Subsidiaries (100% ownership)	141,661	Note 2	-	-	-	-
	Ta Chen (Boye) Co., Ltd.	Fellow subsidiaries (100% ownership)	193,700	Note 2	-	-	-	-
	Brighton-Best International (Taiwan) Inc.	Subsidiaries (100% ownership)	2,608,031	2.26	-	-	1,713,170	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	328,902	1.34	-	-	-	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	440,908	Note 2	-	-	103,190	-
	Brighton-Best International (UK) , Limited	Subsidiaries (100% ownership)	129,074	2.01	-	-	48,079	-
	Brighton-Best International (UK) , Limited	Subsidiaries (100% ownership)	116,634	Note 2	-	-	-	-
	Ta Chen Empire Co., Ltd.	Fellow subsidiaries	352,700	1.64	-	-	172,566	-

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. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	Ta Chen International, Inc.	U.S.A	Manufacture and sale of stainless steel pipes, rolls and pipe fittings	\$ 23,327,317	\$ 23,327,317	734,836	100	\$ 50,489,504	\$ 3,159,910	\$ 3,195,035	Note 2
	Ta Chen (B.V.I.) Holdings Ltd.	British Virgin Islands	Investment	990,817	990,817	32,625,300	100	1,952,236	54,068	53,934	Note 3
	Brighton-Best International (Taiwan) Inc.	Taiwan	Import, export and sale of screws and nuts	8,500,095	8,500,095	440,610,040	42.81	5,685,474	3,124,950	1,109,061	Note 7
	WEI MEI ROLLER BLIND CO., LTD.	Taiwan	Manufacture and sale of curtains and cloth products	70,000	70,000	7,000,000	70	80,291	11,657	8,160	
	Ta Chen Lung Mei Home Life Co., Ltd.	Taiwan	Manufacture and sale of curtains and cloth products	1,406,468	806,468	29,987,363	99.96	136,587	(461,678)	(460,439)	
	Ta Chen (Hong Kong) Limited	Hong Kong	Trade	279,720	279,720	10,000,000	100	235,639	3,121	3,119	
	Ta Chen Interior Design Co., Ltd.	Taiwan	Interior design	-	50,000	-	-	-	-	4	Note 11
	TY Steel Co., Ltd.	Thailand	Manufacture of steel billets and steel bars	889,216	889,216	105,583,200	38.75	428,925	(454,176)	(175,996)	
	Ta Chen GREEN SYSTEM CO., LTD.	Taiwan	Interior design	60,000	60,000	6,000,000	50	59,497	(12)	(30)	
	Right Way Industrial Co., Ltd.	Taiwan	Manufacture and sales of automobile and motorcycle parts	17,843	25,749	779,000	0.26	7,069	86,662	268	
	City Mocean Co.,Ltd.	Taiwan	asset management industry	4,900	4,900	490,000	49	3,295	(2,366)	(1,153)	
	TCI Investment Group, Inc.	U.S.A	Import, export and sale of screws and nuts	94,950	94,950	3,000	100	181,890	1,651		
Ta Chen International, Inc.	Empire Resources, Inc.	U.S.A	Investment	1,714,340	1,714,340	8,250,455	100	4,587,759	149,556		
	Primus Pipe and Tube Holding, Inc.	U.S.A	Investment	877,540	877,540	29,000	100	1,623,741	181,310		
	TCI Texarkana, Inc.	U.S.A	Manufacture and sale of aluminum products	12,331,500	9,286,500	80,000	100	9,555,506	(38,737)		
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	1,390,861	171,838		
Empire Resources, Inc.	Empire Resources Pacific Ltd.	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	100	100	310	(263)		Note 6
	Imbali Metals BVBA	Belgium	Import, export and sale of stainless steel and aluminum products	624	624	1,000	100	213,588	(49,780)		"
	Empire Resources UK Ltd.	United Kingdom	Import, export and sale of stainless steel and aluminum products	208,224	208,224	5,400,000	100	382,003	40,081		"
	8911 Kelso Drive	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	-	100	-	(250)		"
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	12,374,756	1,502,282		Note 2
	Brighton-Best International (AU) , Pty Ltd.	Australia	Import, export and sale of screws and nuts	1,498,544	1,498,544	54,000,000	100	908,561	7,908		"
	Brighton-Best International (Canada) , Inc.	Canada	Import, export and sale of screws and nuts	381,149	381,149	12,003,893	100	1,105,464	148,815		"
	Brighton-Best International (UK) , Limited	United Kingdom	Import, export and sale of screws and nuts	453,097	453,097	9,200,000	100	472,651	18,727		"
	Brighton-Best International (NZ) , Limited	New Zealand	Import, export and sale of screws and nuts	19,328	19,328	1,000	100	13,394	(1,284)		"
	Ta Chen Empire Co., Ltd.	Taiwan	Import, export and sale of aluminum products	5,300,000	5,300,000	530,000,000	100	5,997,720	284,503		
	Brighton-Best International (HK) , Limited	Hong Kong	Investment	-	-	-	-	-	-		Note 8
	Brighton-Best International, Inc. (Cayman)	Cayman Islands	Investment	-	-	-	-	-	-		Note 5
	Right Way Industrial Co., Ltd.	Taiwan	Manufacture and sales of automobile and motorcycle parts	615,673	615,673	53,540,000	17.82	734,885	86,662		
	Brighton-Best International (Brasil) , Comerciode Parafusos Ltda.	Brazil	Import and sale of screws and nuts	6,486	6,486	4,000,000	100	(30,587)	11,793		
Ta Chen Empire Co., Ltd.	NOEI GEENG ENTERPRISE CO., LTD.	Taiwan	Manufacturing of screws and nuts	77,785	77,785	7,778,598	80	80,036	(4,854)		
	Hupao Technology CO., LTD.	Taiwan	Energy technology service industry	191,092	191,092	19,109,228	80	187,711	(2,979)		
	Shie Shin Enterprise Co., Ltd.	Taiwan	Manufacturing of screws and nuts	285,171	285,171	28,517,132	80	286,581	553		
Brighton-Best (Hong Kong) Limited	Brighton-Best (Hong Kong) Holding Limited	Hong Kong	Investment	-	-	-	-	-	-		Note 8
Right Way Industrial Co., Ltd.	Right Way Industrial (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of automobile and motorcycle pistons	202,849	202,849	28,665,667	79.63	262,048	9,298		Note 9
	Excellent Growth Investments Limited	British Virgin Islands	Investment	(MYR 30,276)	(MYR 30,276)	-	-	-	-		
Right Way Industrial (Malaysia) Sdn. Bhd	RIGHT WAY NORTH AMERICA INC.	U.S.A	Trading of Automobile Engine Parts	626,415	723,972	20,073,457	100	92	13,222		
	RIGHT WAY GLOBAL CO., LTD.	Taiwan	Automobile and motorcycle buying and selling business	1,575	1,575	-	100	3,940	9		Note 4
	TRIM Telesis Engineering Sdn. Bhd.	Malaysia	Connecting rod manufacturing	-	259,300	-	-	-	(15)		
				48,475	48,475	8,950,000	89.5	1,411	(69)		
				(MYR 7,235)	(MYR 7,235)	-	-	-	-		
RIGHT WAY GLOBAL CO., LTD.	TAIWAN SSANGYONG CO., LTD.	Taiwan	Auto retail	-	16,920	-	-	-	-		Note 10
Ta Chen (B.V.I.) Holdings Ltd.	TMCT Products, Inc.	U.S.A	Investment	156,850	156,850	5,500	100	149,269	(715)		
	Los Osos Holdings, Inc.	U.S.A	Investment	110,237	110,237	-	100	80,430	(650)		
	Clarke St. Property Holdings, LLC	U.S.A	Investment	14,240	14,240	-	100	14,845	(183)		
TMCT Products, Inc.	Amerinox Texarkana, LLC	U.S.A	Aluminum processing industry	28	28	-	49	35,210	-		
Los Osos Holdings, Inc.	Procurmore Trading, Inc.	U.S.A	Trade	557	557	-	100	557	-		
WEI MEI ROLLER BLIND CO., LTD.	WEI MEI HSIN SHU INTERIOR DECORATION CO., LTD.	Taiwan	Manufacture and trade of window decorations	166,282	166,282	6,300,000	100	174,783	9,623		

Note1： Refer to Table 10 for information regarding investment in mainland China.

Note2： 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.

Note3： 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.

Note4： Dismiss on February 21, 2023, remitted the remaining shares on July 26, and liquidated on October 6, 2023.

Note5：Established in February 2016 and no investment funding has been remitted.

Note6：It's the trans-investment company of the acquired company; hence, no original investment amount is listed.

Note7：The difference between the share of profit (loss) and net income (loss) of the investee was the effect of unrealized gross profit from side stream transactions among subsidiaries.

Note8：Established in May 2019 and no investment funding has been remitted.

Note9：The foreign currency amount listed by Right Way Industrial Co., Ltd. is converted according to the average exchange rate of the Bank of Taiwan at the end of December 2023 (MYR: NTD = 1: 6.70).

Note10：Sold on January 19, 2023.

Note11：Dismiss on June 30, 2023, and liquidated on December 5, 2023.

TABLE 10

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023 (Note 2)	Remittance of Funds (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 and 7)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	\$ 164,577	(2) Ta Chen (B.V.I.) Holdings Ltd.	\$ 129,063	\$ -	\$ -	\$ 129,063	\$ 33,693	93.14	\$ 31,438 (3)	\$ 387,901	\$ -	
Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	385,142	(2) Ta Chen (B.V.I.) Holdings Ltd.(Note 5)	305269	-	-	305,269	(3,358)	100	(3,358) (3)	408,243	-	
Yinrong (Shanghai) Investment Management Limited	Investment	2,493	(3) The Company	2,372	-	-	2,372	18	100	18 (3)	6,141	-	
Cheng-Rong (Shanghai) International Trading Ltd. (Note 1)	Investment	-	(2) Brighton-Best International Inc. (Cayman)	-	-	-	-	-	-	- (3)	-	-	
Fuzhou Assured Brake Systems Co., Ltd. (Note 8, 9, 10 and 11)	Automotive and motorcycle manufacture of mechanical brakes	325,832 (CNY 75,302)	(2) Excellent Growth Investments Limited.	87,018 (US\$ 2,834)	-	97,074 (US\$ 3,189)	-	-	-	- (3)	-	-	

Name of Investment Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (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)
Ta Chen Right Way	\$ 436,703 548,429 (US\$ 16,995)	\$ 978,029 548,429 (US\$ 16,995)	\$ 37,835,998 (Note 3) 1,634,065 (Note 9)

Note 1: In the column of investment gains or losses recognized during the period:

If in preparation, no investment gains or losses yet, it should be noted.

Methods of basis of investment gains or losses recognition, it should be noted:

- 1) The financial statement is audited and attested by certified public accounting firm with all cooperative relations with the Republic of China Accounting Firm.
- 2) The financial statement is audited and attested by certified public accountants of Taiwan's parent company.
- 3) Others: The financial statement isn't audited and attested by certified public.

Note 2: Except recovering the price, the amounts were calculated based on the foreign exchange rate as of December 31, 2023. (USD1:NTD30.705, RMB1:NTD4.327)

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:
 $\$63,059,997 \text{ thousand} \times 60\% = \$37,835,998 \text{ thousand}$

Note 4: Methods of investment are classified as below:

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

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

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

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

Note 8: On June 20, 2022, the Company had substantial control over Right Way, which subsidiaries and investments accounted for using the equity method are included in the consolidated financial statements.

Note 9: Right Way's net equity $\times 60\% = \$2,723,441 \text{ thousand}$ $\times 60\% = \$1,634,065 \text{ thousand}$.

Note 10: In December 2022, the Board of Directors of Right Way approved the disposal of all the shares of Fuzhou Assured Brake Systems Co., Ltd. held by Excellent Growth Investments Limited to non-related parties, and completed the selling procedure in March 2023, refer to Note 12.

Note 11: Indirect investment in Right Way parts (Fuzhou) Co., Ltd. was submitted to the Investment Commission for review on April 20, 2023. The recovery of investment amounted to US\$3,139 and was approved for cancellation on April 27, 2023.

TABLE 11**TA CHEN STAINLESS PIPE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.	167,203,884	6.86
Ta Chen Empire Co., Ltd.	123,148,371	5.05

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

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

TABLE 12

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts in Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Ta Chen International Inc.	1	Revenue from sale of goods	\$ 8,355,248	The price is decided by taking both local market price in the US and the operation costs of TCI into consideration. Collection term is 4-6 months.	8
1	Ta Chen International Inc.	"	1	Accounts receivables	5,850,153	-	4
		TCI Texarkana, Inc.	1	Other Receivables	2,782,800	-	2
		Ta Chen Lung Mei Home Life Co., Ltd.	1	Other Receivables	200,000	-	-
		Primus Pipe and Tube Inc.	3	Cost of goods sold	623,049	General market price, payment term is 40 days.	1
		"	3	Accounts Payable	31,557	-	-
		Ta Chen Empire Co., Ltd.	3	Cost of goods sold	600,178	General market price, payment term is 4-6 months	1
		"	3	Accounts payable	468,186	-	-
		TCI Texarkana, Inc.	3	Other receivable	4,912,800	-	4
		"	3	Cost of goods sold	17,329,175	The price is decided by taking both local market price in the US and the operation costs of TCI into consideration. Collection term is 1 month.	17
		"	3	Accounts Payable	1,401,210	-	1
2	Empire Resources, Inc.	"	3	Prepayment	1,590,661	-	1
		Empire Resources, Inc.	3	Other payable	2,068,855	-	2
		Imbali Metals BVBA	3	Other receivable	157,853	-	-
		TCI Texarkana, Inc.	3	Cost of goods sold	2,872,144	No comparable transactions available	3
		"	3	Accounts payable	217,717	-	-
		Empire Resources (UK) Limited	3	Other receivable	141,661	-	-
		Ta Chen (Shijiazhuang) Co., Ltd.	3	Other receivables	247,154	-	-
		Ta Chen (Boye) Co., Ltd.	3	Other receivables	193,700	-	-
		Brighton-Best International (Taiwan) Inc.	3	Revenue from sale of goods	7,431,240	No comparable transactions available	7
		"	3	Accounts receivables	2,608,031	-	2
3	Brighton-Best International (Taiwan) Inc.	"	3	Other receivables	149,674	No comparable transactions available	-
		Brighton-Best International (Canada), Inc.	3	Revenue from sale of goods	391,649	No comparable transactions available	-
		"	3	Accounts receivables	65,877	-	-
		Brighton-Best International (UK), Inc.	3	Revenue from sale of goods	203,406	No comparable transactions available	-
		"	3	Accounts receivables	129,074	-	-
		"	3	Other receivables	116,634	-	-
		Brighton-Best International (AU), Pty Ltd.	3	Revenue from sale of goods	581,166	No comparable transactions available	1
		"	3	Accounts receivables	328,902	-	-
		"	3	Other receivables	440,908	-	-
		Brighton-Best International, Inc.	3	Revenue from sale of goods	109,846	The price is calculated according to the contract	-
6	Brighton-Best International, Inc.	"	3	Accounts receivables	11,718	-	-
		Brighton-Best International (Brasil), Comerciode Parafusos Ltda.	3	Other receivables	153,525	-	-

Note: The relationships with counterparties are as follows:

- 1) Parent to subsidiaries
- 2) Subsidiaries to parent
- 3) Subsidiaries to subsidiaries

Ta Chen Stainless Pipe Co., Ltd.

**Standalone Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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, 2023 and 2022, 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 material accounting policy information.

In our opinion and based on our and other independent auditor's reports (refer to Other Matter paragraph), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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, 2023. 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, 2023 is described as follows:

Authenticity of Revenue Recognition from Specific Customers

Sales revenue of the Company comes primarily from the sale of goods to specific customers. Since revenue from the specific customers is significant to the financial statements, considering that there is a presumed significant risk in revenue recognition, the authenticity of revenue recognition from the specific customers has been identified as a key audit matter. Refer to Note 4 (n) to the financial statements for the accounting policies on revenue recognition.

The main audit procedures that we performed in regard of the aforementioned key audit matter are as follows:

1. We obtained an understanding of and tested the effectiveness of the design of the relevant internal controls and implementation related to revenue recognition from specific customers.
2. We selected samples and checked the documents and payment status related to the sales revenue of the specific customers to verify the occurrence of the sales.

Other Matter

We did not audit the financial statements of some investees accounted for using the equity method included in the financial statements of the Company, but such statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included herein is based solely on the reports of other auditors. As of December 31, 2023 and 2022, the total investment of these investments accounted for using the equity method was NT\$743,894 thousand and NT\$877,393 thousand, accounting for 0.88% and 1.09%, respectively, of total assets; for the year ended December 31, 2023 and 2022, the amount of the Company's share of comprehensive income of such subsidiaries was NT\$(126,222) thousand and NT\$(245,835) thousand, accounting for (2.89%) and (1.31%), respectively, of the Company's comprehensive income.

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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chi-Chen Lee and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 14, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 3,678,797	4	\$ 5,345,079	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	244,482	-	106,658	-
Financial assets at amortized cost - current (Notes 4, 11 and 31)	2,261,923	3	872,055	1
Notes receivable (Notes 4 and 9)	40,008	-	8,694	-
Accounts receivable, net (Notes 4, 9 and 23)	125,603	-	77,479	-
Accounts receivable from related parties (Notes 4, 9, 23 and 30)	5,861,223	7	7,995,175	10
Other receivables	32,355	-	32,709	-
Other receivables from related parties (Note 30)	3,135,530	4	680,609	1
Inventories (Notes 4 and 10)	2,844,718	4	2,767,406	3
Prepayments (Note 17)	246,840	-	361,197	1
Total current assets	18,471,479	22	18,247,061	23
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	27,152	-	27,152	-
Financial assets at amortized cost - non-current (Notes 4, 11, 30 and 31)	384,596	1	206,000	-
Investment accounted for using the equity method (Notes 4, 12 and 31)	59,084,658	70	55,346,647	69
Property, plant and equipment (Notes 4, 13 and 31)	4,576,860	5	4,577,470	6
Investment properties (Notes 4, 14 and 31)	1,230,971	2	1,118,389	1
Right-of-use assets (Notes 4 and 15)	114,666	-	40,616	-
Other intangible assets (Notes 4 and 16)	26,721	-	-	-
Deferred tax assets (Notes 4 and 25)	320,242	-	443,010	1
Net defined benefit assets - non-current (Notes 4 and 21)	128,539	-	109,260	-
Other non-current assets	127,921	-	242,736	-
Total non-current assets	66,022,326	78	62,111,280	77
TOTAL	<u>\$ 84,493,805</u>	<u>100</u>	<u>\$ 80,358,341</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 31)	\$ 9,988,603	12	\$ 5,195,579	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	21,298	-
Notes payable (Note 19)	105,289	-	78,938	-
Accounts payable (Notes 19 and 30)	123,746	-	107,176	-
Other payables (Note 20)	807,334	1	1,472,692	2
Current tax liabilities (Notes 4 and 25)	516,285	1	428,284	1
Lease liabilities - current (Notes 4 and 15)	50,368	-	14,424	-
Current portion of long-term borrowings (Notes 18 and 31)	492,860	-	7,250,912	9
Other current liabilities	12,683	-	12,957	-
Total current liabilities	12,097,168	14	14,582,260	18
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 31)	9,214,182	11	2,414,696	3
Deferred tax liabilities (Notes 4 and 25)	54,097	-	63,138	-
Lease liabilities - non-current (Notes 4 and 15)	68,361	-	26,825	-
Other non-current liabilities	-	-	9,442	-
Total non-current liabilities	9,336,640	11	2,514,101	3
Total liabilities	21,433,808	25	17,096,361	21
EQUITY (Note 22)				
Ordinary shares	24,342,606	29	20,285,505	25
Capital surplus	23,001,551	27	22,783,377	28
Retained earnings				
Legal reserve	4,217,219	5	3,025,798	4
Special reserve	64,308	-	3,883,805	5
Unappropriated earnings	14,079,877	17	15,024,018	18
Total retained earnings	18,361,404	22	21,933,621	27
Other equity	1,740,595	2	2,733,151	4
Treasury shares	(4,386,159)	(5)	(4,473,674)	(5)
Total equity	63,059,997	75	63,261,980	79
TOTAL	<u>\$ 84,493,805</u>	<u>100</u>	<u>\$ 80,358,341</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 23 and 30)	\$ 9,545,301	100	\$ 14,587,913	100
OPERATING COSTS (Notes 10, 21, 24 and 30)	<u>7,547,990</u>	<u>79</u>	<u>9,883,202</u>	<u>68</u>
GROSS PROFIT	<u>1,997,311</u>	<u>21</u>	<u>4,704,711</u>	<u>32</u>
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(985,218)	(10)	(1,927,123)	(13)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,927,123</u>	<u>20</u>	<u>2,327,693</u>	<u>16</u>
REALIZED GROSS PROFIT	<u>2,939,216</u>	<u>31</u>	<u>5,105,281</u>	<u>35</u>
OPERATING EXPENSES (Notes 21, 24 and 30)				
Selling and marketing expenses	101,019	1	163,345	1
General and administrative expenses	585,754	6	1,957,717	14
Expected credit loss	<u>-</u>	<u>-</u>	<u>6,411</u>	<u>-</u>
Total operating expenses	<u>686,773</u>	<u>7</u>	<u>2,127,473</u>	<u>15</u>
OTHER OPERATING INCOME AND EXPENSES (Note 24)	<u>2,723</u>	<u>-</u>	<u>6,790</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>2,255,166</u>	<u>24</u>	<u>2,984,598</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Notes 7, 12, 24 and 30)				
Interest income	295,656	3	52,278	-
Other income	32,977	-	12,911	-
Other gains and losses	(4,552)	-	843,294	6
Finance costs	(327,472)	(3)	(196,658)	(1)
Share of profit or loss of subsidiaries	<u>3,731,982</u>	<u>39</u>	<u>9,083,241</u>	<u>62</u>
Total non-operating income and expenses	<u>3,728,591</u>	<u>39</u>	<u>9,795,066</u>	<u>67</u>
PROFIT BEFORE INCOME TAX FOR THE YEAR	5,983,757	63	12,779,664	87
INCOME TAX EXPENSE (Notes 4 and 25)	<u>652,955</u>	<u>7</u>	<u>754,049</u>	<u>5</u>
NET PROFIT FOR THE YEAR	<u>5,330,802</u>	<u>56</u>	<u>12,025,615</u>	<u>82</u>

(Continued)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 470	-	\$ 24,884	-
Share of other equity of subsidiaries	20,744	-	(23,316)	-
Income tax expense (benefit) relating to items that will not be reclassified subsequently	(94)	-	(4,977)	-
	<u>21,120</u>	<u>-</u>	<u>(3,409)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	121,215	1	4,292,166	29
Gain on hedging instruments not subject to basis adjustment	-	-	147,806	1
Share of the other comprehensive loss of subsidiaries	(1,112,288)	(11)	2,255,129	16
Income tax expense (benefit) relating to items that may be reclassified subsequently to profit or loss	-	-	105	-
	<u>(991,073)</u>	<u>(10)</u>	<u>6,695,206</u>	<u>46</u>
Other comprehensive income(loss) for the year, net of income tax	<u>(969,953)</u>	<u>(10)</u>	<u>6,691,797</u>	<u>46</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 4,360,849</u>	<u>46</u>	<u>\$ 18,717,412</u>	<u>128</u>
EARNINGS PER SHARE (New Taiwan dollars; Note 26)				
Basic	<u>\$ 2.30</u>		<u>\$ 5.15</u>	
Diluted	<u>\$ 2.29</u>		<u>\$ 5.12</u>	

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(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, 2022	\$ 20,084,659	\$ 22,993,816	\$ 2,058,958	\$ 2,108,136	\$ 9,668,399	\$ (3,606,319)	\$ 18,570	\$ (296,056)	\$ (3,883,805)	\$ (4,004,953)	\$ 49,025,210	
Appropriation of 2021 earnings (Note 22)												
Legal reserve	-	-	966,840	-	(966,840)	-	-	-	-	-	-	
Special reserve	-	-	-	1,775,669	(1,775,669)	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(3,615,239)	-	-	-	-	-	(3,615,239)	
Share dividends distributed by the Company	200,846	-	-	-	(200,846)	-	-	-	-	-	-	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	(1,159)	-	-	-	-	-	(1,159)	
Net profit for the year ended December 31, 2022	-	-	-	-	12,025,615	-	-	-	-	-	12,025,615	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax (Note 22)	-	-	-	-	35,325	4,759,090	(38,734)	1,936,116	6,656,472	-	6,691,797	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	12,060,940	4,759,090	(38,734)	1,936,116	6,656,472	-	18,717,412	
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(468,721)	(468,721)	
Cash dividends distributed by subsidiaries	-	183,741	-	-	-	-	-	-	-	-	183,741	
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	(315,032)	-	-	(170,955)	-	-	-	-	-	(485,987)	
Changes in percentage of ownership interests in subsidiaries	-	(79,148)	-	-	(14,129)	-	-	-	-	-	(93,277)	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	39,516	-	(39,516)	-	(39,516)	-	-	
BALANCE AT DECEMBER 31, 2022	20,285,505	22,783,377	3,025,798	3,883,805	15,024,018	1,152,771	(59,680)	1,640,060	2,733,151	(4,473,674)	63,261,980	
Appropriation of 2022 earnings (Note 22)												
Legal reserve	-	-	1,191,421	-	(1,191,421)	-	-	-	-	-	-	
Special reserve	-	-	-	(3,819,497)	3,819,497	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	(4,868,521)	-	-	-	-	-	(4,868,521)	
Share dividends distributed by the Company	4,057,101	-	-	-	(4,057,101)	-	-	-	-	-	-	
Net profit for the year ended December 31, 2023	-	-	-	-	5,330,802	-	-	-	-	-	5,330,802	
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax (Note 22)	-	-	-	-	23,044	137,790	(1,924)	(1,128,863)	(992,997)	-	(969,953)	
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	5,353,846	137,790	(1,924)	(1,128,863)	(992,997)	-	4,360,849	
Cash dividends distributed by subsidiaries	-	248,425	-	-	-	-	-	-	-	-	248,425	
Difference between consideration and carrying amount of subsidiaries acquired	-	13,249	-	-	-	-	-	-	-	-	13,249	
Changes in percentage of ownership interests in subsidiaries	-	(43,500)	-	-	-	-	-	-	-	87,515	44,015	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(441)	-	441	-	441	-	-	
BALANCE AT DECEMBER 31, 2023	\$ 24,342,606	\$ 23,001,551	\$ 4,217,219	\$ 64,308	\$ 14,079,877	\$ 1,290,561	\$ (61,163)	\$ 511,197	\$ 1,740,595	\$ (4,386,159)	\$ 63,059,997	

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

(With Deloitte & Touche auditors’ report dated March 14, 2024)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income profit before income tax	\$ 5,983,757	\$ 12,779,664
Adjustments for:		
Depreciation expenses	263,930	199,525
Amortization expense	34,671	358
Expected credit loss	-	6,411
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(137,474)	3,808
Finance costs	327,472	196,658
Interest income	(295,656)	(52,278)
Dividend income	(340)	(1,197)
Share of profit of subsidiaries	(3,731,982)	(9,083,241)
Gain on disposal of property, plant and equipment	(2,723)	(6,790)
Impairment loss on non-financial assets	118,011	66,975
Unrealized gain on the transactions with subsidiaries	985,218	1,927,123
Realized gain on transactions with subsidiaries	(1,927,123)	(2,327,693)
Net (gain) loss on foreign currency exchange	301,346	(197,124)
Share of impairment loss of associates accounted for using the equity method	-	67,386
Changes in operating assets and liabilities		
Notes receivable	(31,314)	(4,815)
Accounts receivable	(51,202)	266,018
Accounts receivable to related parties	1,835,684	(1,241,560)
Other receivables	(2,419,924)	(573,619)
Inventories	(166,272)	297,712
Prepayments	85,304	282,728
Net defined benefit assets	(18,809)	(18,322)
Notes payable	18,098	1,260
Accounts payable	16,570	(308,394)
Other payables	(665,925)	(290,614)
Other current liabilities	(274)	(1,962)
Cash generated from operations	521,043	1,988,017
Income tax paid	(451,305)	(719,178)
Net cash generated from operating activities	69,738	1,268,839
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	48,720
Acquisition of financial assets at amortized cost	(1,415,476)	-
Proceeds from the disposal of financial assets at amortized cost	-	4,239,514
Purchase of financial assets at fair value through profit or loss	(80,869)	(61,618)
Proceeds from sale of financial assets at fair value through profit or loss	59,221	36,803
Acquisition of investments accounted for using the equity method	-	(330,464)
Payments for property, plant and equipment	(200,932)	(1,357,292)
Proceeds from disposal of property, plant and equipment	691	68,617
Increase in refundable deposits	(161,781)	(72,684)

(Continued)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in refundable deposits	\$ 8,793	\$ 76,924
Acquisition of investment properties	(1,331)	(1,053,558)
Payments for intangible assets	(10,423)	-
Increase in prepayments for equipment	(59,694)	(206,667)
Other dividends received	340	1,197
Interest received	273,052	52,266
Dividends received from subsidiaries	<u>844,249</u>	<u>783,226</u>
Net cash generated (used in) investing activities	<u>(744,160)</u>	<u>2,224,984</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	46,941,885	24,400,404
Repayments of short-term borrowings	(42,148,861)	(24,830,802)
Proceeds from short-term bills payable	1,987,135	3,890,880
Repayments of short-term bills payable	(2,100,000)	(4,020,000)
Proceeds from long-term borrowings	12,051,920	7,392,000
Repayments of long-term borrowings	(12,016,102)	(2,395,000)
Repayment of the principal portion of lease liabilities	(40,680)	(15,512)
Dividends paid	(4,868,521)	(3,615,239)
Acquisition of additional interests in subsidiaries	(599,986)	(1,965,337)
Disposal of subsidiaries	7,906	-
Interest paid	<u>(206,556)</u>	<u>(132,905)</u>
Net cash used in financing activities	<u>(991,860)</u>	<u>(1,291,511)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,666,282)	2,202,312
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,345,079</u>	<u>3,142,767</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,678,797</u>	<u>\$ 5,345,079</u>

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

(With Deloitte & Touche auditors' report dated March 14, 2024)

(Concluded)

Ta Chen Stainless Pipe Co., Ltd.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company’s board of directors and authorized for issue on March 12, 2024.

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 “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, the Company has assessed that the

application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- 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 IFRS Accounting Standards 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 assets/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 and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

g. Investments in associates

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

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

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

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

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

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

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

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

h. Property, plant, and equipment

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

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

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

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

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include and held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, investment properties, right-of-use assets and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible 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, 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 had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. 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 29.

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 and cash equivalents, 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 29.

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, including foreign exchange forward swap contracts, foreign exchange forward contracts and cross-currency swaps.

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.

m. 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.

n. 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.

o. 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.

Variable lease payment that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

p. 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.

q. 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.

r. 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. MATERIAL 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 on 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.

6. CASH

	December 31	
	2023	2022
Cash on hand	\$ 320	\$ 310
Checking accounts and demand deposits	2,972,262	3,625,009
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	<u>706,215</u>	<u>1,719,760</u>
	<u>\$ 3,678,797</u>	<u>\$ 5,345,079</u>

The market rate intervals of bank time deposit at the end of the year were as follows:

	December 31	
	2023	2022
Bank time deposit	5.7%-5.89%	4.15%-4.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ <u>135,837</u>	\$ <u>25,248</u>
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>108,645</u>	<u>81,410</u>
	<u>\$ 244,482</u>	<u>\$ 106,658</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ -	\$ 5,715
Foreign exchange swap contracts (b)	<u>-</u>	<u>15,583</u>
	<u>\$ -</u>	<u>\$ 21,298</u>

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

December 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD to NTD	2024.01-2024.08	USD 100,000/NTD 3,154,700

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
Sell	USD to NTD	2023.01-2023.03	USD 58,000/NTD 1,798,590

The Company entered into forward foreign exchange contracts to hedge the exposure risk arising from exchange rate fluctuations for foreign-currency denominated assets and liabilities.

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

December 31, 2022

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2022	NTD to USD	2023.02	NTD 627,500/USD 20,000

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

The net gain (loss) attributable to the above derivative contracts in 2023 and 2022 were as follows:

	For the Year Ended December 31	
	2023	2022
Foreign exchange swap contracts	\$ (8,081)	\$ (11,248)
Mutual funds	5,592	(7,832)
Interest rate swap contracts	-	(1)
Foreign exchange forward contracts	<u>(45,474)</u>	<u>(522,194)</u>
	<u>\$ (47,963)</u>	<u>\$ (541,275)</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2023	2022
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 27,152</u>	<u>\$ 27,152</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)

	December 31	
	2023	2022
<u>Notes receivable</u>		
Notes receivable - operating	\$ 40,008	\$ 8,694
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 5,989,056	\$ 8,081,295
Less: Allowance for impairment loss	(2,230)	(8,641)
	\$ 5,986,826	\$ 8,072,654

The average credit period of the sale of goods is 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

The Company assessed that the notes receivable were not past due based on the past due status; thus, the Company did not recognize an expected credit loss for notes receivable as of December 31, 2023 and 2022.

Accounts Receivable (including related parties)

December 31, 2023

	No indication of default of debtor				Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	
Expected credit loss rate	0%	0%	0%	0.07%	
Gross carrying amount	\$ 1,350,434	\$ 616,278	\$ 673,958	\$ 3,348,386	\$ 5,989,056
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,230)</u>	<u>(2,230)</u>
Amortized cost	<u>\$ 1,350,434</u>	<u>\$ 616,278</u>	<u>\$ 673,958</u>	<u>\$ 3,346,156</u>	<u>\$ 5,986,826</u>

December 31, 2022

	No indication of default of debtor				Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	
Expected credit loss rate	0%	0%	0%	0.15%	
Gross carrying amount	\$ 1,031,095	\$ 691,906	\$ 643,177	\$ 5,715,117	\$ 8,081,295
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,641)</u>	<u>(8,641)</u>
Amortized cost	<u>\$ 1,031,095</u>	<u>\$ 691,906</u>	<u>\$ 643,177</u>	<u>\$ 5,706,476</u>	<u>\$ 8,072,654</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 8,641	\$ 2,230
Add: Net remeasurement of loss allowance	-	6,411
Less: Amounts written off	<u>(6,411)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,230</u>	<u>\$ 8,641</u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 501,918	\$ 490,932
Merchandise	557,388	116,155
Work in progress	786,307	892,520
Raw materials	976,476	1,253,088
Materials	6,651	8,231
Raw materials in transit	<u>15,978</u>	<u>6,480</u>
	<u>\$ 2,844,718</u>	<u>\$ 2,767,406</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$7,547,990 thousand and \$9,883,202 thousand, respectively, including loss on inventory of NT\$118,011 thousand and NT\$66,975 thousand, respectively.

11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
<u>Current</u>		
Pledged time deposits	\$ 483,662	\$ 399,629
Pledged demand deposits (reserve account)	366,888	398,722
Time deposits with original maturities more than three months	<u>1,411,373</u>	<u>73,704</u>
	<u>\$ 2,261,923</u>	<u>\$ 872,055</u>
<u>Non-current</u>		
Pledged demand deposits (reserve account)	\$ 220,398	\$ 194,790
Refundable deposits	<u>164,198</u>	<u>11,210</u>
	<u>\$ 384,596</u>	<u>\$ 206,000</u>

- a. As of December 31, 2023 and 2022, the interest rates of time deposits (including both time deposits with original maturities of more than three months and pledged time deposits) were 0.54%-5.68% p.a. and 0.18%-5.16% p.a., respectively.
- b. Refer to Note 31 for information related to financial assets at amortized cost pledged as collateral.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	\$ 58,592,941	\$ 54,717,300
Investments in associates	<u>491,717</u>	<u>629,347</u>
	<u>\$ 59,084,658</u>	<u>\$ 55,346,647</u>

a. Investments in subsidiaries

	December 31			
	2023		2022	
	Amount	Percentage of Ownership (Note 1)	Amount	Percentage of Ownership (Note 1)
Ta Chen International, Inc. ("TCI")	\$ 50,489,504	100%	\$ 47,360,178	100%
Ta Chen (B.V.I.) Holdings Ltd. ("Ta Chen BVI")	1,952,236	100%	1,911,798	100%
Brighton-Best International (Taiwan) Inc. ("BBI-TW") (Note 4)	5,685,474	42.81%	5,070,091	42.98%
Yinrong (Shanghai) Investment Management Limited	6,141	100%	6,228	100%
Wei Mei Roller Blind Co., Ltd.	80,291	70%	72,102	70%
Ta Chen (Hong Kong) Limited ("TCHK")	235,639	100%	232,495	100%
Ta Chen Lung Mei Home Life Co., Ltd. (Note 2)	136,587	99.96%	-	99.62%
Ta Chen Interior Design Co., Ltd. (Note 3)	-	-	49,949	100%
Right Way Industrial Co., Ltd. (Note 4)	7,069	0.26%	14,459	0.62%
	<u>\$ 58,592,941</u>		<u>\$ 54,717,300</u>	

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

Note 2: In 2023, Ta Chen Lung Mei Home Life Co., Ltd. conducted a cash capital increase. The Company did not participate in the cash capital increase according to the shareholding ratio, resulting in an increase in its shareholding percentage to 99.96%.

Note 3: The Company was dissolved on June 30, 2023 and liquidated on December 5, 2023.

Note 4: The Company has the practical ability to control BBI-TW and Right Way Industrial Co., Ltd. and deem them as subsidiaries.

b. Investments in associates

	December 31	
	2023	2022
<u>Associate that is individually material</u>		
TY Steel Co., Ltd. (Note 1)	<u>\$ 428,925</u>	<u>\$ 565,372</u>
<u>Associate that is not individually material</u>		
Ta Chen Green System Co., Ltd. (Note 2)	59,497	59,527
City Mocean Co., Ltd. (Note 3)	<u>3,295</u>	<u>4,448</u>
	<u>62,792</u>	<u>63,975</u>
	<u>\$ 491,717</u>	<u>\$ 629,347</u>

Associate that is individually material:

Name	Nature of Activities	Principal Place of Business	Percentage of ownership	
			December 31, 2023	December 31, 2022
TY Steel Co., Ltd. (TY Steel)	Manufacture and sale of billets	Thailand	38.75%	38.75%

Note 1: According to the purchase price apportionment report, the Company recognized goodwill of \$116,828 thousand (recognized as investments accounted for using the equity method), and fully recognized impairment losses (accounted for as shares from subsidiaries and associates accounted for using the equity method) in 2022.

Note 2: The Company participated in the establishment of Ta Chen Green System Co., Ltd. with \$60,000 thousand in April 2022, holding 50% of the shares. As it does not have practical ability to control Ta Chen Green System Co., Ltd., it was not deemed as a subsidiary.

Note 3: The Company participated in the establishment of City Mocean Co., Ltd. with \$49,000 thousand in August 2022, holding 49% of the shares. As it does not have practical ability to control City Mocean Co., Ltd., it was not deemed as a subsidiary.

For the business nature, principal place of business and country of incorporation, refer to Table 9.

13. PROPERTY, PLANT AND EQUIPMENT

- a. Refer to Table 1 for the movements of property, plant and equipment in 2023 and 2022.
- b. As of December 31, 2022, the Company held farmland (included in land), of which the proprietary rights were registered in the name of general manager, Robert Hsieh. The Company has acquired the declaration regarding the unconditional transfer of ownership and the owner creates a mortgage right to the Company. In 2023, the registered owner of the land was changed from Robert Hsieh to Victor Hsieh, a related party of the chairman of the Company. The Company completed the registration of the contracts borrowing the name of the related party, Victor Hsieh, and set up a mortgage on the Company in December 2023, and completed the notarization of the contracts in the Kaohsiung District Court of Taiwan in December 2023.
- c. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

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

Refer to Note 31 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

14. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Transfers from property, plant and equipment	44,901	28,499	73,400
Additions	<u>761,944</u>	<u>291,614</u>	<u>1,053,558</u>
Balance at December 31, 2022	<u>\$ 806,845</u>	<u>\$ 320,113</u>	<u>\$ 1,126,958</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ -	\$ -	\$ -
Transfers from property, plant and equipment	-	3,958	3,958
Depreciation expenses	<u>-</u>	<u>4,611</u>	<u>4,611</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 8,569</u>	<u>\$ 8,569</u>
Carrying amount at December 31, 2022	<u>\$ 806,845</u>	<u>\$ 311,544</u>	<u>\$ 1,118,389</u>
<u>Cost</u>			
Balance at January 1, 2023	\$ 806,845	\$ 320,113	\$ 1,126,958
Reclassified	67,338	54,906	122,244
Additions	<u>-</u>	<u>1,331</u>	<u>1,331</u>
Balance at December 31, 2023	<u>\$ 874,183</u>	<u>\$ 376,350</u>	<u>\$ 1,250,533</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 8,569	\$ 8,569
Depreciation expenses	<u>-</u>	<u>10,993</u>	<u>10,993</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 19,562</u>	<u>\$ 19,562</u>
Carrying amount at December 31, 2023	<u>\$ 874,183</u>	<u>\$ 356,788</u>	<u>\$ 1,230,971</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives of 15-50 years.

As of December 31, 2023, the fair value of the investment properties was \$1,390,838 thousand, the fair value is determined with reference to the actual selling price of similar properties in the vicinity of The Company's investment properties. There were no significant changes in fair value at December 31, 2023 as assessed by the Company's management.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 23,920	\$ 34,602
Buildings	82,573	6,014
Transportation equipment	<u>8,173</u>	<u>-</u>
	<u>\$ 114,666</u>	<u>\$ 40,616</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 116,276</u>	<u>\$ 14,086</u>
Depreciation charge for right-of-use assets		
Land	\$ 10,682	\$ 11,253
Buildings	29,571	3,709
Transportation equipment	<u>1,973</u>	<u>-</u>
	<u>\$ 42,226</u>	<u>\$ 14,962</u>

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 50,368</u>	<u>\$ 14,424</u>
Non-current	<u>\$ 68,361</u>	<u>\$ 26,825</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Land	1.55%-1.58%	1.55%-1.58%
Buildings	1.56%-1.81%	1.56%-1.67%
Transportation equipment	1.81%	-

c. Material leasing activities and terms

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

Land	3 to 50 years
Buildings	2 to 3 years
Transportation equipment	3 years

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	\$ 28,239	\$ 33,736
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 7,048	\$ 252
Total cash outflow for leases	\$ (77,850)	\$ (50,114)

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.

16. INTANGIBLE ASSETS - 2023

	Computer Software
<u>Cost</u>	
Balance at January 1, 2023	\$ -
Additions	10,343
Reclassified	<u>58,478</u>
Balance at December 31, 2023	<u>\$ 68,821</u>
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	\$ -
Amortization	34,425
Reclassified	<u>7,675</u>
Balance at December 31, 2023	<u>\$ 42,100</u>
Carrying amount at December 31, 2023	<u>\$ 26,721</u>

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer Software	1.5 years
-------------------	-----------

17. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2023	2022
Prepayments		
Prepaid materials	\$ 230,232	\$ 326,154
Prepaid insurance	8,730	7,465
Other prepayments	<u>7,878</u>	<u>27,578</u>
	<u>\$ 246,840</u>	<u>\$ 361,197</u>

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Revolving bank borrowings	\$ 8,845,000	\$ 4,148,000
Borrowings of usance L/C	<u>1,143,603</u>	<u>1,047,579</u>
	<u>\$ 9,988,603</u>	<u>\$ 5,195,579</u>

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

	December 31	
	2023	2022
Revolving bank borrowings	1.40%-1.93%	1.28%-1.725%
Borrowings of usance L/C	1.68%-1.75%	1.55%-1.63%

b. Long-term borrowings

	December 31	
	2023	2022
<u>The Company</u>		
1) Syndicated bank loan - 2018		
a) Loan (A) medium-term and long-term secured borrowings	\$ -	\$ 2,430,000
b) Loan (B) medium-term and long-term secured borrowings	-	1,500,000
2) Syndicated bank loan - 2023		
a) Loan (A) medium-term and long-term secured borrowings	4,000,000	-
b) Loan (B) medium-term and long-term secured borrowings	900,000	-
c) Loan (C) medium-term and long-term secured borrowings	1,000,000	-
3) Unsecured loan		
Due from December 2024 to August 2027, interest rates at 1.71%-1.89% p.a. and 1.46%-1.98% p.a. as of December 31, 2023 and 2022, respectively.	2,350,000	4,450,000
4) Secured loan		
Due from April 2024 to December 2029, interest rates at 1.78%-2.08% p.a. and 1.35%-1.73% p.a. as of December 31, 2023 and 2022, respectively.	<u>1,479,506</u>	<u>1,292,000</u>
	9,729,506	9,672,000
Less: Unamortized arrangement fees of long-term borrowings	<u>22,464</u>	<u>6,392</u>
	9,707,042	9,665,608
Less: Current portions	<u>492,860</u>	<u>7,250,912</u>
Long-term borrowings	<u>\$ 9,214,182</u>	<u>\$ 2,414,696</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:

- 1) The Company entered into a syndicated loan agreement (credit facility of up to \$12.5 billion with a syndicate of banks on October 23, 2018 (originally due in October 2023), the property was repaid in January 2023 in advance.

The credit line and credit used as of December 31, 2022 were as follows:

	Credit Line (In Thousands)	Credit used December 31,2022	Loan Period	Interest Rate
Loan (A)	\$ 6,550,000	\$ 2,430,000	Within 5 years from the first drawdown date until the maturity date, inclusive of a grace period of 24 months.	1.88% as of December 31, 2022
Loan (B)	1,880,000	-	Within 5 years from the first drawdown date until the maturity date.	-
Loan (C)	3,370,000	1,500,000	Within 5 years from the first drawdown date until the maturity date.	2.25%-2.39% as of December 31, 2022
Loan (D)	700,000	-	Within 1 years from the first drawdown date until the maturity date. Under the syndicated loan agreement, Loan (D) is renewable.	-
	<u>\$ 12,500,000</u>	<u>\$ 3,930,000</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:

- a) Current ratio: At least 120%
- b) Debt ratio: No more than 290%
- c) Interest coverage ratio: At least 2 times
- d) 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, 2022, the Company had complied with the above requirements.

- 2) The Company entered into a syndicated loan agreement (credit facility of up to \$15.6 billion with a syndicate of banks on January 17 2023, (due in January 2024).

The credit line and credit used as of December 31, 2023 and 2022 were as follows:

	Credit Line (In Thousands)	Credit used		Loan Period	Interest Rate
		Credit used			
Loan (A)	\$ 4,000,000	\$ 4,000,000	Within 5 years from the first drawdown date until the maturity date, inclusive of a grace period of 24 months.	2.034% as of December 31, 2023	
Loan (B)	2,000,000	900,000	Within 5 years from the first drawdown date until the maturity date.	2.077% as of December 31, 2023	
Loan (C)	9,600,000	1,000,000	Within 5 years from the first drawdown date until the maturity date.	2.034% as of December 31, 2023	
	<u>\$ 15,600,000</u>	<u>\$ 5,900,000</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): Within 24 months from the first drawdown date until the maturity date, deferred credit line in seven semiannual installments. The first two installments each deferred 5% of the credit line; the third to sixth installments each deferred 10% of the credit line; and the seventh installment deferred 50% of the credit line.

If the outstanding principal balance of the Credit Facility exceeds the reduced credit line as of the date of maturity of the degraded credit line, the borrower shall make early repayment of the excess outstanding principal, interest and related charges. The foregoing prepayment is not subject to the prepayment provisions of Article 19 of the syndicated loan agreement.

The reduced credit line cannot be utilized again. On the maturity date set forth in the application for each drawdown, the Company shall repay each borrowing or as otherwise agreed in the syndicated loan agreement.

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:

- a) Current ratio: At least 120%
- b) Debt ratio: No more than 290%

- c) Interest coverage ratio: At least 2 times
- d) Tangible net worth: At least \$13.5 billion

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, 2023, the Company had complied with the above requirements.

19. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
<u>Notes payable</u>		
Operating	\$ 70,124	\$ 52,978
Non-operating	<u>35,165</u>	<u>25,960</u>
	<u>\$ 105,289</u>	<u>\$ 78,938</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.

20. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	December 31	
	2023	2022
Other payables		
Salaries	\$ 31,245	\$ 29,608
incentive bonus	51,235	818,290
Remuneration of directors	24,000	24,000
Employees' compensation	581,797	395,990
Interest payables	17,120	16,570
Labor and health insurance payables	13,836	13,375
Utilities payables	5,797	5,330
Accrued expenses	69,624	156,849
Payables for annual leave	<u>12,680</u>	<u>12,680</u>
	<u>\$ 807,334</u>	<u>\$ 1,472,692</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 311,351	\$ 315,599
Fair value of plan assets	<u>(439,890)</u>	<u>(424,859)</u>
Net defined benefit assets	<u>\$ (128,539)</u>	<u>\$ (109,260)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	\$ 313,773	\$ (379,826)	\$ (66,053)
Service cost			
Current service cost	3,731	-	3,731
Net interest expense (income)	<u>1,961</u>	<u>(2,443)</u>	<u>(482)</u>
Recognized in profit or loss	<u>5,692</u>	<u>(2,443)</u>	<u>3,249</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(29,616)	(29,616)
Actuarial loss - changes in demographic assumptions	70	-	70
Actuarial gain - changes in financial assumptions	(3,671)	-	(3,671)
Actuarial loss - experience adjustments	<u>8,333</u>	<u>-</u>	<u>8,333</u>
Recognized in other comprehensive income	<u>4,732</u>	<u>(29,616)</u>	<u>(24,884)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	\$ -	\$ (21,100)	\$ (21,100)
Benefits paid	(8,598)	8,126	(472)
Balance at December 31, 2022	315,599	(424,859)	(109,260)
Service cost			
Current service cost	3,391	-	3,391
Net interest expense (income)	3,945	(5,446)	(1,501)
Recognized in profit or loss	7,336	(5,446)	1,890
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,651)	(3,651)
Actuarial gain - changes in financial assumptions	3,094	-	3,094
Actuarial loss - experience adjustments	88	-	88
Recognized in other comprehensive income	3,182	(3,651)	(469)
Contributions from the employer	-	(20,700)	(20,700)
Benefits paid	(14,766)	14,766	-
Balance at December 31, 2023	\$ 311,351	\$ (439,890)	\$ (128,539) (Concluded)

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

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 1,190	\$ 2,166
Selling and marketing expenses	155	261
General and administrative expenses	545	822
	<u>\$ 1,890</u>	<u>\$ 3,249</u>

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

	December 31	
	2023	2022
Discount rate	1.125%	1.25%
Expected rate of salary increase	2.5%	2.5%

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

	December 31	
	2023	2022
Discount rate		
0.25% increase	\$ (6,140)	\$ (6,449)
0.25% decrease	\$ 6,334	\$ 6,661
Expected rate of salary increase/decrease		
0.25% increase	\$ 6,142	\$ 6,467
0.25% decrease	\$ (5,985)	\$ (6,294)

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

	December 31	
	2023	2022
Expected contributions to the plans for the next year	\$ 14,433	\$ 15,317
Average duration of the defined benefit obligation	8.1 years	8.4 years

22. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	3,200,000	3,000,000
Shares authorized	\$ 32,000,000	\$ 30,000,000
Number of shares issued and fully paid (in thousands)		
Ordinary shares	2,434,261	2,028,551
Shares issued		
Ordinary shares	\$ 24,342,606	\$ 20,285,505

On June 26, 2023, the Company passed the resolution of the general meeting of shareholders to convert the surplus into capital and issue 405,710 thousand new shares, with a par value of NT\$10. After the capital increase, the paid-in capital amounted to \$24,342,606 thousand. On June 29, 2023, the above-mentioned surplus transfer capital increase case was declared and approved by the FSC, and the subscription base date was determined as August 5, 2023. The registration for the change has been completed.

On June 20, 2022, the Company passed the resolution of the general meeting of shareholders to convert the surplus into capital and issue 20,085 thousand new shares, with a par value of NT\$10 per share. After the capital increase, the paid-in capital amounted to \$20,285,505 thousand. On June 23, 2022, the above-mentioned surplus transfer capital increase case was declared and approved by the FSC, and the subscription base date was determined as July 26, 2022. The registration for the change had also been completed.

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 22,054,172	\$ 22,054,172
Treasury share transactions	890,214	641,789
The difference between the consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	13,249	-
Expired employee share options	13,503	13,503
<u>May only be used to offset a deficit</u>		
Shares of changes in capital surplus of subsidiary	30,413	73,913
	\$ 23,001,551	\$ 22,783,377

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 compensation of employees and remuneration of directors and supervisors in Note 24(h).

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

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

Under Rule issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs (IFRS Accounting Standards), the Corporation should appropriate or reverse a special reserve. In addition, in accordance with the Standards, the difference between the market value of the Company's shares held by the subsidiaries at the end of the year and the carrying amount of the Company's shares is recognized as a special reserve based on the proportion of the Company's shareholding. If the market value of the Company's shares recovers, a portion of the amount will be transferred from the special reserve to unappropriated earnings in proportion to the Company's ownership percentage.

The appropriations of earnings for 2022 and 2021, approved in the shareholders' meetings in June 26, 2023 and June 20, 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Legal reserve	\$ 1,191,421	\$ 966,840		
Special reserve	(3,819,497)	1,775,669		
Cash dividends	4,868,521	3,615,239	\$ 2.4	\$ 1.8
Share dividends	4,057,101	200,846	2.0	0.1

The appropriations of earnings for 2023 was proposed by the Company's board of directors on March 12, 2024. The appropriations were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 535,340	
Special reserve	(64,308)	
Cash dividends	2,921,113	\$ 1.2

The appropriation of earnings for 2023 is subject to resolution of the shareholders in their meeting to be held in 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 1,152,771	\$ (3,606,319)
Exchange differences on translating the financial statements of foreign operations	121,215	4,292,166
Shares from subsidiaries and associates accounted for using the equity method	<u>16,575</u>	<u>466,924</u>
Balance at December 31	<u>\$ 1,290,561</u>	<u>\$ 1,152,771</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (59,680)	\$ 18,570
Recognized for the year		
Shares from subsidiaries and associates accounted for using the equity method	(1,924)	(38,734)
Realized transfer to retained earnings	<u>441</u>	<u>(39,516)</u>
Balance at December 31	<u>\$ (61,163)</u>	<u>\$ (59,680)</u>

3) Gain (loss) on hedging instruments

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 1,640,060	\$ (296,056)
Gain (loss) arising on changes in the fair value of hedging instruments		
Cross-currency swaps	-	151,642
Related income tax	-	105
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss		
Cross-currency swaps	-	(3,836)
Shares from subsidiaries and associates accounted for using the equity method	<u>(1,128,863)</u>	<u>1,788,205</u>
Balance at December 31	<u>\$ 511,197</u>	<u>\$ 1,640,060</u>

e. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2023	241,960
Increase during the year	<u>48,392</u>
Number of shares at December 31, 2023	<u>290,352</u>
Number of shares at January 1, 2022	239,561
Increase during the year	<u>2,399</u>
Number of shares at December 31, 2022	<u>241,960</u>

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

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Cost	Market Price
<u>December 31, 2023</u>			
BBI-TW	<u>167,204</u>		\$ <u>6,621,273</u>
TCE	<u>123,148</u>		\$ <u>4,876,676</u>
Belonging to the Company	<u>124,300</u>	\$ <u>4,386,159</u>	\$ <u>4,922,272</u>
<u>December 31, 2022</u>			
BBI-TW	<u>139,336</u>		\$ <u>5,907,870</u>
TCE	<u>102,624</u>		\$ <u>4,351,243</u>
Belonging to the Company	<u>103,995</u>	\$ <u>4,473,674</u>	\$ <u>4,409,367</u>

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

23. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ <u>9,545,301</u>	\$ <u>14,587,913</u>

Contract balances

	December 31		January 1, 2022
	2023	2022	
Accounts receivable (Note 9)	\$ 5,986,826	\$ 8,072,654	\$ 6,901,691

Refer to Statement 13 for segment revenue information.

24. PROFIT BEFORE INCOME TAX

a. Other operating income and expenses

	For the Year Ended December 31	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 2,723	\$ 6,790

b. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits and financial assets at amortized cost	\$ 295,656	\$ 52,278

c. Other income

	For the Year Ended December 31	
	2023	2022
Rental income	\$ 26,169	\$ 6,107
Dividends	340	1,197
Others	6,468	5,607
	<u>\$ 32,977</u>	<u>\$ 12,911</u>

d. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 2,749,293	\$ 7,550,104
Foreign exchange losses	(2,705,751)	(6,083,031)
Net gain on financial assets designated as at FVTPL	(47,963)	(541,275)
Loss of impairment	-	(67,386)
Others	(131)	(15,118)
	<u>\$ (4,552)</u>	<u>\$ 843,294</u>

e. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 323,261	\$ 200,321
Interest on lease liabilities	1,883	614
Amortization of arrangement fees of syndicated bank loans	12,008	6,963
Gain arising on derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	-	(3,835)
	<u>337,152</u>	<u>204,063</u>
Less: Amounts included in the cost of qualifying assets	<u>9,680</u>	<u>7,405</u>
	<u>\$ 327,472</u>	<u>\$ 196,658</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	\$ 9,680	\$ 7,405
Capitalization rate	1.9% - 2.3%	1.53%

f. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 197,468	\$ 169,597
Operating expenses	<u>66,462</u>	<u>29,928</u>
	<u>\$ 263,930</u>	<u>\$ 199,525</u>
An analysis of amortization by function		
Operating costs	\$ 300	\$ 358
Operating expenses	<u>34,371</u>	<u>-</u>
	<u>\$ 34,671</u>	<u>\$ 358</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term benefits	\$ 637,018	\$ 1,883,842
Post-employment benefits (refer to Note 21)		
Defined contribution plans	27,535	27,236
Defined benefit plans	<u>1,890</u>	<u>3,249</u>
	<u>29,425</u>	<u>30,485</u>
Total employee benefits expense	<u>\$ 666,443</u>	<u>\$ 1,914,327</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of employee benefits expense by function		
Operating costs	\$ 364,998	\$ 463,897
Operating expenses	<u>301,445</u>	<u>1,450,430</u>
	<u>\$ 666,443</u>	<u>\$ 1,914,327</u>
		(Concluded)

h. Employees' compensation and remuneration of directors for 2023 and 2022

The Company accrued employees' compensation and the remuneration of directors at a rate of no less than 3% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the year ended December 31, 2023 and 2022, which was approved by the Company's board of directors on March 12, 2024 and March 13, 2023, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Employees' compensation	3%	3%
Remuneration of directors	0.39%	0.18%

Amount

	For the Year Ended December 31	
	2023	2022
Employees' compensation - cash	\$ 185,807	\$ 395,990
Remuneration of directors - cash	24,000	24,000

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.

There was no difference between the actual amounts of employees' compensation paid and the remuneration of directors and the amounts recognized in the standalone financial statements for the year ended December 31, 2022.

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

25. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 247,147	\$ 523,733
Income tax on unappropriated earnings	286,798	155,361
Adjustments for prior years	<u>5,377</u>	<u>(35,297)</u>
	<u>539,322</u>	<u>643,797</u>
Deferred tax		
In respect of the current year	<u>113,633</u>	<u>110,252</u>
Income tax expense recognized in profit or loss	<u>\$ 652,955</u>	<u>\$ 754,049</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 5,983,757</u>	<u>\$ 12,779,664</u>
Income tax expense calculated at the statutory rate	\$ 1,196,751	\$ 2,555,933
Nondeductible income in determining taxable income	(746,396)	(1,882,749)
Adjustments for prior years	5,377	(35,297)
Income tax on unappropriated earnings	286,798	155,361
Unrecognized deductible temporary differences	(95,628)	(39,199)
Controlled foreign corporation tax liability	<u>6,053</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 652,955</u>	<u>\$ 754,049</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year:		
Fair value changes of hedging instruments for cash flow hedges	\$ -	\$ 105
Remeasurement of defined benefit plans	<u>(94)</u>	<u>(4,977)</u>
Total income tax recognized in other comprehensive income	<u>\$ (94)</u>	<u>\$ (4,872)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	<u>\$ 516,285</u>	<u>\$ 428,284</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, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized at in Other Comprehensive Income	Closing Balance
Temporary differences				
Difference between tax reporting and financial reporting - depreciation expenses	\$ 15,161	\$ -	\$ -	\$ 15,161
Associates	385,425	(188,381)	-	197,044
Defined benefit obligations	10,695	-	(94)	10,601
Unrealized loss on inventories	19,938	23,602	-	43,540
Payables for annual leave	2,536	-	-	2,536
Unallocated fixed manufacturing costs	3,479	1,284	-	4,763
Unrealized exchange losses	-	46,597	-	46,597
Unrealized loss on financial liabilities	5,776	(5,776)	-	-
	<u>\$ 443,010</u>	<u>\$ (122,674)</u>	<u>\$ (94)</u>	<u>\$ 320,242</u>
Deferred Tax Liabilities				
Temporary differences				
Unrealized exchange gains	\$ 36,237	\$ (36,237)	\$ -	\$ -
Unrealized gain or loss on financial instrument	5,049	23,340	-	28,389
Net defined benefit assets	21,852	3,856	-	25,708
	<u>\$ 63,138</u>	<u>\$ (9,041)</u>	<u>\$ -</u>	<u>\$ 54,097</u>

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized at in Other Comprehensive Income	Closing Balance
Temporary differences				
Difference between tax reporting and financial reporting - depreciation expenses	\$ 4,225	\$ 10,936	\$ -	\$ 15,161
Associates	465,539	(80,114)	-	385,425
Defined benefit obligations	15,672	-	(4,977)	10,695
Unrealized loss on inventories	6,543	13,395	-	19,938
Payables for annual leave	2,536	-	-	2,536
Unallocated fixed manufacturing costs	4,601	(1,122)	-	3,479
Unrealized exchange losses	8,950	(8,950)	-	-
Unrealized loss on financial liabilities	302	5,474	-	5,776
	<u>\$ 508,368</u>	<u>\$ (60,381)</u>	<u>\$ (4,977)</u>	<u>\$ 443,010</u>
Deferred Tax Liabilities				
Temporary differences				
Derivative financial assets for hedging	\$ 105	\$ -	\$ (105)	\$ -
Unrealized exchange gains	-	36,237	-	36,237
Unrealized gain or loss on financial instrument	57	4,992	-	5,049
Net defined benefit assets	13,210	8,642	-	21,852
	<u>\$ 13,372</u>	<u>\$ 49,871</u>	<u>\$ (105)</u>	<u>\$ 63,138</u>

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

	December 31	
	2023	2022
Deductible temporary differences	<u>\$ 27,613</u>	<u>\$ 24,718</u>

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

The Company determined that the unappropriated earnings of overseas subsidiaries would be reinvested permanently for the continuous expansion of the scale of operations and to support the needs for operating funds of overseas subsidiaries (the unappropriated earnings as of December 31, 2023 were approved by the Company's board of directors on March 12, 2024). As a result, no deferred tax liability has been recognized on the related investment income recognized under the equity method.

As of December 31, 2023 and 2022, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$27,673,810 thousand and \$24,444,442 thousand, respectively.

- g. Income tax assessments

The tax returns through 2021 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

When calculating earnings per share, the effects of share dividends are adjusted retrospectively. The ex-dividend date of the stock dividend distribution is determined to be August 25, 2023. Due to retrospective adjustment, the changes in basic and diluted earnings per share for the year 2021 are as follows:

	Unit: NT\$/share	
	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	\$ 6.23	\$ 5.15
Diluted earnings per share	\$ 6.19	\$ 5.12
<u>Net Profit for the Year</u>		
	For the Year Ended December 31	For the Year Ended December 31
	2023	2022
Profit for the year attributable to owners of the Company	\$ 5,330,802	\$ 12,025,615
<u>Number of Shares</u>	Unit: In Thousands of Shares	
	For the Year Ended December 31	For the Year Ended December 31
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	2,322,211	2,336,423
Effect of potentially dilutive ordinary shares:		
Employees' compensation	6,451	10,721
Weighted average number of ordinary shares used in the computation of diluted earnings per share	2,328,662	2,347,144

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.

27. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

For details about the partial acquisition of subsidiaries, refer to Note 30 to the Group's consolidated financial statements for the year ended December 31, 2023.

28. 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 2023 and 2022. 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.

29. 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 and cash equivalents, receivables, other financial assets, deposit received, 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 135,837	\$ -	\$ 135,837
Mutual funds	<u>108,645</u>	<u>-</u>	<u>-</u>	<u>108,645</u>
	<u>\$ 108,645</u>	<u>\$ 135,837</u>	<u>\$ -</u>	<u>\$ 244,482</u>
Financial assets at FVTOCI				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,152</u>	<u>\$ 27,152</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	\$ -	\$ 25,248	\$ -	\$ 25,248
Mutual funds	<u>81,410</u>	<u>-</u>	<u>-</u>	<u>81,410</u>
	<u>\$ 81,410</u>	<u>\$ 25,248</u>	<u>\$ -</u>	<u>\$ 106,658</u>
Financial assets at FVTOCI				
Domestic unlisted shares	<u>\$ -</u>	<u>\$ 27,152</u>	<u>\$ -</u>	<u>\$ 27,152</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 21,298</u>	<u>\$ -</u>	<u>\$ 21,298</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

Listed private shares - ROC is evaluated by B-S model based on target price, exercise price, risk-free rate, historical volatility and maturity period.

The fair value measurement of foreign exchange swap contracts, foreign exchange forward 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>	
	2023	2022
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ 135,837	\$ 25,248
Mandatorily classified as at FVTPL	108,645	81,410
Financial assets at amortized cost (Note 1)	15,520,035	15,217,800
Financial assets at FVTOCI	27,152	27,152
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	-	21,298
Financial liabilities at amortized cost (Note 2)	20,723,463	16,519,993

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

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), notes payable, accounts payable 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 33.

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 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, and the balances below would be negative.

	USD Impact (Note)	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 75,149	\$ 116,800

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

The Company's sensitivity to foreign currency decreased during the current period due to the decrease of the US dollar denominated account receivable. 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, 2022

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, 2022

		Amount Reclassified to P/L and the Adjusted Line Item
	Hedging Gains (Losses) Recognized in OCI	Due to Hedged Future Cash Flows No Longer Expected to Occur
Comprehensive Income		
Cash flow hedge		
Forecast floating interest rate risk of foreign currency denominated borrowings	\$ (524)	\$ 3,836

b) Interest rate risk

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

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

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	\$ 3,519,480	\$ 4,168,575
Financial liabilities	19,695,645	10,024,971

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, 2023 and 2022 would decrease/increase by \$161,762 thousand and \$58,564 thousand, respectively, which was mainly a result of variable-rate assets.

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 maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

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, 2023 and 2022, 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, 2023

	On Demand or Less than 1 Year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 1,036,369	\$ -
Lease liabilities	51,961	69,546
Floating interest rate bank loans	11,261,568	9,174,674
Financial guarantee contracts	<u>4,147,413</u>	<u>3,149,592</u>
	<u>\$ 16,497,311</u>	<u>\$ 12,393,812</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 51,961</u>	<u>\$ 68,498</u>	<u>\$ 1,048</u>

December 31, 2022

	On Demand or Less than 1 Year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 1,721,995	\$ -
Lease liabilities	14,424	26,825
Floating interest rate bank loans	11,002,046	4,179,799
Financial guarantee contracts	<u>1,465,070</u>	<u>2,812,848</u>
	<u>\$ 14,203,535</u>	<u>\$ 7,019,472</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 14,424</u>	<u>\$ 22,229</u>	<u>\$ 4,596</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, 2022

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Interest rate swap contracts	\$ 5,715	\$ -
Cross-currency swap contracts	<u>15,583</u>	<u>-</u>
	<u>\$ 21,298</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities, reviewed annually:		
Amount used	\$ 12,338,604	\$ 9,386,661
Amount unused	<u>7,864,396</u>	<u>8,498,339</u>
	<u>\$ 20,203,000</u>	<u>\$ 17,885,000</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 7,379,506	\$ 5,480,918
Amount unused	<u>10,411,494</u>	<u>7,591,082</u>
	<u>\$ 17,791,000</u>	<u>\$ 13,072,000</u>

30. 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
Right Way Industrial Co., Ltd.	Subsidiary
TMCT Product, Inc. (TMCT)	Subsidiary
TCI Texarkana Inc. (TKA)	Subsidiary
Ta Chen (B.V.I.) Holdings Ltd. (Ta Chen BVI)	Subsidiary

(Continued)

Related Party Name	Relationship
Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiary
Ta Chen (Boye) Co., Ltd.	Subsidiary
Wei Mei Roller Blind Co., Ltd.	Subsidiary
Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Subsidiary
Brighton - Best International, Inc. (BBI-USA)	Subsidiary
Ta Chen (Hong Kong) Limited (TCHK)	Subsidiary
Ta Chen Lung Mei Home Life Co., Ltd.	Subsidiary
Ou Bo Hua Company	Related party in substance
Ying Lun Investment Co., Ltd.	Related party in substance
Brighton-Best International (Taiwan) Inc. (BBI-TW)	Subsidiary
Ta Chen Empire Co., Ltd. (TCE)	Subsidiary
TY Steel Co., Ltd.	Associate

(Concluded)

b. Sales of goods

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Revenue from sale of goods	TCI	\$ 8,355,248	\$ 12,562,421
	Subsidiaries	<u>73,923</u>	<u>73,286</u>
		<u>\$ 8,429,171</u>	<u>\$ 12,635,707</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 6 months after sales. As for unrelated parties, collection term is 3 months for domestic sales and 1 to 3 months for export sales.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiaries	\$ 35,919	\$ 22,821
Associates	<u>-</u>	<u>564,837</u>
	<u>\$ 35,919</u>	<u>\$ 587,658</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 (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts receivable	TCI	\$ 5,850,153	\$ 7,988,590
	Subsidiaries	<u>11,070</u>	<u>6,585</u>
		<u>\$ 5,861,223</u>	<u>\$ 7,995,175</u>
Other receivables	Subsidiaries	<u>\$ 1,480</u>	<u>\$ 1,509</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, 2023 and 2022.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Accounts payable	Subsidiaries	<u>\$ -</u>	<u>\$ 4,516</u>

The outstanding accounts payable to related parties are unsecured.

f. Refundable deposits

Line Item	Related Party Category/Name	December 31	
		2023	2022
Financial assets at amortized cost - non-current	Related parties in substance	<u>\$ 1,760</u>	<u>\$ 2,060</u>

g. Lease arrangements - the Company is lessee

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
<u>Interest expense</u>		
Related parties in substance	\$ 27	\$ 15
<u>Lease expense</u>		
Subsidiaries	\$ 17,143	\$ 17,143
Related parties in substance	11,796	12,446
	\$ 28,939	\$ 29,589

The Company entered into a contract with its related parties in substance to rent office space, dormitories, and vehicles from April 2023 to December 2024, 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 and low-value asset leases are as follows:

	December 31	
	2023	2022
Future lease payables	\$ 12,788	\$ 9,731

h. Lease arrangements

Lease arrangements - the Company is lessor under operating leases

The Company entered into a contract with its subsidiaries to rent out office space from May 2019 to November 2025. The rental is based on the market rental rates of similar properties, and fixed lease payments are received quarterly. As of December 31, 2023 and 2022, the gross lease payments received were \$1,500 thousand and \$2,580 thousand, respectively. Rental income was both \$1,080 thousand for the years ended December 31, 2023 and 2022.

The Company entered into a contract with Ta Chen Lung Mei Home Life Co., Ltd. to rent out office space from September 2023 to August 2024. As of December 31, 2022, other receivables were \$125 thousand, and the future lease payments received amounted to \$1,238 thousand and \$1,000 thousand, respectively. Rental income was \$2,286 thousand and \$2,243 thousand for the years ended December 31, 2023 and 2022, respectively.

The Company entered into a contract with Right Way Industrial Co., Ltd. to rent out system cabinet equipment for a period of one year. As of December 31, 2023, the future lease payments received amounted to \$14,400. Rental income was \$14,400 thousand for the year ended December 31, 2023.

i. Loans to related parties (including principal and interest)

Related Party Category/Name	December 31	
	2023	2022
TKA	\$ 2,853,750	\$ -
Ta Chen Lung Mei Home Life Co., Ltd.	200,300	400,500
Ta Chen (Hong Kong) Limited (TCHK)	-	148,600
Wei Mei Roller Blind Co., LTD.	80,000	80,000
Wei Mei Hsin Shu Interior Decoration Co., Ltd.	-	50,000
	<u>\$ 3,134,050</u>	<u>\$ 679,100</u>

Interest income

Related Party Category/Name	December 31	
	2023	2022
TKA	\$ 92,319	\$ -
Ta Chen Lung Mei Home Life Co., Ltd.	5,230	4,751
Wei Mei Roller Blind Co., LTD.	1,344	1,498
Wei Mei Hsin Shu Interior Decoration Co., Ltd.	796	381
	<u>\$ 99,689</u>	<u>\$ 6,630</u>

The Company provided unsecured short-term loans to the above subsidiaries with interest rates ranging from 1.5% to 5.85% and 1.5% on December 31, 2023 and 2022, respectively. These loans are expected to be recovered within one year; therefore, no expected credit loss was recognized.

j. Endorsements and guarantees

Refer to Table 3 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 both \$960 thousand for the years ended December 31, 2023 and 2022.

2) Management service income

The Company supports its subsidiaries on purchasing of goods and charges management service fees. The management service income were both \$1,920 thousand for the years ended December 31, 2023 and 2022.

l. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 50,286	\$ 87,483
Post-employment benefits	337	463
	<u>\$ 50,623</u>	<u>\$ 87,946</u>

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2023	2022
Financial assets at amortized cost (pledged time deposits and reserve account)	\$ 1,070,948	\$ 993,141
Property, plant and equipment, net	2,118,344	2,213,892
Investment properties	65,642	-
Investment accounted for using the equity method (shares of BBI-TW)	<u>1,316,171</u>	<u>1,173,712</u>
	<u>\$ 4,571,105</u>	<u>\$ 4,380,745</u>

32. 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, 2023 and 2022 were as follows:

- a. Unused letters of credit for purchases of raw materials as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	2022
Unused letters of credit for purchases of raw materials	<u>\$ 213,196</u>	<u>\$ 132,109</u>

- b. Unrecognized commitments were as follows:

	December 31	
	2023	2022
Acquisition of property, plant and equipment	<u>\$ 196,917</u>	<u>\$ 258,663</u>

- c. As of December 31, 2023 and 2022, the Company's provision of endorsement and guarantee to the subsidiaries for bank borrowings were as follows:

	December 31	
	2023	2022
Amount endorsed and guaranteed	<u>\$ 3,671,598</u>	<u>\$ 4,197,608</u>
Amount utilized	<u>\$ 2,657,910</u>	<u>\$ 4,197,608</u>

33. 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, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 246,331	30.705	\$ 7,563,606
Non-monetary items			
Investment accounted for using the equity method			
USD	1,743,510	30.705	53,534,489
<u>Financial liabilities</u>			
Monetary items			
USD	1,587	30.705	48,737

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 381,158	30.71	\$ 11,705,365
Non-monetary items			
Investment accounted for using the equity method			
USD	1,658,610	30.71	50,935,928
<u>Financial liabilities</u>			
Monetary items			
USD	827	30.71	25,390

The above carrying amounts of investments in subsidiaries accounted for under the equity method in New Taiwan dollars are before deducting unrealized gains and differences in buyer's tax rates.

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

Foreign Currency	For the Year Ended December 31			
	2023		2022	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	30.705 (USD:NTD)	\$ 40,987	30.71 (USD:NTD)	\$ 1,466,424
EUR	33.98 (EUR:NTD)	1,578	32.72 (EUR:NTD)	131
CNY	4.3352 (CNY:NTD)	960	4.4094 (CNY:NTD)	534
GBP	39.15 (GBP:NTD)	17	37.09 (GBP:NTD)	(16)
		<u>\$ 43,542</u>		<u>\$ 1,467,073</u>

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (Table 3)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
- 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 5)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 6)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 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 29)

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 2, 3 and 10):

- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

TABLE 1**Ta Chen Stainless Pipe Co., Ltd.****MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)**

	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, 2022	\$ 1,733,426	\$ 72,727	\$ 1,269,333	\$ 2,747,843	\$ 341,757	\$ 102,838	\$ 23,678	\$ 229,791	\$ 84,890	\$ 138,023	\$ 251,720	\$ 6,996,026
Additions	877,076	-	125,369	272,499	734	19,187	-	1,902	5,453	29,506	122,124	1,453,850
Disposals	(45,500)	-	(20,190)	(135,420)	-	(6,564)	(260)	(145)	-	(6,669)	-	(214,748)
Reclassifications	-	19,995	-	28,135	-	-	-	596	-	60,374	(60,969)	48,131
Transferred to investment property	<u>(44,901)</u>	<u>-</u>	<u>(28,499)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,400)</u>
Balance at December 31, 2022	<u>\$ 2,520,101</u>	<u>\$ 92,722</u>	<u>\$ 1,346,013</u>	<u>\$ 2,913,057</u>	<u>\$ 342,491</u>	<u>\$ 115,461</u>	<u>\$ 23,418</u>	<u>\$ 232,144</u>	<u>\$ 90,343</u>	<u>\$ 221,234</u>	<u>\$ 312,875</u>	<u>\$ 8,209,859</u>
<u>Accumulated Depreciation and Impairment</u>												
Balance at January 1, 2022	\$ -	\$ 40,406	\$ 504,772	\$ 2,338,611	\$ 197,991	\$ 80,691	\$ 18,693	\$ 221,603	\$ 84,890	\$ 118,645	\$ -	\$ 3,606,302
Depreciation expenses	-	3,925	48,451	80,519	19,741	9,918	2,196	4,695	215	10,292	-	179,952
Disposals	-	-	(1,558)	(135,420)	-	(5,855)	(260)	(145)	-	(6,669)	-	(149,907)
Transferred to investment property	<u>-</u>	<u>-</u>	<u>(3,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,958)</u>
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 44,331</u>	<u>\$ 547,707</u>	<u>\$ 2,283,710</u>	<u>\$ 217,732</u>	<u>\$ 84,754</u>	<u>\$ 20,629</u>	<u>\$ 226,153</u>	<u>\$ 85,105</u>	<u>\$ 122,268</u>	<u>\$ -</u>	<u>\$ 3,632,389</u>
Carrying amount at December 31, 2022	<u>\$ 2,520,101</u>	<u>\$ 48,391</u>	<u>\$ 798,306</u>	<u>\$ 629,347</u>	<u>\$ 124,759</u>	<u>\$ 30,707</u>	<u>\$ 2,789</u>	<u>\$ 5,991</u>	<u>\$ 5,238</u>	<u>\$ 98,966</u>	<u>\$ 312,875</u>	<u>\$ 4,577,470</u>
<u>Cost</u>												
Balance at January 1, 2023	\$ 2,520,101	\$ 92,722	\$ 1,346,013	\$ 2,913,057	\$ 342,491	\$ 115,461	\$ 23,418	\$ 232,144	\$ 90,343	\$ 221,234	\$ 312,875	\$ 8,209,859
Additions	-	265	5,380	13,472	-	15,416	-	2,079	-	18,194	154,379	209,185
Disposals	-	-	-	(32,839)	-	(4,786)	(2,850)	(1,727)	-	(14,846)	-	(57,048)
Reclassifications	<u>-</u>	<u>-</u>	<u>-</u>	<u>914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>1,296</u>
Balance at December 31, 2023	<u>\$ 2,520,101</u>	<u>\$ 92,987</u>	<u>\$ 1,351,393</u>	<u>\$ 2,894,604</u>	<u>\$ 342,491</u>	<u>\$ 126,091</u>	<u>\$ 20,568</u>	<u>\$ 232,628</u>	<u>\$ 90,343</u>	<u>\$ 224,832</u>	<u>\$ 467,254</u>	<u>\$ 8,363,292</u>
<u>Accumulated Depreciation and Impairment</u>												
Balance at January 1, 2023	\$ -	\$ 44,331	\$ 547,707	\$ 2,283,710	\$ 217,732	\$ 84,754	\$ 20,629	\$ 226,153	\$ 85,105	\$ 122,268	\$ -	3,632,389
Depreciation expenses	-	4,006	55,512	95,803	19,134	11,463	1,504	4,355	1,291	17,643	-	210,711
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,840)</u>	<u>-</u>	<u>(4,722)</u>	<u>(2,850)</u>	<u>(1,727)</u>	<u>-</u>	<u>(14,529)</u>	<u>-</u>	<u>(56,668)</u>
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 48,337</u>	<u>\$ 603,219</u>	<u>\$ 2,346,673</u>	<u>\$ 236,866</u>	<u>\$ 91,495</u>	<u>\$ 19,283</u>	<u>\$ 228,781</u>	<u>\$ 86,396</u>	<u>\$ 125,382</u>	<u>\$ -</u>	<u>\$ 3,786,432</u>
Carrying amount at December 31, 2023	<u>\$ 2,520,101</u>	<u>\$ 44,650</u>	<u>\$ 748,174</u>	<u>\$ 547,931</u>	<u>\$ 105,625</u>	<u>\$ 34,596</u>	<u>\$ 1,285</u>	<u>\$ 3,847</u>	<u>\$ 3,947</u>	<u>\$ 99,450</u>	<u>\$ 467,254</u>	<u>\$ 4,576,860</u>

TABLE 2

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)
													Item	Value		
0	The Company	Wei Mei Roller Blind Co., Ltd.	Other receivables from related parties	Y	\$ 80,000	\$ 80,000	\$ 80,000	1.80%	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 6,306,000	\$ 25,223,999
		Ta Chen Lung Mei Home Life Co., Ltd.	Other receivables from related parties	Y	600,000	200,000	200,000	1.50%	2	-	Operating capital	-	None	-	6,306,000	25,223,999
		Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Other receivables from related parties	Y	75,000	-	-	1.80%	2	-	Operating capital	-	None	-	6,306,000	25,223,999
		Ta Chen (Hong Kong) Limited	Other receivables from related parties	Y	159,300	-	-	-	2	-	Operating capital	-	None	-	6,306,000	25,223,999
		TCI Texarkana Inc.	Other receivables from related parties	Y	2,782,800	2,782,800	2,782,800	5.85%	2	-	Operating capital	-	None	-	6,306,000	25,223,999
1	Brighton-Best International (Taiwan) Inc.	Brighton-best International (NZ), Limited	Other receivables from related parties	Y	10,761	8,921	8,921	-	1	23,773	—	-	None	-	23,773	11,045,926
		Brighton-best International (AU), Pty Ltd.	Other receivables from related parties	Y	424,345	408,275	408,275	-	1	864,511	—	-	None	-	864,511	11,045,926
		Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	88,796 (Note 3)	15,205	15,205	-	1	88,266	—	-	None	-	88,266	11,045,926
		Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	16,213	-	-	-	2	-	Operating capital	-	None	-	5,034,688	10,069,376
		Brighton-Best International (UK), Limited	Other receivables from related parties	Y	131,690	127,238	116,634	-	2	-	Operating capital	-	None	-	5,034,688	10,069,376
		Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	153,525	153,525	153,525	-	2	-	Operating capital	-	None	-	2,744,506	5,489,012
		Brighton-best International (Canada), Inc.	Other receivables from related parties	Y	81,063	76,763	-	-	2	-	Operating capital	-	None	-	2,744,506	5,489,012
2	Brighton-Best International, Inc.															
3	Brighton-Best International (AU), Pty Ltd.	Brighton-best International (NZ), Limited	Other receivables from related parties	Y	62,940	62,940	55,977	-	2	-	Operating capital	-	None	-	180,816	361,633
4	Ta Chen Empire Co., Ltd.	Hupao Technology Co., Ltd.	Other receivables from related parties	Y	120,000	-	-	1.50%	2	-	Operating capital	-	None	-	1,199,544	2,399,088
		Noei Geeng Enterprise Co., Ltd.	Other receivables from related parties	Y	220,000	-	-	1.50%	2	-	Operating capital	-	None	-	1,199,544	2,399,088
5	Hupao Technology Co., Ltd.	Noei Geeng Enterprise Co., Ltd.	Other receivables from related parties	Y	45,000	45,000	32,400	1.50%	2	-	Operating capital	-	None	-	46,928	93,856
6	Right way industrial Co., Ltd.	Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables from related parties	Y	48,638	46,058	38,381	5.0%	1	94,645	—	-	None	-	94,645	1,089,376
7	Empire Resources, Inc.	Fuzhou Assured Brake Systems Co., Ltd.	Other receivables	N	17,780	-	-	7.0%	2	-	Operating capital	-	None	-	408,516	1,089,376
		Ta Chen International, Inc.	Other receivables from related parties	Y	2,765,205	2,765,205	2,068,855	-	2	-	Operating capital	-	None	-	4,587,759	4,587,759
		Imbali Metals BVBA	Other receivables from related parties	Y	370,180	258,160	157,853	1M Term SORF+1.6%	2	-	Operating capital	-	None	-	4,587,759	4,587,759
		Empire Resources (UK)limited	Other receivables from related parties	Y	215,250	215,250	141,661	1M Term SORF+1.6%	2	-	Operating capital	-	None	-	4,587,759	4,587,759
8	Primus Pipe and Tube Holding, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	13,400	13,400	13,400	-	2	-	Operating capital	-	None	-	1,632,741	1,632,741
9	Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	Other receivables from related parties	Y	325,970	193,700	193,700	4.50%	2	-	Operating capital	-	None	-	2,356,390	2,356,390
10	8911 Kelso Drive	Empire Resources, Inc.	Other receivables from related parties	Y	80,655	80,655	80,655	-	2	-	Operating capital	-	None	-	89,859	89,859

Note 1:

	Financing Limit for Each Borrower	Aggregate Financing Limit
The Company	10% 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
Brighton-Best International (Taiwan) Inc.	For business transaction: Recently business transaction amount	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: 20% 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
Brighton-Best International, Inc.	20% 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
Brighton-Best International (AU), Pty Ltd.	20% 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
Ta Chen Empire Co., Ltd.	20% 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
Hupao Technology CO., LTD.	20% 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
Empire Resources, Inc.	Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth	100% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (Hong Kong) Limited	Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth	1,000% of net worth in recently audited financial statements or reviewed financial statements
8911 Kelso Drive	For business transaction: To the extent that it doesn't exceed the amount of business transactions between the two parties, which the amount of business transactions refer to the higher of the amount of goods purchased or sold between the parties	100% of net worth in recently audited financial statements or reviewed financial statements
Right Way Industrial Co., Ltd.	For short-term financing: 15% of net worth in recently audited financial statements or reviewed financial statements	For business transaction: 40% of net worth in recently audited financial statements 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: Because of difference in exchange rate, actual amount borrowed was exceeded financing limit for Each Borrower from BBI-TW financing provided to Brighton-best International (Brasil), Comercio De Parafusos Ltda. After checking, the amount of the originally currency of highest balance for the Period was US\$2,751,669,89 which was less than the amount of the originally currency of nature of financing was US\$3,010,811.79. There is no risk of exceeding the limit.

TABLE 3

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note)	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	\$ 126,119,994	\$ 100,188	\$ 100,188	\$ -	\$ -	-	\$ 126,119,994	Y	N	N
		Ta Chen (Hong Kong) Limited	Subsidiary	126,119,994	2,141,438	-	-	-	-		Y	N	N
		Ta Chen (Shijiazhuang) Co., Ltd.	Sub-subsi-dary	126,119,994	145,700	-	-	-	-		Y	N	Y
		Empire Resources, Inc.	Sub-subsi-dary	126,119,994	181,170	181,170	181,170	-	-		Y	N	N
		Ta Chen (Boye) Co., Ltd.	Sub-subsi-dary	126,119,994	157,608	157,608	157,608	-	-		Y	N	Y
		TMCT Products, Inc.	Sub-subsi-dary	126,119,994	174,132	174,132	174,132	-	-		Y	N	N
		Ta Chen Lung Mei Home Life Co., Ltd.	Subsidiary	126,119,994	2,050,000	2,050,000	2,050,000	-	3		Y	N	N
		TCI Texarkana, Inc.	Sub-subsi-dary	126,119,994	913,500	913,500	-	-	1		Y	N	N
		Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Sub-subsi-dary	126,119,994	95,000	95,000	95,000	-	-		Y	N	N
1	Brighton-Best International (Taiwan) Inc.	Brighton-Best International (AU), Pty Ltd.	Subsidiary (100% of ownership)	20,138,750	243,935	170,489	-	-	1	25,173,438	N	N	N
		Brighton-Best International (NZ), Limited	Subsidiary (100% of ownership)	20,138,750	89,921	89,921	-	-	-		N	N	N
2	Ta Chen Empire Co., Ltd.	Hupao Technology Co., Ltd.	Subsidiary (80% of ownership)	4,798,176	148,000	148,000	148,000	-	2	5,997,720	N	N	N
		Noei Geeng Enterprise Co., Ltd.	Subsidiary (80% of ownership)	4,798,176	190,000	190,000	190,000	-	3		N	N	N
3	Ta Chen International, Inc.	Empire Resources Pacific, Ltd.	Sub-subsi-dary	102,691,104	29,230,500	29,230,500	29,230,500	-	57	102,691,104	N	N	N
		TCI Investment Group, Inc.	Subsidiary	102,691,104	29,230,500	29,230,500	29,230,500	-	57		N	N	N
		Empire Resources, Inc.	Subsidiary	102,691,104	29,230,500	29,230,500	29,230,500	-	57		N	N	N
		TCI Texarkana, Inc.	Subsidiary	102,691,104	41,574,860	39,222,060	39,222,060	-	76		N	N	N
		Primus Pipe and Tube Holding, Inc.	Subsidiary	102,691,104	29,230,500	29,230,500	29,230,500	-	57		N	N	N
		Primus Pipe and Tube Inc.	Sub-subsi-dary	102,691,104	29,230,500	29,230,500	29,230,500	-	57		N	N	N
		Ta Chen International, Inc.	Parent company	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		Empire Resources Pacific, Ltd.	Subsidiary	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
4	Empire Resources, Inc.	TCI Texarkana, Inc.	Fellow subsidiaries	91,755,180	29,230,500	29,230,500	29,230,500	-	637	91,755,180	N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	91,755,180	29,230,500	29,230,500	29,230,500	-	637		N	N	N
		Ta Chen International, Inc.	Parent company	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	63,661,500	29,230,500	29,230,500	29,230,500	-	16,070		N	N	N
5	TCI Investment Group, Inc.	Ta Chen International, Inc.	Parent company	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940	63,661,500	N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	77,500,000	29,230,500	29,230,500	29,230,500	-	7,325,940		N	N	N
		Ta Chen International, Inc.	Parent company	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
6	Empire Resources Pacific, Ltd.	Empire Resources Pacific, Ltd.	Fellow subsidiaries	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790	57,145,935	N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
		Primus Pipe and Tube, Inc.	Subsidiary	57,145,935	29,230,500	29,230,500	29,230,500	-	1,790		N	N	N
		Ta Chen International, Inc.	Parent company	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
		Primus Pipe and Tube Holding, Inc.	Parent company	76,497,355	29,230,500	29,230,500	29,230,500	-	2,102		N	N	N
7	Primus Pipe and Tube Holding, Inc.	Empire Resources Pacific Ltd.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302	76,497,355	N	N	N
		Primus Pipe and Tube Holdings, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Ta Chen International, Inc.	Parent company	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Empire Resources Pacific Ltd.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Primus Pipe and Tube Holdings, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	47,777,530	29,230,500	29,230,500	29,230,500	-	302		N	N	N

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 Empire Co., Ltd.	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.	25,000,000% of net worth in recently audited financial statements or reviewed financial statements	25,000,000% 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	

TABLE 4

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2022				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Nomura Global High Dividend Fund Accumulate TWD	None	Financial assets at fair value through profit or loss - current	42,757.80	\$ 990	-	\$ 990	
	Yuanta New ASEAN Balanced Fund TWD	"	"	600,000.00	4,782	-	4,782	
	Capital ASEAN Fund TWD	"	"	61,156.30	702	-	702	
	Capital Conservative Allocation Fund of Funds A TWD	"	"	200,000.00	1,967	-	1,967	
	Union Multi-Asset High Income Fund A TWD	"	"	200,000.00	1,556	-	1,556	
	Amundi TW - US Dollar Core Fixed Income Fund- A2 TWD (C)	"	"	100,000.00	992	-	992	
	Shin Kong Hang Seng TECH Index Fund (TWD)	"	"	100,000.00	411	-	411	
	UBS (TW) Bond Fund - Fixed Income Fund of Funds (TWD) A	"	"	200,000.00	1,646	-	1,646	
	PGIM USD High Yield Bond Fund-TWD(A)	"	"	200,000.00	1,994	-	1,994	
	PineBridge ESG Quantitative Income & Growth Fund A USD	"	"	27,863.17	8,620	-	8,620	
	KGI ESG Sustainable Emerging Market Bond Fund - TWD A	"	"	500,000.00	4,288	-	4,288	
	KGI ESG Sustainable Emerging Market Bond Fund - USD A	"	"	15,000.00	4,041	-	4,041	
	Amundi Funds - Global Ecology ESG U USD (C)	"	"	373.92	807	-	807	
	HSBC ESG Sustainable Multi-Asset Fund of Funds ACHTWD	"	"	150,000.00	1,409	-	1,409	
	FSITC Glbl Artificial Intligne Fd TWD	"	"	78,657.60	1,428	-	1,428	
	BlackRock Global Funds - Global Allocation Fund A2	"	"	1,947.29	4,358	-	4,358	
	Jih Sun Vietnam Opportunity Fund A (TWD)	"	"	500,000.00	4,090	-	4,090	
	Allianz Global Investors Income and Growth Fund-A TWD	"	"	236,779.80	3,000	-	3,000	
	CTBC ESG Global Digital Infrastructure Fund-USA A	"	"	10,000.00	3,071	-	3,071	
	SinoPac ESG Global Digital Infrastructure Fund-TWD Acc. N	"	"	500,000.00	4,595	-	4,595	
	Goldman Sachs US Credit - Y Cap USD	"	"	532.53	5,205	-	5,205	
	TSMC LTD.	"	"	-	6,194	-	6,194	
	FSITC US Top 100 Bond Fund Acc TWD	"	"	1,066,211.80	10,043	-	10,043	
	Cathay 3-Year Maturity Global Market Investment Grade Bond Fund A TWD	"	"	50,000.00	510	-	510	
	Yuanta Japan Leaders Equity Fund -TWD(A)	"	"	1,369,810.20	13,698	-	13,698	
	Mega Global Bond ETF Strategic Income Fund of Funds TWD Acc	"	"	500,000.00	4,951	-	4,951	
	Mega Global Bond ETF Strategic Income Fund of Funds USD Acc	"	"	10,000.00	3,177	-	3,177	
	FSITC Global Sustainable Impact Investment Multi-Asset Fund-A-TWD	"	"	200,000.00	1,994	-	1,994	
	Taishin Flexible Income Fund A-USD	"	"	10,000.00	3,129	-	3,129	
	Hua Nan Future Technology Fund	"	"	205,752.85	3,998	-	3,998	
	Union APEC Balanced Fund A	"	"	100,000.00	990	-	990	
					\$ 108,645		\$ 108,645	
	Unlisted shares - ROC							
	IBT VII Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	435,296	\$ 4,353	2.5	\$ 4,353	
	Sunny Bank Ltd.	"	"	1,698,872	12,000	0.05	12,000	
	Greencasa Co., Ltd.	"	"	553,824	10,799	18	10,799	
					\$ 27,152		\$ 27,152	
	Foreign listed shares							
	PT Alumindo Light MetalIndustry Tbk	None	Financial assets at fair value through other comprehensive income - current	32,806,000	\$ 12,551	5.33	\$ 12,551	
	Ascent Industries Co Com	"	"	226,472	66,479	2.21	66,479	
					\$ 79,030		\$ 79,030	
	Listed shares - ROC and Emerging market shares							
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	39,857,365	\$ 428,068	9.58	\$ 428,068	
	Ta Chen Stainless Pipe Co., Ltd.	Parent Company	Financial assets at fair value through profit or loss - current	5,113,089	202,478	0.21	202,478	
	Ta Chen Stainless Pipe Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income - non-current	162,090,795	6,418,795	6.66	6,418,795	
	Listed shares - ROC							
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through profit or loss - current	6,226,556	246,572	0.26	246,572	
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	116,921,815	4,630,104	4.80	4,630,104	
	Listed shares - ROC							
	Ta Chen Stainless Pipe Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income - non-current	12,735,000	450,819	1.23	450,819	
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	30,840,493	331,227	7.41	331,227	
	Unlisted shares - ROC							
	Phoenix Motor Corporation	None	Financial assets at fair value through profit or loss - current	600,000	-	-	-	The amount is already recognized as impairment losses.

Note 1: The marketable securities in Table 4 refer to equity securities, debt securities, mutual funds and securities derived from the list above.

Note 2: Refer to Table 9 and Table 10 for information regarding investment in subsidiaries.

TABLE 5

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Amount	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount
The Company	Ta Chen Lung Mei Home Life Co., Ltd. - shares	Investment accounted for using the equity method	Open market	Subsidiary	40,845,835	\$ -	60,000,000	\$ 600,000	-	\$ -	\$ -	\$ -	\$ (463,413) (Note 1)	29,987,363 (Note 3)	\$ 136,587
Ta Chen International Inc.	TCI Texarkana, Inc. - shares	Investment accounted for using the equity method	Open market	Subsidiary	60,000	6,519,863	20,000	3,070,500 (US\$ 100,000 thousand) (Note 2)	-	-	-	-	(34,857) (Note 1)	80,000	9,555,506

Note 1: Investment accounted for using the equity method includes adjustment related to shareholders’ equity recognized under the equity method.

Note 2: The related amount is converted according to the average exchange rate of the Bank of Taiwan at the end of December 2023 (US dollar: NTD = 1: 30.705).

Note 3: The number of shares at the end of period includes decreased its capital of 70,858,472 share.

TABLE 6

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

ACQUISITIONS 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, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty/ Acquisition Item	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.	Warehouse construction project	2023.05.16 (Board of Directors' resolution date)	\$ 540,523 (US\$ 16,750 thousand)	Had paid a performance of 378,887 thousand in accordance with the contract.	Premier Development Partners, LLC	Non-related party	N/A	N/A	N/A	\$ -	N/A	For operation	None
TCI Texarkana, Inc.	Building	2023.5.26	2,456,614 (US\$ 76,245 thousand)	210,084 (US\$ 6,842 thousand)	H&M Construction Co., Inc.	Non-related party	N/A	N/A	N/A	-	N/A	For operation	None
	Building	2023.9.25	4,243,421 (US\$ 131,497 thousand)	paid 13,909 (US\$ 453 thousand) paid	H&M Construction Co., Inc.		N/A	N/A	N/A	-	N/A	For operation	None

TABLE 7

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

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, 2023
(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)	\$ (8,355,248)	(88)	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.	\$ 5,850,153	97	-
Ta Chen International, Inc.	TCI Texarkana, Inc. Primus Pipe and Tube, Inc.	Subsidiaries (100% ownership)	Purchase	17,456,210	38	Within 30 days	General market price	Same	(1,401,210)	(16)	-
		Sub-subsidiaries (100% indirect shareholding)	Purchase	627,616	1	Within 30 days	General market price	Same	(31,557)	-	-
Empire Resources, Inc. Brighton-Best International (Taiwan) Inc.	TCI Texarkana, Inc.	Fellow Subsidiaries	Purchase	2,893,198	91	Within 30 days	General market price	Same	(217,717)	(99)	-
	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	(Sale)	(7,431,240)	(86)	Within 180 days	No third-party could be compared	No third-party could be compared	2,608,031	83	-
	Brighton-Best International (AU), Pty Ltd.	Subsidiaries (100% ownership)	(Sale)	(581,166)	(7)	Within 180 days	No third-party could be compared	No third-party could be compared	328,902	10	-
	Brighton-Best International (Canada), Inc.	Subsidiaries (100% ownership)	(Sale)	(391,649)	(5)	Within 180 days	No third-party could be compared	No third-party could be compared	65,877	2	-
	Brighton-Best International (UK), Limited	Subsidiaries (100% ownership)	(Sale)	(203,406)	(2)	Within 180 days	No third-party could be compared	No third-party could be compared	129,074	4	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors	Purchase	418,475	6	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(47,236)	(7)	-
	Fang Sheng Screw Co., Ltd.	Referred party in substance	Purchase	757,365	10	Within 45-90 days	No third-party could be compared	Note	(99,784)	(15)	-
	Winlink Fasteners Co., Ltd.	Referred party in substance	Purchase	254,537	3	T/T 5 days after acceptance	No third-party could be compared	Note	(6,803)	(1)	-
Brighton-Best International, Inc.	Tong Win International Co., Ltd.	Referred party in substance	Purchase	1,053,523	14	T/T 5 days after acceptance	No third-party could be compared	Note	(22,139)	(3)	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors of parent entity	Purchase	1,249,480	8	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(130,913)	(5)	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	(Sale)	(748,040)	(100)	Within 180 days	No third-party could be compared	No third-party could be compared	352,700	100	-

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

TABLE 8**TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE YEAR ENDED DECEMBER 31, 2023****(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)	\$ 5,850,153	1.21	\$ -	-	\$ 1,962,060	\$ -
	TCI Texarkana, Inc.	Sub-subsidiaries (100% ownership)	2,782,800	Note 2	-	-	-	-
	Ta Chen Lung Mei Home Life Co., Ltd.	Subsidiaries (99.96% ownership)	200,000	Note 2	-	-	-	-
Ta Chen International, Inc.	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	4,912,800	Note 2	-	-	-	-
Ta Chen (B.V.I.) Holdings Ltd.	Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiaries (93.14% ownership)	247,154	Note 3	-	-	-	-
TCI Texarkana, Inc.	Ta Chen International, Inc.	Parent company	1,401,210	10.77	-	-	1,398,189	-
Empire Resources, Inc.	Empire Resources, Inc.	Fellow subsidiaries	217,717	12.18	-	-	217,717	-
	Ta Chen International, Inc.	Parent company	2,068,855	Note 2	-	-	-	-
	Imbali Metals BVBA	Subsidiaries (100% ownership)	157,853	Note 2	-	-	-	-
Ta Chen (Hong Kong) Limited	Empire Resources (UK) Limited	Subsidiaries (100% ownership)	141,661	Note 2	-	-	-	-
	Ta Chen (Boye) Co., Ltd.	Fellow subsidiaries (100% ownership)	193,700	Note 2	-	-	-	-
	Brighton-Best International (Taiwan) Inc.	Subsidiaries (100% ownership)	2,608,031	2.26	-	-	1,713,170	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	328,902	1.34	-	-	-	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	440,908	Note 2	-	-	103,190	-
	Brighton-Best International (UK) , Limited	Subsidiaries (100% ownership)	129,074	2.01	-	-	48,079	-
	Brighton-Best International (UK) , Limited	Subsidiaries (100% ownership)	116,634	Note 2	-	-	-	-
	Ta Chen Empire Co., Ltd.	Fellow subsidiaries	352,700	1.64	-	-	172,566	-

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. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	Ta Chen International, Inc.	U.S.A	Manufacture and sale of stainless steel pipes, rolls and pipe fittings	\$ 23,327,317	\$ 23,327,317	734,836	100	\$ 50,489,504	\$ 3,159,910	\$ 3,195,035	Note 2
	Ta Chen (B.V.I.) Holdings Ltd.	British Virgin Islands	Investment	990,817	990,817	32,625,300	100	1,952,236	54,068	53,934	Note 3
	Brighton-Best International (Taiwan) Inc.	Taiwan	Import, export and sale of screws and nuts	8,500,095	8,500,095	440,610,040	42.81	5,685,474	3,124,950	1,109,061	Note 7
	WEI MEI ROLLER BLIND CO., LTD.	Taiwan	Manufacture and sale of curtains and cloth products	70,000	70,000	7,000,000	70	80,291	11,657	8,160	
	Ta Chen Lung Mei Home Life Co., Ltd.	Taiwan	Manufacture and sale of curtains and cloth products	1,406,468	806,468	29,987,363	99.96	136,587	(461,678)	(460,439)	
	Ta Chen (Hong Kong) Limited	Hong Kong	Trade	279,720	279,720	10,000,000	100	235,639	3,121	3,119	
	Ta Chen Interior Design Co., Ltd.	Taiwan	Interior design	-	50,000	-	-	-	-	4	Note 11
	TY Steel Co., Ltd.	Thailand	Manufacture of steel billets and steel bars	889,216	889,216	105,583,200	38.75	428,925	(454,176)	(175,996)	
	Ta Chen GREEN SYSTEM CO., LTD.	Taiwan	Interior design	60,000	60,000	6,000,000	50	59,497	(12)	(30)	
	Right Way Industrial Co., Ltd.	Taiwan	Manufacture and sales of automobile and motorcycle parts	17,843	25,749	779,000	0.26	7,069	86,662	268	
	City Mocean Co.,Ltd.	Taiwan	asset management industry	4,900	4,900	490,000	49	3,295	(2,366)	(1,153)	
	TCI Investment Group, Inc.	U.S.A	Import, export and sale of screws and nuts	94,950	94,950	3,000	100	181,890	1,651		
	Empire Resources, Inc.	U.S.A	Investment	1,714,340	1,714,340	8,250,455	100	4,587,759	149,556		
	Primus Pipe and Tube Holding, Inc.	U.S.A	Investment	877,540	877,540	29,000	100	1,623,741	181,310		
Ta Chen International, Inc.	TCI Texarkana, Inc.	U.S.A	Manufacture and sale of aluminum products	12,331,500	9,286,500	80,000	100	9,555,506	(38,737)		
	Primus Pipe and Tube, Inc.	U.S.A	Manufacture and sale of stainless steel	873,575	873,575	1,000	100	1,390,861	171,838		
	Empire Resources Pacific Ltd.	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	100	100	310	(263)		Note 6
	Imbali Metals BVBA	Belgium	Import, export and sale of stainless steel and aluminum products	624	624	1,000	100	213,588	(49,780)		"
Primus Pipe and Tube Holding, Inc.	Empire Resources UK Ltd.	United Kingdom	Import, export and sale of stainless steel and aluminum products	208,224	208,224	5,400,000	100	382,003	40,081		"
	8911 Kelso Drive	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	-	100	-	(250)		"
	Brighton-Best International, Inc.	U.S.A	Import, export and sale of screws and nuts	5,801,521	5,801,521	186,480	100	12,374,756	1,502,282		Note 2
	Brighton-Best International (Taiwan) Inc.										
Brighton-Best International (Taiwan) Inc.	Brighton-Best International (AU) , Pty Ltd.	Australia	Import, export and sale of screws and nuts	1,498,544	1,498,544	54,000,000	100	908,561	7,908		"
	Brighton-Best International (Canada) , Inc.	Canada	Import, export and sale of screws and nuts	381,149	381,149	12,003,893	100	1,105,464	148,815		"
	Brighton-Best International (UK) , Limited	United Kingdom	Import, export and sale of screws and nuts	453,097	453,097	9,200,000	100	472,651	18,727		"
	Brighton-Best International (NZ) , Limited	New Zealand	Import, export and sale of screws and nuts	19,328	19,328	1,000	100	13,394	(1,284)		"
	Ta Chen Empire Co., Ltd.	Taiwan	Import, export and sale of aluminum products	5,300,000	5,300,000	530,000,000	100	5,997,720	284,503		
	Brighton-Best International (HK) , Limited	Hong Kong	Investment	-	-	-	-	-	-		Note 8
	Brighton-Best International, Inc. (Cayman)	Cayman Islands	Investment	-	-	-	-	-	-		Note 5
	Right Way Industrial Co., Ltd.	Taiwan	Manufacture and sales of automobile and motorcycle parts	615,673	615,673	53,540,000	17.82	734,885	86,662		
	Brighton-Best International (Brasil) ,	Brazil	Import and sale of screws and nuts	6,486	6,486	4,000,000	100	(30,587)	11,793		
	Comerciode Parafusos Ltda.										
	NOEI GEENG ENTERPRISE CO., LTD.	Taiwan	Manufacturing of screws and nuts	77,785	77,785	7,778,598	80	80,036	(4,854)		
	Hupao Technology CO., LTD.	Taiwan	Energy technology service industry	191,092	191,092	19,109,228	80	187,711	(2,979)		
	Shie Shin Enterprise Co., Ltd.	Taiwan	Manufacturing of screws and nuts	285,171	285,171	28,517,132	80	286,581	553		
	Brighton-Best (Hong Kong) Holding Limited	Hong Kong	Investment	-	-	-	-	-	-		Note 8
Brighton-Best (Hong Kong) Limited											
Right Way Industrial Co., Ltd.	Right Way Industrial (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of automobile and motorcycle pistons	202,849	202,849	28,665,667	79.63	262,048	9,298		Note 9
				(MYR 30,276)	(MYR 30,276)						
	Excellent Growth Investments Limited	British Virgin Islands	Investment	626,415	723,972	20,073,457	100	92	13,222		
	Right Way North America Inc.	U.S.A	Trading of Automobile Engine Parts	1,575	1,575	-	100	3,940	9		
Right Way Industrial (Malaysia) Sdn. Bhd	RIGHT WAY GLOBAL CO., LTD.	Taiwan	Automobile and motorcycle buying and selling business	-	259,300	-	-	-	(15)		Note 4
	TRIM Telesis Engineering Sdn. Bhd.	Malaysia	Connecting rod manufacturing	48,475	48,475	8,950,000	89.5	1,411	(69)		
				(MYR 7,235)	(MYR 7,235)						
RIGHT WAY GLOBAL CO., LTD.	TAIWAN SSANGYONG CO., LTD.	Taiwan	Auto retail	-	16,920	-	-	-	-		Note 10
Ta Chen (B.V.I.) Holdings Ltd.	TMCT Products, Inc.	U.S.A	Investment	156,850	156,850	5,500	100	149,269	(715)		
	Los Osos Holdings, Inc.	U.S.A	Investment	110,237	110,237	-	100	80,430	(650)		
	Clarke St. Property Holdings, LLC	U.S.A	Investment	14,240	14,240	-	100	14,845	(183)		
	Amerinox Texarkana, LLC	U.S.A	Aluminum processing industry	28	28	-	49	35,210	-		
TMCT Products, Inc.	Procurmore Trading, Inc.	U.S.A	Trade	557	557	-	100	557	-		
Los Osos Holdings, Inc.	WEI MEI ROLLER BLIND CO., LTD.	Taiwan	Manufacture and trade of window decorations	166,282	166,282	6,300,000	100	174,783	9,623		

Note1： Refer to Table 10 for information regarding investment in mainland China.

Note2： 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.

Note3： 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.

Note4： Dismiss on February 21, 2023, remitted the remaining shares on July 26, and liquidated on October 6, 2023.

Note5：Established in February 2016 and no investment funding has been remitted.

Note6：It's the trans-investment company of the acquired company; hence, no original investment amount is listed.

Note7：The difference between the share of profit (loss) and net income (loss) of the investee was the effect of unrealized gross profit from side stream transactions among subsidiaries.

Note8：Established in May 2019 and no investment funding has been remitted.

Note9：The foreign currency amount listed by Right Way Industrial Co., Ltd. is converted according to the average exchange rate of the Bank of Taiwan at the end of December 2023 (MYR: NTD = 1: 6.70).

Note10：Sold on January 19, 2023.

Note11：Dismiss on June 30, 2023, and liquidated on December 5, 2023.

TABLE 10

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023 (Note 2)	Remittance of Funds (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 and 7)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	\$ 164,577	(2) Ta Chen (B.V.I.) Holdings Ltd.	\$ 129,063	\$ -	\$ -	\$ 129,063	\$ 33,693	93.14	\$ 31,438 (3)	\$ 387,901	\$ -	
Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	385,142	(2) Ta Chen (B.V.I.) Holdings Ltd.(Note 5)	305269	-	-	305,269	(3,358)	100	(3,358) (3)	408,243	-	
Yinrong (Shanghai) Investment Management Limited	Investment	2,493	(3) The Company	2,372	-	-	2,372	18	100	18 (3)	6,141	-	
Cheng-Rong (Shanghai) International Trading Ltd. (Note 1)	Investment	-	(2) Brighton-Best International Inc. (Cayman)	-	-	-	-	-	-	- (3)	-	-	
Fuzhou Assured Brake Systems Co., Ltd. (Note 8, 9, 10 and 11)	Automotive and motorcycle manufacture of mechanical brakes	325,832 (CNY 75,302)	(2) Excellent Growth Investments Limited.	87,018 (US\$ 2,834)	-	97,074 (US\$ 3,189)	-	-	-	- (3)	-	-	

Name of Investment Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (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)
Ta Chen Right Way	\$ 436,703 548,429 (US\$ 16,995)	\$ 978,029 548,429 (US\$ 16,995)	\$ 37,835,998 (Note 3) 1,634,065 (Note 9)

Note 1: In the column of investment gains or losses recognized during the period:

If in preparation, no investment gains or losses yet, it should be noted.

Methods of basis of investment gains or losses recognition, it should be noted:

- 1) The financial statement is audited and attested by certified public accounting firm with all cooperative relations with the Republic of China Accounting Firm.
- 2) The financial statement is audited and attested by certified public accountants of Taiwan's parent company.
- 3) Others: The financial statement isn't audited and attested by certified public.

Note 2: Except recovering the price, the amounts were calculated based on the foreign exchange rate as of December 31, 2023. (USD1:NTD30.705, RMB1:NTD4.327)

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:
 $\$63,059,997 \text{ thousand} \times 60\% = \$37,835,998 \text{ thousand}$

Note 4: Methods of investment are classified as below:

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

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

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

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

Note 8: On June 20, 2022, the Company had substantial control over Right Way, which subsidiaries and investments accounted for using the equity method are included in the consolidated financial statements.

Note 9: Right Way's net equity $\times 60\% = \$2,723,441 \text{ thousand} \times 60\% = \$1,634,065 \text{ thousand}$.

Note 10: In December 2022, the Board of Directors of Right Way approved the disposal of all the shares of Fuzhou Assured Brake Systems Co., Ltd. held by Excellent Growth Investments Limited to non-related parties, and completed the selling procedure in March 2023, refer to Note 12 of the consolidated financial statements for the years ended December 31, 2023 and 2022.

Note 11: Indirect investment in Right Way parts (Fuzhou) Co., Ltd. was submitted to the Investment Commission for review on April 20, 2023. The recovery of investment amounted to US\$3,139 and was approved for cancellation on April 27, 2023.

TABLE 11**TA CHEN STAINLESS PIPE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.	167,203,884	6.86
Ta Chen Empire Co., Ltd.	123,148,371	5.05

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

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

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

Chairman: Li-Yun, Hsieh