

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

**Consolidated Financial Statements for the
Years Ended December 31, 2022 and 2021 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, 2022 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 13, 2023

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, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2022 and 2021, 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 Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing 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 based on our audits and the report of other auditors.

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, 2022. 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, 2022 is described as follows:

Authenticity of Revenue Recognition from Specific Customers and Products

Sales revenue of the Group is primarily from the sale of goods to specific customers and the sale of specific products. As revenue from the specific customers and products is material to the consolidated financial statements, and considering that there is a presumed significant risk in revenue recognition, the authenticity of revenue recognition from specific customers and products has a significant impact on the consolidated financial statements. Therefore, the authenticity of revenue recognition from specific customers and products was identified as a key audit matter for the year ended December 31, 2022. 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 understood and tested the effectiveness of the design of the relevant internal controls and implementation related to revenue recognition from specific customers and products.
2. We selected samples and checked the documents and payment status related to the sales revenue of the specific customers and products to verify the occurrence of the sales.

Emphasis of Matter

Refer to Note 18 to the consolidated financial statements, the Group purchased of operating assets of unrelated party, PFI LLC., in October 2021. As a result of the fact that the valuation report had completed in October 2022, we reviewed and retrospective restated the consolidated financial statements for the year ended December 31, 2021 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, 2022 and 2021 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 report of other auditors. The total assets of above subsidiaries was NT\$469,744 thousand, accounting for 0.32% of consolidated total assets as of December 31, 2022; and total revenue was NT\$73,710 thousand, accounting for 0.06% of consolidated total revenue for the year ended December 31, 2022. 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 report of other auditors.

The total amount of above investments accounted for using the equity method was NT\$615,011 thousand, accounting for 0.42% of consolidated total assets as of December 31, 2022; and total comprehensive income of above investments accounted for using the equity method was (NT\$221,287) thousand, accounting for (1.01)% of consolidated total comprehensive income for the year ended December 31, 2022.

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 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, 2022 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 13, 2023

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021 (Audited after Restatement)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 11,234,287	8	\$ 9,331,655	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	122,249	-	242,100	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	79,240	-	71,199	-
Financial assets at amortized cost - current (Notes 4, 9 and 35)	2,594,949	2	6,446,275	6
Financial assets for hedging - current (Notes 4 and 33)	44,885	-	-	-
Notes receivable (Note 10)	40,019	-	3,879	-
Accounts receivable, net (Notes 4, 10, 24 and 35)	8,065,531	6	7,267,972	7
Other receivables (Note 34)	725,291	1	295,575	-
Current tax assets (Notes 4 and 27)	1,742,653	1	216	-
Inventories (Notes 4, 11 and 35)	72,103,060	49	49,951,123	46
Prepayments (Notes 19 and 34)	2,118,277	1	2,798,190	3
Non-current assets held for sale (Notes 4 and 12)	92,619	-	-	-
Other current assets	83,112	-	30,689	-
Total current assets	99,046,172	68	76,438,873	70
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 14)	741,799	1	672,702	1
Financial assets at amortized cost - non-current (Notes 4, 9, 32 and 35)	1,394,676	1	1,312,936	1
Derivative financial assets for hedging - non-current (Notes 4 and 31)	1,595,174	1	104,030	-
Investments accounted for using the equity method (Notes 4, 5 and 14)	650,254	-	2,029	-
Property, plant and equipment (Notes 4, 15 and 35)	20,720,236	14	13,894,593	13
Right-of-use assets (Notes 4, 17 and 35)	7,300,665	5	6,843,128	6
Investment properties (Notes 4 and 16)	1,067,168	1	-	-
Goodwill (Notes 4 and 18)	4,212,701	3	3,718,849	3
Other intangible assets (Notes 4 and 18)	1,870,200	1	2,014,390	2
Deferred tax assets (Notes 4 and 27)	2,684,213	2	2,478,766	2
Prepayments for equipment and properties (Note 19)	4,990,108	3	899,934	1
Prepayments for investments (Note 14)	-	-	623,653	1
Net defined benefit assets - non-current (Notes 4 and 23)	109,717	-	62,651	-
Other non-current assets	63,003	-	4,631	-
Total non-current assets	47,399,914	32	32,632,292	30
TOTAL	\$ 146,446,086	100	\$ 109,071,165	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 35)	\$ 13,650,609	9	\$ 9,993,137	9
Short-term bills payable (Notes 20 and 35)	889,310	1	1,369,589	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	182,453	-	256,938	-
Financial liabilities for hedging - current (Notes 4 and 33)	-	-	34,971	-
Contract liabilities - current (Note 25)	173,958	-	49,206	-
Notes payable (Note 21)	83,868	-	94,655	-
Accounts payable (Note 21)	2,569,320	2	2,161,946	2
Accounts payable to related parties (Note 34)	427,448	-	103,962	-
Other payables (Note 22)	3,899,554	3	2,355,859	2
Current tax liabilities (Notes 4 and 27)	1,595,242	1	973,502	1
Lease liabilities - current (Notes 4 and 17)	985,981	1	901,717	1
Current portion of long-term borrowings (Notes 20 and 35)	9,066,292	6	1,533,301	2
Other current liabilities	896,656	1	512,052	1
Total current liabilities	34,420,691	24	20,340,835	19
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	200	-	-	-
Financial liabilities for hedging - non-current (Notes 4 and 32)	-	-	279,545	-
Long-term borrowings (Notes 20 and 35)	28,987,572	20	26,020,571	24
Deferred tax liabilities (Notes 4 and 27)	1,821,441	1	1,200,619	1
Lease liabilities - non-current (Notes 4 and 17)	7,123,761	5	6,589,594	6
Long-term payables	51,153	-	59,591	-
Net defined benefit liabilities - non-current (Note 4)	10,993	-	-	-
Other non-current liabilities	133,080	-	154,294	-
Total non-current liabilities	38,128,200	26	34,304,214	31
Total liabilities	72,548,891	50	54,645,049	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Ordinary shares	20,285,505	14	20,084,659	18
Capital surplus	22,783,377	15	22,993,816	21
Retained earnings				
Legal reserve	3,025,798	2	2,058,958	2
Special reserve	3,883,805	3	2,108,136	2
Unappropriated earnings	15,024,018	10	9,668,399	9
Total retained earnings	21,933,621	15	13,835,493	13
Other equity	2,733,151	2	(3,883,805)	(3)
Treasury shares	(4,473,674)	(3)	(4,004,953)	(4)
Total equity attributable to owners of the Company	63,261,980	43	49,025,210	45
NON-CONTROLLING INTERESTS (Note 24)	10,635,215	7	5,400,906	5
Total equity	73,897,195	50	54,426,116	50
TOTAL	\$ 146,446,086	100	\$ 109,071,165	100

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 34)	\$ 114,148,570	100	\$ 96,886,248	100
OPERATING COSTS (Notes 11, 26 and 34)	<u>83,110,993</u>	<u>73</u>	<u>67,815,551</u>	<u>70</u>
GROSS PROFIT	<u>31,037,577</u>	<u>27</u>	<u>29,070,697</u>	<u>30</u>
OPERATING EXPENSES (Notes 10, 26 and 34)				
Selling and marketing expenses	3,581,140	3	2,833,323	3
General and administrative expenses	8,920,812	8	7,308,257	7
Expected credit loss (gain)	<u>4,664</u>	<u>-</u>	<u>(8,721)</u>	<u>-</u>
Total operating expenses	<u>12,506,616</u>	<u>11</u>	<u>10,132,859</u>	<u>10</u>
OTHER OPERATING INCOME AND EXPENSES (Note 26)	<u>(4,759)</u>	<u>-</u>	<u>(1,227)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>18,526,202</u>	<u>16</u>	<u>18,936,611</u>	<u>20</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 12, 14, 26 and 34)				
Interest income	86,225	-	14,768	-
Gain from bargain purchase - acquisition of subsidiaries	110,248	-	-	-
Other income	365,055	-	155,761	-
Other gains and losses	1,625,540	2	(2,392,808)	(3)
Finance costs	(1,215,810)	(1)	(1,294,385)	(1)
Excepted credit loss	-	-	(16,928)	-
Share of profit or loss of associates	<u>(311,237)</u>	<u>-</u>	<u>11,475</u>	<u>-</u>
Total non-operating expenses	<u>660,021</u>	<u>1</u>	<u>(3,522,117)</u>	<u>(4)</u>
PROFIT BEFORE INCOME TAX FOR THE YEAR	19,186,223	17	15,414,494	16
INCOME TAX EXPENSE (Notes 4 and 27)	<u>4,787,359</u>	<u>4</u>	<u>3,852,066</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>14,398,864</u>	<u>13</u>	<u>11,562,428</u>	<u>12</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	40,105	-	(4,716)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(17,897)	-	26,315	-

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (4,780)	-	\$ 1,774	-
	<u>17,428</u>	<u>-</u>	<u>23,373</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	5,444,197	5	(1,290,007)	(2)
Share of the other comprehensive income of associates accounted for using the equity method	6,989	-	-	-
Gain on hedging instruments not subject to basis adjustment	1,984,945	1	667,955	1
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(24,745)</u>	<u>-</u>	<u>(3,643)</u>	<u>-</u>
	<u>7,411,386</u>	<u>6</u>	<u>(625,695)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>7,428,814</u>	<u>6</u>	<u>(602,322)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 21,827,678</u>	<u>19</u>	<u>\$ 10,960,106</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 12,025,615	11	\$ 9,672,917	10
Non-controlling interests	<u>2,373,249</u>	<u>2</u>	<u>1,889,511</u>	<u>2</u>
	<u>\$ 14,398,864</u>	<u>13</u>	<u>\$ 11,562,428</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 18,717,412	16	\$ 9,281,689	9
Non-controlling interests	<u>3,110,266</u>	<u>3</u>	<u>1,678,417</u>	<u>2</u>
	<u>\$ 21,827,678</u>	<u>19</u>	<u>\$ 10,960,106</u>	<u>11</u>
EARNINGS PER SHARE (New Taiwan Dollars; Note 28)				
Basic	<u>\$ 6.23</u>		<u>\$ 5.69</u>	
Diluted	<u>\$ 6.19</u>		<u>\$ 5.67</u>	

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

(Concluded)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company											Non-controlling Interest (Note 22)	Total Equity
	Retained Earnings					Other Equity					Total		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity	Treasury Shares			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE AT JANUARY 1, 2021	16,584,659	12,354,362	2,058,958	1,487,080	621,056	(2,527,406)	(7,745)	(960,368)	(3,495,519)	(1,132,861)	28,477,735	8,479,221	36,956,956
Appropriation of 2020 earnings (Note 24)	-	-	-	621,056	(621,056)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(869,913)	(869,913)
Cash dividends distributed from capital surplus	-	(1,326,772)	-	-	-	-	-	-	-	-	(1,326,772)	-	(1,326,772)
Net profit for the year ended December 31, 2021	-	-	-	-	9,672,917	-	-	-	-	-	9,672,917	1,889,511	11,562,428
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax (Note 24)	-	-	-	-	(2,942)	(1,078,913)	26,315	664,312	(388,286)	-	(391,228)	(211,094)	(602,322)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	9,669,975	(1,078,913)	26,315	664,312	(388,286)	-	9,281,689	1,678,417	10,960,106
Issuance of ordinary shares for cash	3,500,000	11,550,000	-	-	-	-	-	-	-	-	15,050,000	-	15,050,000
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(2,961,803)	(2,961,803)	(4,428,951)	(7,390,754)
Disposal of the Company's shares by subsidiaries recognized as treasury share transactions	-	130,903	-	-	-	-	-	-	-	89,711	220,614	270,382	490,996
Cash dividends distributed by subsidiaries	-	22,051	-	-	-	-	-	-	-	-	22,051	34,497	56,548
Difference between consideration and carrying amount of subsidiaries acquired	-	(45,245)	-	-	-	-	-	-	-	-	(45,245)	(57,671)	(102,916)
Share of changes in equity of subsidiaries	-	33,480	-	-	(1,576)	-	-	-	-	-	31,904	-	31,904
Share-based payments (Note 24)	-	275,037	-	-	-	-	-	-	-	-	275,037	-	275,037
Change in non-controlling interests (Note 30)	-	-	-	-	-	-	-	-	-	-	-	794,924	794,924
BALANCE AT DECEMBER 31, 2021	20,084,659	22,993,816	2,058,958	2,108,136	9,668,399	(3,606,319)	18,570	(296,056)	(3,883,805)	(4,004,953)	49,025,210	5,400,906	54,426,116
Appropriation of 2021 earnings (Note 24)	-	-	966,840	-	(966,840)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(1,775,669)	-	-	-	-	-	-	-	-
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

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 19,186,223	\$ 15,414,494
Adjustments for:		
Depreciation expenses	2,109,917	1,835,203
Amortization expenses	350,852	376,307
Expected credit loss recognized on accounts receivable	4,664	8,207
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	136,593	(17,652)
Finance costs	1,215,810	1,294,385
Interest income	(86,225)	(14,768)
Dividend income	(1,197)	(836)
Compensation costs of employee share options	-	275,037
Share of (profit) loss of associates	311,237	(11,475)
Loss on disposal of property, plant and equipment	4,759	1,227
Property, plant and equipment transferred to expense	27,359	-
Gain on derecognition of disposal groups held for sale	(37,774)	-
Loss on disposal of associate	79,461	29,410
Impairment loss on non-financial assets	1,662,913	58,681
Net gain on foreign currency exchange	(723,704)	(197,666)
Gain on bargain purchase and lease modifications	(111,601)	-
Changes in operating assets and liabilities		
Notes receivable	(13,207)	4,347
Accounts receivable	532,115	(1,544,262)
Other receivables	(330,504)	(126,451)
Other receivables from related parties	(6,404)	-
Inventories	(17,327,388)	(2,005,220)
Prepayments	640,790	(1,628,355)
Other current assets	(3,446)	(177)
Contract liabilities	124,752	13,982
Notes payable	(17,770)	1,364
Accounts payable	562,944	272,735
Other payables	1,295,372	1,136,189
Other current liabilities	356,573	256,251
Net defined benefit obligation	(36,073)	(19,275)
Cash generated from operations	9,907,041	15,411,682
Income tax paid	(5,813,230)	(2,702,949)
Net cash generated from operating activities	<u>4,093,811</u>	<u>12,708,733</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(296,871)	(543,959)
Proceeds from sale of financial assets at fair value through other comprehensive income	32,737	-
Acquisition of financial assets at amortized cost	-	(4,405,983)
Proceeds from sale of financial assets at amortized cost	3,899,561	19,150
Acquisition of financial assets at fair value through profit or loss	(61,618)	(112,092)
Proceeds from sale of financial assets at fair value through profit or loss	36,803	112,016
Acquisition of investments accounted for using the equity method	(330,464)	-
Increase in prepayments for investments	-	(623,653)

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)**

	2022	2021
Acquisition of subsidiaries (net of cash received)	\$ 202,305	\$ 14,302
Net cash inflow on disposed of subsidiary	-	327,761
Payments for property, plant and equipment	(4,160,752)	(743,861)
Proceeds from disposal of property, plant and equipment	72,589	5,926
Increase in refundable deposits	(256,869)	(120,080)
Decrease in refundable deposits	202,362	110,122
Acquisition of intangible assets	(50,205)	(341,967)
Proceeds from disposal of intangible assets	7,232	-
Acquisition of investment properties	(1,073,991)	-
Increase in other non-current assets	(7,414)	-
Decrease in other non-current assets	-	926
Increase in prepayments for equipment	(4,394,768)	(858,267)
Interest received	86,213	14,768
Dividends received	<u>1,197</u>	<u>836</u>
Net cash used in investing activities	<u>(6,091,953)</u>	<u>(7,144,055)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	48,398,559	40,541,704
Repayments of short-term borrowings	(44,832,837)	(39,886,551)
Proceeds from short-term bills payable	13,404,202	13,036,375
Repayments of short-term bills payable	(13,945,000)	(14,120,000)
Proceeds from long-term borrowings	21,821,677	14,385,723
Repayments of long-term borrowings	(13,428,595)	(21,461,097)
Decrease in payables	(8,438)	(28,411)
Repayment of the principal portion of lease liabilities	(1,106,663)	(866,747)
Cash dividends distributed	(3,184,023)	(1,270,224)
Proceeds from issue of ordinary shares	-	15,050,000
Payments for buy-back of ordinary shares	(240,761)	(7,390,754)
Proceeds from sale of treasury shares	-	490,996
Acquisition of ownership interests in subsidiaries	(1,297,788)	(102,916)
Interest paid	(1,108,864)	(1,194,440)
Changes in non-controlling interests	(903,698)	(647,164)
Other financing activities	<u>(73,221)</u>	<u>37,552</u>
Net cash generated from (used in) financing activities	<u>3,494,550</u>	<u>(3,425,954)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>406,224</u>	<u>(107,266)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,902,632	2,031,458
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>9,331,655</u>	<u>7,300,197</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 11,234,287</u>	<u>\$ 9,331,655</u>

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

(Concluded)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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 13, 2023.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

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

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

New IFRSs	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
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have 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 POLICIES

- 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 IFRSs 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 the 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 used by 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 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 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 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 translated using the exchange rate at the date of the transaction.

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 effect 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 is 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 when 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 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 33.

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

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 33.

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 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.

p. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as fair value 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 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 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 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 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 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 (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 at 10% of unappropriated earnings is provided for as income tax 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 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 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 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. CRITICAL 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Key Sources of Estimation Uncertainty

Write-down of inventory

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

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	
	2022	2021
Cash on hand	\$ 3,034	\$ 620
Checking accounts and demand deposits	8,842,015	9,331,035
Cash equivalents (investments with original maturities of less than three months)	<u>2,389,238</u>	<u>-</u>
	<u>\$ 11,234,287</u>	<u>\$ 9,331,655</u>

As of December 31, 2022, the interest rates of time deposits was 4.10% ~ 4.52%.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (b)	\$ 25,248	\$ 28,234
Metal price derivative financial instruments contracts (d)		
Swap contracts	8,017	149,439
Futures contracts	<u>7,574</u>	<u>-</u>
	<u>40,839</u>	<u>177,673</u>
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>81,410</u>	<u>64,427</u>
	<u>\$ 122,249</u>	<u>\$ 242,100</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)	15,517	13,957
Interest rate swap contracts (c)	-	74
Metal price derivative financial instruments contracts (d)		
Swap contracts	68,615	167,863
Forward contracts	32,532	70,602
Future contracts	<u>50,206</u>	<u>4,442</u>
	<u>\$ 182,453</u>	<u>\$ 256,938</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>\$ 200</u>	<u>\$ -</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, 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

December 31, 2021

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	AUD/USD	2022.01-2022.05	AUD 19,093/USD 13,683
Buy	NZD/USD	2022.01-2022.02	NZD 89/USD 60
Sell	GBP/USD	2022.04	GBP 53/USD 70
Sell	AUD/USD	2022.01-2022.10	AUD 81,072/USD 59,265
Sell	NZD/USD	2022.01-2022.03	NZD 287/USD 206
Sell	EUR/USD	2022.02	EUR 1,150/USD 1,303
Sell	EUR/GBP	2022.02-2022.04	EUR 332/GBP 283

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, 2021

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

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

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 7,818	12,025	USD 476-584	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 85,731	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 69,160	27,699	USD 523-2,465	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

December 31, 2021

Swap contracts

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price swaps	USD 221,099	85,977	USD 2,204-3,189	2022.01-2022.10
Aluminum price swaps	EUR 1,742	650	EUR 2,385-2,720	2022.02
Aluminum price swaps	GBP 248	125	GBP 1,977-2,072	2022.02
Aluminum price swaps of Midwestern United States	USD 8,874	14,750	USD 453-739	2022.01-2022.10
Nickel price swaps	USD 15,683	815	USD 18,098-20,143	2022.01-2022.04

Forward contracts

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price forwards	USD 129,181	47,033	USD 2,432-3,023	2022.01-2022.08
Nickel price forwards	USD 60,646	2,958	USD 17,439-20,834	2022.01-2022.07

Futures contracts

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price futures	USD 51,284	18,575	USD 2,570-3,122	2022.01-2022.02
Aluminum price futures	EUR 3,285	1,350	EUR 2,299-2,525	2022.02-2022.04
Aluminum price futures	GBP 2,146	1,025	GBP 1,959-2,155	2022.01-2022.02

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 2022 and 2021 were as follows:

	For the Year Ended December 31	
	2022	2021
Mutual funds	\$ (7,832)	\$ 875
Foreign exchange swap contracts	(24,593)	22,117
Foreign exchange forward contracts	(537,258)	30,318
Interest rate swap contracts	(1)	(196)
Metal price derivative financial instrument contracts	367,594	(2,047,499)
Domestic investments listed shares	<u>4,311</u>	<u>-</u>
	<u>\$ (197,779)</u>	<u>\$ (1,994,385)</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
<u>Current</u>		
Foreign investments		
Listed shares	<u>\$ 79,240</u>	<u>\$ 71,199</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ -	\$ 176,480
Unlisted shares	<u>741,799</u>	<u>496,222</u>
	<u>\$ 741,799</u>	<u>\$ 672,702</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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Pledged time deposits	\$ 876,766	\$ 2,961,527
Pledged demand deposits (reserve account)	1,613,838	3,440,296
Pledged repurchase agreements collateralized by bonds	30,641	30,591
Repurchase agreements collateralized by bonds	-	13,861
Time deposits with original maturities move than 3 months	<u>73,704</u>	<u>-</u>
	<u>\$ 2,594,949</u>	<u>\$ 6,446,275</u>

(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Pledged time deposits	\$ 390,000	\$ 410,000
Pledged demand deposits (reserve account)	194,790	223,025
Refundable deposits	<u>809,886</u>	<u>679,911</u>
	<u>\$ 1,394,676</u>	<u>\$ 1,312,936</u> (Concluded)

- 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 0.1% - 5.16% and 0.01% - 2.1% as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 35 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 40,019</u>	<u>\$ 3,879</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 8,118,707	\$ 7,315,786
Less: Allowance for impairment loss	<u>(53,176)</u>	<u>(47,814)</u>
	<u>\$ 8,065,531</u>	<u>\$ 7,267,972</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 tables detail 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, 2022 and 2021.

Accounts receivable

December 31, 2022

	<u>No indication of default of debtor</u>				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)	<u>(1,937)</u>	<u>(1,056)</u>	<u>-</u>	<u>(38,845)</u>	<u>(11,338)</u>	<u>(53,176)</u>
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>

December 31, 2021

	<u>No indication of default of debtor</u>				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%-1%	0%-1%	0%-1%	0%-90%	100%	
Gross carrying amount	\$ 6,765,011	\$ 328,692	\$ 111,637	\$ 100,562	\$ 9,884	\$ 7,315,786
Loss allowance (Lifetime ECLs)	<u>(1,697)</u>	<u>(100)</u>	<u>(358)</u>	<u>(35,775)</u>	<u>(9,884)</u>	<u>(47,814)</u>
Amortized cost	<u>\$ 6,763,314</u>	<u>\$ 328,592</u>	<u>\$ 111,279</u>	<u>\$ 64,787</u>	<u>\$ -</u>	<u>\$ 7,267,972</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 47,814	\$ 57,924
Add (Less): Net remeasurement of loss allowance	4,664	(8,721)
Less: Amounts written off	(2,934)	(181)
Foreign exchange gains and losses	3,583	(1,208)
Add: Acquisitions through business combinations	<u>49</u>	<u>-</u>
Balance at December 31	<u>\$ 53,176</u>	<u>\$ 47,814</u>

Refer to Note 35 for the carrying amount of the Group's accounts receivable pledged as collateral for bank borrowings.

11. INVENTORIES

	December 31	
	2022	2021
Finished goods and merchandise	\$ 52,262,810	\$ 35,587,515
Work in progress	8,511,255	7,564,398
Raw materials	6,280,979	4,316,216
Materials	354,871	200,567
Merchandise in transit	337,222	103,329
Raw materials in transit	<u>4,355,923</u>	<u>2,083,736</u>
	<u>\$ 72,103,060</u>	<u>\$ 49,855,761</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$83,110,993 thousand and \$67,815,551 thousand, respectively. The cost of goods sold include inventory write-downs of \$1,595,527 thousand and \$20,716 for the years ended December 31, 2022 and 2021, respectively.

Refer to Note 35 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% shares of common stock of Admiral Skill Limited and all preferred stock of Joint Fortune Company.

There was no profit or loss and cash flow from the discontinued operations.

The Group acquired court bankruptcy petition ruling of Shanghai Kunyi Precision Metal Forming Products Co., Ltd. on August 23, 2022 and thus the Group disposed the disposal groups in the carrying amount (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, proposed 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 because the sale price exceeded the carrying amount of the related net assets, no impairment loss was recognized when the assets are classified as non-current assets were held for sale.

13. SUBSIDIARIES

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

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2022	2021	
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	42.98%	39.09%	1)
	Yinrong (Shanghai) Investment Management Limited	Investment	100%	100%	
	Ta Chen (SAMOA) Holdings LTD. (“TCH”)	Investment	-	-	2), 10)
	Wei Mei Roller Blind Co., Ltd. (Wei Mei)	Manufacture and sale of curtains and decorations	70%	100%	3)
	Ta Chen Interior Design Co., Ltd.	Interior Design and Renovation	100%	100%	
	Ta Chen (Hong Kong) Limited	Trading	100%	100%	
	Ta Chen Lung Mei Hone Life Co., Ltd. (Lung Mei)	Manufacture and sale of curtains and decorations	99.62%	69.17%	4)
	Right way industrial Co., Ltd. (Right way)	Manufacture of engine and automobiles parts	0.62%	-	5)
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
			2022	2021	
	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%	
PPTH	Primus Pipe and Tube, Inc. (PPT)	Manufacture and sale of stainless steel	100%	100%	
Ta Chen BVI	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%	
	Clarke St. Property Holdings, LLC	Investment	100%	100%	
Los Osos Holding Inc.	Procurmore Trading, Inc.	Investment	100%	100%	
Wei Mei	Wei Mei Hsin shu Interior Decoration Co., Ltd.	Manufacture and sale of curtains and decorations	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)	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	19.21%	-	5)
Brighton-Best International, Inc.	Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	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%	-	5)
	Excellent Growth Investments Limited	Investment	100.00%	-	5)
	Right Way North America Inc.	Trading of automobiles engine parts.	100.00%	-	5)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2022	2021	
Right Way Industrial (Malaysia) Sdn. Bhd.	Right way global co., ltd.	Trading of automobiles.	100.00%	-	5)
	TRIM Telesis Engineering Sdn. Bhd.	Producer of connecting rod.	89.50%	-	5)
Excellent Growth Investments Limited	Rightway Autoparts (Fuzhou) Co., Ltd.	Manufacture of piston steering system for automobile and motorcycle.	-	-	7)
Rightway Autoparts (Fuzhou) Co., Ltd.	Fuzhou Weibao International Trade Co., Ltd.	Hardware products, raw material for rubber, electronic devices and machinery.	-	-	8)
Excellent Growth Investments Limited	Admiral Skill Limited.	Investment business	-	-	6)
Admiral Skill Limited.	Joint Fortune Company	Investment business	-	-	6)
Joint Fortune Company	Shanghai Kunyi Precision Metal Forming Products Co., Ltd.	Development and manufacture of hydroformed parts for OEMs	-	-	6)
Ta Chen Empire Co., Ltd. ("TCE")	NOEI GEENG ENTERPRISE CO., LTD.	Manufacture screws and nuts	80%	-	9)
	Hupao Technology CO., LTD.	Energy Technical Services	80%	-	9)
	Shie Shin Enterprise Co., Ltd.	Manufacture screws and nuts	80%	-	9)

(Concluded)

- 1) The Company continually acquired shares of BBI-TW from open market. As of December 31, 2022, the percentage of ownership held by the Company increased from 39.09% as of December 31, 2021 to 42.98%. The Company has the practical ability to direct the relevant activities of BBI-TW and deems it a subsidiary.
- 2) As of December 31, 2022, no investment funding was remitted.
- 3) Wei Mei Roller Blind Co., Ltd. issued new shares in June 2022. The Group did not subscribe \$39,400 thousand for these newly issued shares at its existing ownership percentage, which resulted in a decrease in its ownership interest from 100% to 70%.
- 4) Ta Chen Lung Mei Home Life Co., Ltd. issued new shares 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 from 69.17% to 99.62%. Refer to Note 29 for information on the acquisition. In May 2022, Lung Mei Cloth Co., Ltd. ("Lung Mei") changed its name to Ta Chen Lung Mei Home Life Co., LTD.
- 5) In April 2011, 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 and increased its shareholding ratio from 8.93% to 20.34%. After subscription of the shares, the Group evaluated that its shareholding is significant and 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 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.

- 6) Assets held for sale and liabilities directly related to assets held for sale transferred in first quarter 2021 and eliminated to the aforementioned carrying amount in September, 2022, refer to Note 12.
- 7) Sold in June 2022.
- 8) Completed the liquidation in June 2022.
- 9) The Group participated in the cash capital increase of the Company in June 2022, which total 80%, shareholding is listed as a subsidiary.
- 10) Cancellation in February 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	
	2022	2021
BBI-TW	57.02%	60.91%
Right Way	80.17%	-
Others 1)		

Others was details of subsidiaries that have not material non-controlling interests.

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		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
BBI-TW	\$ 2,441,241	\$ 1,919,032	\$ 7,361,634	\$ 5,314,959
Right Way	48,021	-	2,989,213	-
Others	(116,013)	(29,521)	284,368	85,947
	<u>\$ 2,373,249</u>	<u>\$ 1,889,511</u>	<u>\$ 10,635,215</u>	<u>\$ 5,400,906</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	
	2022	2021
Current assets	\$ 25,080,727	\$ 16,038,925
Non-current assets	23,382,261	19,341,197
Current liabilities	(13,985,370)	(7,481,055)
Non-current liabilities	<u>(8,553,541)</u>	<u>(8,295,914)</u>
Equity	<u>\$ 25,924,077</u>	<u>\$ 19,603,153</u>
Equity attributable to:		
Owners of BBI-TW	\$ 9,759,968	\$ 7,662,873
Non-controlling interests of BBI-TW	12,948,194	11,940,280
	<u>3,215,915</u>	<u>-</u>
Non-controlling interests of BBI-TW's subsidiaries	<u>\$ 25,924,077</u>	<u>\$ 19,603,153</u>
	For the Year Ended December 31	
	2022	2021
Revenue	<u>\$ 26,224,979</u>	<u>\$ 21,532,138</u>
Net profit from continuing operations	\$ 4,574,239	\$ 3,590,819
Other comprehensive income for the year	<u>467,369</u>	<u>1,045,666</u>
Total comprehensive income for the year	<u>\$ 5,041,608</u>	<u>\$ 4,636,485</u>
Profit attributable to:		
Owners of BBI-TW	\$ 2,085,232	\$ 1,403,651
Non-controlling interests of BBI-TW	2,441,241	2,187,168
Non-controlling interests of BBI-TW's subsidiaries	<u>47,766</u>	<u>-</u>
	<u>\$ 4,574,239</u>	<u>\$ 3,590,819</u>
Total comprehensive income attributable to:		
Owners of BBI-TW	\$ 1,822,579	\$ 1,812,402
Non-controlling interests of BBI-TW	3,157,046	2,824,083
Non-controlling interests of BBI-TW's subsidiaries	<u>61,983</u>	<u>-</u>
	<u>\$ 5,041,608</u>	<u>\$ 4,636,485</u>
Net cash outflow from:		
Operating activities	\$ (810,250)	\$ 4,677,377
Investing activities	(1,607,917)	(6,522,694)
Financing activities	2,314,227	755,431
Effects of foreign currency exchange differences	<u>28,360</u>	<u>(22,424)</u>
Net cash outflow	<u>\$ (75,580)</u>	<u>\$ (1,112,310)</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investments in associates

	December 31	
	2022	2021
Associates that are individually material		
TY steel Co., Ltd. 1)	\$ 565,372	\$ -
Associates that are not individually material		
Amerinox Texarkana, LLC	20,907	2,029
Fuzhou Assures Broke Systems Co., Ltd. 2)	-	-
Ta Chen Green Systems Co., Ltd 3)	59,527	-
City Mocean Co., Ltd. 4)	4,448	-
	<u>84,882</u>	<u>2,029</u>
	<u>\$ 650,254</u>	<u>\$ 2,029</u>

Aggregate information of associates that are individually material

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

- 1) The Company participated in the subscription of the ordinary shares of TY Steel Co. Ltd. of \$623,653 thousand in December 2021 and acquired 38.43% of the shares. The registration was completed in January 2022, and the paid amount was recorded in prepayments for investments. After subscription of the shares, the Company began exercising significant influence over TY Steel Co., Ltd.

TY Steel Co., Ltd. issued new shares in June 2022. The Group subscribed for \$265,563 thousand of these newly issued shares, but not in proportion to its existing ownership percentage, which resulted in an increase in its ownership interest from 38.43% to 38.75%.

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. Impairment loss was recorded under loss of the associate.

- 2) 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.
- 3) 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.
- 4) The Group participated in the establishment of Ta Chen City Mocean Co., Ltd. with \$49,000 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 12 following these notes to consolidated financial statements for the movements of property, plant and equipment.

- a. As of December 31, 2022 and 2021, the Group held farmland (included in land) of which the proprietary rights were registered in the name of others. The Group has acquired the declaration regarding the unconditional transfer of ownership from the owner, Robert Hsieh.
- b. In July 2022, the Group purchased \$395,804 thousand of land from an unrelated party in located in Fuhai Lujhu District of Taoyuan City, among partly agricultural and grazing land. As of December 31, 2022, the Group and the related parties had signed a loan registration agreement.
- c. Due to the freehold nature of the equipment of the valve factories in the stainless steel and aluminum segment, the estimated future cash flows expected to arise from the related equipment decreased. The Group carried out a review of the recoverable amount of the related equipment and determined that the carrying amount exceeded the recoverable amount, which led to the recognition of an impairment loss of \$37,965 thousand for the year ended December 31, 2021.

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

- d. 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
Other	3-40 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 35 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

16. INVESTMENT PROPERTIES - 2022

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 31, 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 31, 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>

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, 2022 was 1,168,896 thousand. The fair value was evaluated by the actual transaction price and appraisal report of the neighboring areas in the last one year.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 88,700	\$ 93,617
Buildings	<u>7,211,965</u>	<u>6,749,511</u>
	<u>\$ 7,300,665</u>	<u>\$ 6,843,128</u>
For the Year Ended December 31		
	2022	2021
Additions to right-of-use assets	<u>\$ 952,065</u>	<u>\$ 413,416</u>
Depreciation charge for right-of-use assets		
Land	\$ 12,751	\$ 12,556
Buildings	1,141,259	977,932
Machinery	<u>-</u>	<u>4,945</u>
	<u>\$ 1,154,010</u>	<u>\$ 995,433</u>

Refer to Note 35 for the carrying amounts of the Group's right-of-use assets pledged as collateral for bank borrowings.

b. Lease liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Current	\$ <u>985,981</u>	\$ <u>901,717</u>
Non-current	\$ <u>7,123,761</u>	\$ <u>6,589,594</u>

Ranges of discount rates for lease liabilities were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Land	1.55%-1.58%	1.55%-1.58%
Buildings	1.32%-3.4%	1.32%-3.14%

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Expenses relating to short-term leases	\$ <u>149,292</u>	\$ <u>191,335</u>
Expenses relating to low-value asset leases	\$ <u>2,799</u>	\$ <u>900</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>252</u>	\$ <u>252</u>
Total cash outflow for leases	\$ <u>(1,389,623)</u>	\$ <u>(1,264,058)</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Book value	\$ <u>4,212,701</u>	\$ <u>3,718,849</u>

In 2022 and 2021, the impairment loss on the Goodwill of its subsidiary Lung Wei recognized by the Group was \$26,486 thousand and \$0 respectively.

b. Other intangible assets

	Other Intangible Assets							
	Customer Relationships	Non-Compete Agreements	Trademarks	Computer Software	Patents	Technical Expertise	Others	Total
Cost								
Balance at January 1, 2021	\$ 553,765	\$ 385,290	\$ 101,963	\$ 3,229	\$ 11,392	\$ 1,871,136	\$ 575,292	\$ 3,502,067
Acquisitions through business combinations	-	-	40,900	2,720	-	-	-	43,620
Additions	154,346	55,620	-	8,247	-	-	-	218,213
Derecognized on disposal of subsidiary	-	-	-	(2,700)	-	-	-	(2,700)
Reclassifications	-	-	-	110,288	-	-	-	110,288
Effects of foreign currency exchange differences	(16,277)	(12,649)	(2,865)	(7,138)	(320)	(52,560)	(11,651)	(103,460)
Balance at December 31, 2021	<u>\$ 691,834</u>	<u>\$ 428,261</u>	<u>\$ 139,998</u>	<u>\$ 114,646</u>	<u>\$ 11,072</u>	<u>\$ 1,818,576</u>	<u>\$ 563,641</u>	<u>\$ 3,768,028</u>
Accumulated amortization and impairment								
Balance at January 1, 2021	\$ (208,553)	\$ (198,432)	\$ (21,290)	\$ (2,959)	\$ (4,476)	\$ (413,340)	\$ (500,298)	\$ (1,349,348)
Acquisitions through business combinations	-	-	-	(2,033)	-	-	-	(2,033)
Derecognized on disposal of subsidiary	-	-	-	2,513	-	-	-	2,513
Amortization expenses	(60,794)	(34,924)	(3,361)	(15,899)	(1,401)	(185,138)	(74,185)	(375,702)
Reclassifications	-	-	-	(74,469)	-	-	-	(74,469)
Effects of foreign currency exchange differences	6,541	6,961	639	4,324	144	13,784	13,008	45,401
Balance at December 31, 2021	<u>\$ (262,806)</u>	<u>\$ (226,395)</u>	<u>\$ (24,012)</u>	<u>\$ (88,523)</u>	<u>\$ (5,733)</u>	<u>\$ (584,694)</u>	<u>\$ (561,475)</u>	<u>\$ (1,753,638)</u>
Carrying amount at December 31, 2021	<u>\$ 429,028</u>	<u>\$ 201,866</u>	<u>\$ 115,986</u>	<u>\$ 26,123</u>	<u>\$ 5,339</u>	<u>\$ 1,233,882</u>	<u>\$ 2,166</u>	<u>\$ 2,014,390</u>
Cost								
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	-	-	-	-	-	-	-	-
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>\$ 767,565</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>\$ 4,192,824</u>
Accumulated amortization and impairment								
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 January 1, 2022	<u>\$ 429,028</u>	<u>\$ 201,866</u>	<u>\$ 115,986</u>	<u>\$ 26,123</u>	<u>\$ 5,339</u>	<u>\$ 1,233,882</u>	<u>\$ 2,166</u>	<u>\$ 2,014,390</u>
Carrying amount at December 31, 2022	<u>\$ 399,658</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>\$ 1,870,200</u>

- c. BBI-USA entered into a contract with an unrelated party, PFI, LLC. for the purchase of operating assets in the fourth quarter of 2021.

The Group obtained the acquisition price allocation report in October 2022, adjusting the original accounting treatment and temporary amount from the acquisition date and restated the comparative information.

The adjusted increase (decrease) of related items in the balance sheet of the Group are as follow:

	December 31, 2021		
	Audited before Restatement	Adjustment	Audited after Restatement
Inventory	<u>\$ 49,855,761</u>	<u>\$ 95,362</u>	<u>\$ 49,951,123</u>
Goodwill	<u>\$ 3,691,035</u>	<u>\$ 27,814</u>	<u>\$ 3,718,849</u>
Intangible Assets - Trademarks	<u>\$ 388,173</u>	<u>\$ (272,187)</u>	<u>\$ 115,986</u>
Intangible Assets - Customer	<u>\$ 280,017</u>	<u>\$ 149,011</u>	<u>\$ 429,028</u>

Relationship

The purchase price were determined by both parties after referring to the expert assessment report. The purchase price and acquired assets are as follows:

Assets acquired on the purchase date

	October 31,2021		
	Audited before Restatement	Adjustment	Audited after Restatement
Accounts Receivable	\$ 90,684	\$ -	\$ 90,684
Inventory	350,274	95,810	446,084
Prepayments	23,488	-	23,488
Property, plant and equipment - storage equipment	9,134	-	9,134
Intangible assets - trademarks	278,100	(278,100)	-
- customer relationship	-	154,346	154,346
- non-compete agreement	55,620	-	55,620
	<u>\$ 807,300</u>	<u>\$ (27,944)</u>	<u>\$ 779,356</u>

Goodwill generated from the purchase

	October 31,2021		
	Audited before Restatement	Adjustment	Audited after Restatement
Purchase	\$ 807,300	\$ -	\$ 807,300
Less: Fair value of costs identifiable net assets acquired	807,300	(27,944)	779,356
Goodwill arising from the purchase of operating assets	<u>\$ -</u>	<u>\$ 27,944</u>	<u>\$ 27,944</u>

- b. 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

- c. 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 12.75%-13.54% and 13.13%-17.23% in its test of impairment as of December 31, 2022 and 2021, respectively, to reflect the relevant specific risk in the cash-generating unit. For the years ended December 31, 2022 and 2021, the Group did not recognize any impairment loss on goodwill.

19. PREPAYMENTS

	December 31	
	2022	2021
<u>Current</u>		
Prepayments for purchases	\$ 1,274,878	\$ 2,141,841
Other	<u>843,399</u>	<u>656,349</u>
	<u>\$ 2,118,277</u>	<u>\$ 2,798,190</u>
<u>Other assets - non-current</u>		
Prepayments for equipment	\$ 4,867,864	\$ 899,934
Prepayments for property and building	<u>122,244</u>	<u>-</u>
	<u>\$ 4,990,108</u>	<u>\$ 899,934</u>

The advance payment for equipment is mainly prepayment for the purpose of equipment purchasing and the equipment to be inspected by TKA. As of December 31, 2022, the inspection wasn't completes, so the advance payment for equipments is temporarily listed.

20. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
<u>Secured borrowings</u>		
Revolving bank borrowings	\$ 11,571,565	\$ 6,195,278
Borrowings of usance L/C	1,743,199	3,796,401
Accounts receivable financing	<u>335,845</u>	<u>1,458</u>
	<u>\$ 13,650,609</u>	<u>\$ 9,993,137</u>

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

	December 31	
	2022	2021
Revolving bank borrowings	1.28%-1.96%	0.9%-2.5%
Borrowings of usance L/C	1.53%-6.97%	0.85%-4.88%
Accounts receivable financing	1.44%-1.72%	1.7%-3.9%

As for the borrowings of usance L/C and revolving bank borrowings as of December 31, 2021, the Company had signed cross currency swap contracts with financial institutions. The amount of hedged loans for interest rate and exchange rate risks was \$265,728 thousand (US\$9,600 thousand). Refer to Note 33 for the details.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	\$ 890,000	\$ 1,370,000
Less: Unamortized discounts on bills payable	<u>690</u>	<u>411</u>
	<u>\$ 889,310</u>	<u>\$ 1,369,589</u>

Outstanding short-term bills payable were as follows:

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 1	None
China Bills	240,000	151	239,849	Note 1	Pledged time deposits
China Bills	100,000	63	99,937	Note 1	Land and buildings
International Bills	200,000	151	199,849	Note 1	Pledged time deposits
Taiwan Bills	150,000	123	149,877	Note 1	Pledged time deposits
Dah Chung Bills	<u>150,000</u>	<u>117</u>	<u>149,883</u>	Note 1	Reserve account
	<u>\$ 890,000</u>	<u>\$ 690</u>	<u>\$ 889,310</u>		

Note 1: The range of interest rates was 1.86%-1.998%.

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
China Bills	\$ 80,000	\$ 10	\$ 79,990	Note 2	None
China Bills	240,000	41	239,959	Note 2	Pledged time deposits
China Bills	100,000	19	99,981	Note 2	Land and buildings
Mega Bills	100,000	27	99,973	Note 2	Pledged repurchase agreements collateralized by bonds
Grand Bills	100,000	19	99,981	Note 2	Pledged time deposits
International Bills	110,000	38	109,962	Note 2	Pledged time deposits
International Bills	90,000	31	89,969	Note 2	Pledged repurchase agreements collateralized by bonds
Cooperative Bills	70,000	22	69,978	Note 2	Pledged time deposits
Taiwan Bills	150,000	35	149,965	Note 2	Reserve Account
Union Bills	100,000	111	99,889	Note 2	None
Dah Chung Bills	150,000	35	149,965	Note 2	None
Ta Ching Bills	<u>80,000</u>	<u>23</u>	<u>79,977</u>	Note 2	None
	<u>\$1,370,000</u>	<u>\$ 411</u>	<u>\$1,369,589</u>		

Note 2: The range of interest rates was 0.45%-0.89%.

c. Long-term borrowings

	December 31	
	2022	2021
<u>The Company</u>		
1) Syndicated bank loan - 2018		
a) Loan (A) medium-term and long-term secured borrowings	\$ 2,430,000	\$ 3,740,000
b) Loan (D) medium-term and long-term secured borrowings (commercial paper)	1,500,000	-
2) Unsecured loans		
Due from April 2027 to December 2029, interest rates at 1.46%-1.98% p.a. and 0.95% p.a. as of December 31, 2022 and 2021, respectively	4,450,000	300,000
3) Secured loans		
Due from December 2023 to August 2024, interest rates at 1.35%-1.73% p.a. and 1.2%-1.4% p.a. as of December 31, 2022 and 2021, respectively	<u>1,292,000</u>	<u>635,000</u>
	<u>9,672,000</u>	<u>4,675,000</u>
<u>The subsidiaries</u>		
1) Syndicated bank loan		
a) TCI and TCI subsidiaries – J.P. Morgan (JPM)	17,965,350	15,916,000
b) BBI-TW – 2021	2,299,603	3,399,686
c) BBI-USA	3,212,265	539,760
d) Ta Chen HK	-	938,905
e) TKA	2,610,350	-
2) Medium-term and long-term secured borrowings		
Due from December 2023 to December 2031, interest rates at 1.46%-7.38% p.a. and 0.95%-4% p.a. as of December 31, 2021 and 2020, respectively	<u>2,452,220</u>	<u>2,261,730</u>
	<u>28,539,788</u>	<u>23,056,081</u>
	38,211,788	27,731,081
Less: Unamortized arrangement fee of long - term borrowings	<u>157,924</u>	<u>177,209</u>
	38,053,864	27,553,872
Less: Current portion	<u>9,066,292</u>	<u>1,533,301</u>
Long-term borrowings	<u>\$ 28,987,572</u>	<u>\$ 26,020,571</u>

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:

The Company entered into a syndicated loan agreement (credit facility of up to \$12.5 billion) with a syndicate of banks in October 2018 (due in October 2023). The credit line and credit used as of December 31, 2022 and 2021 were as follows:

	Credit Line (In Thousands)	Credit used as of December 31,		Loan Period	Interest Rate
		2022	2021		
Loan (A)	\$ 6,550,000	\$ 2,430,000	\$ 3,740,000	Within 5 years from the first date of drawdown until the maturity date, inclusive of a grace period of 24 months	1.88% and 1.8% as of December 31, 2022 and 2021
Loan (B)	1,880,000	-	-	Within 5 years from the first date of drawdown until the maturity date	
Loan (C)	3,370,000	1,500,000	-	Within 5 years from the first date of drawdown until the maturity date	2.25% and 2.39% as of December 31, 2022
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>	<u>\$ 3,740,000</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): 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 18(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 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. The maturity date of the loan is in 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, 2022 and 2021 (in thousands of USD).

		December 31				Interest Rate
		2021		2020		
TCI	USD	-	USD	-		
TKA	USD	585,000	USD	575,000	5.82%-5.92% and 1.625%	as of December 31, 2022 and 2021
PPT	USD	-	USD	-		

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

b) BBI-TW - 2021

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, 2021 was as follows:

		Credit Used (Note 2)			Loan Period	Interest Rate
		December 31				
Credit Line		2022	2021			
Loan (A)	Note 1	\$ 1,500,000	\$ 1,500,000	Within 5 years from the first drawdown date until the maturity date		a)
Loan (B)	Note 1	600,000	1,700,000	Within 5 years from the first drawdown date until the maturity date		b)
Loan (C)	Note 1	-	-	Within 5 years from the first drawdown date until the maturity date		-
Loan (D)	Note 1	199,603	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		c)

a) 2.3458% and 1.797% as of December 31, 2022 and 2021.

b) 2.2928% and 1.797% as of December 31, 2022 and 2021.

c) 1.96% and 1.70% as of December 31, 2022 and 2021.

Note 1: As of December 31, 2022 and 2021, the line of credit of the syndicated bank loan was as follows:

		December 31	
		2022	2021
Loan (A)		\$ 1,500,000	\$ 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 6.39% and 2.75% as of December 31, 2022 and 2021, 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) Ta Chen HK

Ta Chen HK entered into a syndicated loan agreement (credit facility of up to US\$ 62,500 thousand) with a syndicate of banks in October 2019. The main purposes of the syndicated loan are to repay financial loan and enhance operations of revolving funds for Ta Chen BVI. Ta Chen HK started using the credit from December 2019. The maturity date of the loan is in December 2024. Ta Chen HK repaid in advance in May 2022, and canceled the credit line in advance in February, 2023. The interest rate was 1.51%-1.62% as of December 31, 2021. Refer to Note 20(d) for details regarding the financial ratios required by the loan agreement.

e) TKA

TKA entered 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 from April 2022. The maturity

date of the loan is in April 2027. The interest rate was 5.88% on December 31, 2022. Refer to Note 20(d) for details regarding the financial ratios required by the loan agreements.

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

	The Company Syndicated Bank Loan - 2018 (Note 1)	TCI and TCI Subsidiaries - JPM (Note 2)	BBI Syndicated Bank Loan - 2021 (Note 3)	BBI-USA Syndicated Bank Loan - 2013 (Note 4)	Ta Chen HK Syndicated Bank loan - 2019 (Note 1)	TKA Syndicated Bank loan - 2022 (Note 2)
Current ratio (minimum)	120%	-	130%	-	120%	-
Debt ratio (maximum) (Note 5)	290%	-	160%	-	290%	-
Interest coverage ratio (minimum) (Note 5)	2 times	-	3 times	-	2 times	-
Fixed-charge coverage ratio (minimum)	-	100%	-	110%	-	100%
Tangible net worth (minimum)	13.5 billion	-	10 billion	-	13.5 billion	-

Note 1: The Company and Ta Chen HK are 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, BBI-TW and Ta Chen HK 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, 2022 and 2021, the Company and its subsidiaries have complied with the above-stated requirements.

21. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes payable</u>		
Operating	\$ 57,908	\$ 70,892
Non-operating	<u>25,960</u>	<u>23,763</u>
	<u>\$ 83,868</u>	<u>\$ 94,655</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

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Salary and incentive bonus	\$ 1,421,873	\$ 764,707
Remuneration of directors	35,076	49,288
Employees' compensation	395,993	314,835
Payables for annual leave	110,506	90,927
Payables for freight and custom duties	671,533	255,599
Accrued expenses	852,635	520,342
Others	<u>411,938</u>	<u>360,161</u>
	<u>\$ 3,899,554</u>	<u>\$ 2,355,859</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	
	2022	2021
Present value of defined benefit obligation	\$ 457,010	\$ 341,563
Fair value of plan assets	<u>(547,990)</u>	<u>(404,214)</u>
Net defined benefit liabilities (assets)	<u>\$ (90,980)</u>	<u>\$ (62,651)</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, 2021	\$ 315,231	\$ (371,954)	\$ (56,723)
Acquired by business combination	28,563	(24,086)	4,477
Service cost			
Current service cost	3,841	-	3,841
Net interest expense (income)	<u>1,718</u>	<u>(2,039)</u>	<u>(321)</u>
Recognized in profit or loss	<u>5,559</u>	<u>(2,039)</u>	<u>3,520</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,942)	(4,942)
Actuarial loss - changes in demographic assumptions	8,504	-	8,504
Actuarial gain - changes in financial assumptions	(3,865)	-	(3,865)
Actuarial loss - experience adjustments	<u>8,978</u>	<u>-</u>	<u>8,978</u>
Recognized in other comprehensive income	<u>13,617</u>	<u>(4,942)</u>	<u>8,675</u>
Contributions from the employer	<u>-</u>	<u>(22,600)</u>	<u>(22,600)</u>
Benefits paid	<u>(21,407)</u>	<u>21,407</u>	<u>-</u>
Balance at December 31, 2021	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>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Recognized in other comprehensive income	\$ 24,284	\$ (38,914)	\$ (14,630)
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	<u>\$ 457,010</u>	<u>\$ (547,990)</u>	<u>\$ (90,980)</u> (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	
	2022	2021
Operating costs	\$ 2,246	\$ 2,305
Selling and marketing expenses	279	293
General and administrative expenses	<u>822</u>	<u>922</u>
	<u>\$ 3,347</u>	<u>\$ 3,520</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 principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.125%-1.375%	0.625%
Expected rate of salary increase	2%-2.5%	2.00%

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	<u>\$ (9,776)</u>	<u>\$ (7,701)</u>
0.25% decrease	<u>\$ 10,109</u>	<u>\$ 7,976</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 9,830</u>	<u>\$ 7,733</u>
0.25% decrease	<u>\$ (9,555)</u>	<u>\$ (7,506)</u>

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

	December 31	
	2022	2021
Expected contributions to the plans for the next year	<u>\$ 22,708</u>	<u>\$ 20,126</u>
Average duration of the defined benefit obligation	4-10.4 years	9.1-11.4 years

24. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>3,000,000</u>	<u>2,200,000</u>
Shares authorized	<u>\$ 30,000,000</u>	<u>\$ 22,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>2,028,551</u>	<u>2,008,466</u>
Shares issued		
Ordinary shares	<u>\$ 20,285,505</u>	<u>\$ 20,084,659</u>

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

The portion of shares reserved for employees' subscription has been recognized as salary expense of

\$158,642 thousand based on the fair value of the stock options, which was also included in capital surplus - employee stock options. The board of directors determined the base date of the capital increase as October 25, 2021, and the registration for the change had been completed.

In June 2022, the shareholders resolved in their meeting to issue \$20,085 thousand ordinary shares with par value of NT\$10 as the appropriation of 2021 earnings, which were fully paid for in the amount of \$200,846 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 had also been completed.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 22,054,172	\$ 22,054,172
Treasury share transactions	641,789	458,048
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	315,032
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	<u>73,913</u>	<u>153,061</u>
	<u>\$ 22,783,377</u>	<u>\$ 22,993,816</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(j) "Employees' compensation and remuneration of directors and supervisors for 2021 and 2020".

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

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

transferred to capital or distributed in cash.

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

The appropriations of earnings for 2021 and 2020, approved in the shareholders’ meetings on June 20, 2022 and July 15, 2021, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 966,840	\$ -		
Special reserve	1,775,669	621,056		
Cash dividends	3,615,239	-	\$ 1.8	\$ -
Share dividends	200,846	-	0.1	-

The issuance of cash dividends of \$1,326,772 thousand from the capital surplus at NT\$0.8 per share was also approved in the shareholders’ meeting in June 2021.

The appropriation of earnings for 2022 was proposed by the Company’s board of directors on March 13, 2023. The appropriation was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 1,194,421	
(Reverse) Special reserve	(3,819,497)	
Cash dividends	4,868,521	\$ 2.4
Share dividends	4,057,101	\$ 2.0

The appropriation of earnings for 2022 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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ (3,606,319)	\$ (2,527,406)
Exchange differences on translating the financial statements of foreign operations	<u>4,759,090</u>	<u>(1,078,913)</u>
Balance at December 31	<u>\$ 1,152,771</u>	<u>\$ (3,606,319)</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 18,570	\$ (7,745)
Recognized for the year		
Unrealized gains and losses		
Equity instruments	(38,734)	26,315
Realized gains and losses transfer into Retain Earnings	<u>(39,516)</u>	<u>-</u>
Balance at December 31	<u>\$ (59,680)</u>	<u>\$ 18,570</u>

3) Gain (loss) on hedging instruments

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (296,056)	\$ (960,368)
Recognized for the year		
Gain on changes in the fair value of hedging instruments		
Cross-currency swaps	630,505	28,405
Interest rate swaps	1,397,463	489,889
Related income tax	(47,928)	(3,643)
Reclassification adjustment		
Hedged items affecting profit or loss		
Cross-currency swaps	(3,836)	(10,193)
Interest rate swaps	<u>(40,088)</u>	<u>159,854</u>
Balance at December 31	<u>\$ 1,640,060</u>	<u>\$ (296,056)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 5,400,906	\$ 8,479,221
Attributable to non-controlling interests:		
Share in profit for the year	2,373,249	1,889,511
Exchange differences on translating the financial statements of foreign operations	689,297	(211,094)
Profit and loss from cash flow hedging	26,883	-
Unrealized gains and losses from FVTOCI	20,837	-
Cash dividends of subsidiaries' shareholders	(1,074,477)	(869,913)
The Company's shares held by subsidiaries accounted for as treasury shares	(66)	(4,428,951)
Disposal of Company's shares by subsidiaries recognized as treasury share transactions	-	270,382
Adjustment of treasury shares at shareholding ratio of the end of the period	468,677	-
Treasury shares transferred from subsidiaries	-	199,993
Treasury shares purchased by subsidiaries	(13,828)	-

(Continued)

	For the Year Ended December 31	
	2022	2021
Non-controlling interest arising from acquisition of subsidiaries (Note 29)	\$ 2,985,237	\$ 94,871
Adjustment to non-controlling interest for dividends paid to subsidiaries	247,475	34,497
Changes in equity in subsidiaries	47	60
Acquisition of non-controlling interests in subsidiaries	(811,801)	(57,671)
Increase in non-controlling interests	<u>322,779</u>	<u>-</u>
Balance at December 31	<u>\$ 10,635,215</u>	<u>\$ 5,400,906</u> (Concluded)

f. Treasury shares

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

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, 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>
<u>December 31, 2021</u>			
BBI-TW	<u>137,954</u>		<u>\$ 6,380,373</u>
TCE	<u>101,607</u>		<u>\$ 4,699,350</u>
Belonging to the Company	<u>93,644</u>	<u>\$ 4,004,953</u>	<u>\$ 4,331,035</u>

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

Right Way Industrial Co., Ltd. granted 8,575 thousand stock options to employees in August 2021. The grant objects include employees of the Group who meet specific conditions, and the conditions are immediate vested, which has been fully implemented in August 2021.

Information on employee share options was as follows:

	For the Year Ended December 31	
	2021	
	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (\$)
Balance at January 1	-	\$ -
Options granted	8,575	26.5
Options exercised	<u>(8,575)</u>	26.5
Balance at December 31	<u>-</u>	
Weighted-average fair value of options granted (\$)	<u>\$ 14.3010</u>	

Options granted in August 2021 are priced using the Black-Scholes pricing model, and the inputs to the model are as follows:

	August 2021
Grant-date share price	\$ 40.8
Exercise price	\$ 26.5
Expected volatility	46.06%
Expected life (in years)	0.0247
Risk-free interest rate	0.16%

Expected volatility is based on the historical share price volatility in last year. Compensation costs recognized in 2021 was \$6,236 thousand and the capital surplus generated from the treasury shares transferred to employees was \$10,723 thousand.

Qualified employees of Right Way and its subsidiaries 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:

	December 31, 2022	
	Weighted average performance price (\$)	Number of stock options (In Thousands of Units)
Number of circulating outside	<u>\$ 13.44</u>	<u>655</u>
Number of exercisable	<u>\$ 13.44</u>	<u>263</u>

25. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 114,148,570</u>	<u>\$ 96,886,248</u>

Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 10)	<u>\$ 8,065,531</u>	<u>\$ 7,267,972</u>	<u>\$ 6,039,110</u>

Refer to Note 39 for segment revenue information.

Contract liabilities

	December 31, 2022	December 31, 2021	January 1, 2021
Sales of goods	<u>\$ 173,958</u>	<u>\$ 49,206</u>	<u>\$ -</u>

26. PROFIT (LOSS) BEFORE INCOME TAX

a. Other operating income and expenses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (4,759)	\$ (1,227)

b. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits and financial assets at amortized cost	\$ 86,225	\$ 14,768

c. Other income

	For the Year Ended December 31	
	2022	2021
Rental income	\$ 3,911	\$ 2,021
Packing income	-	21,387
Dividends	1,197	836
Others	<u>359,947</u>	<u>131,517</u>
	<u>\$ 365,055</u>	<u>\$ 155,761</u>

d. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Foreign exchange gain	\$ 8,251,891	\$ 1,139,373
Foreign exchange losses	(6,300,083)	(1,455,324)
Net loss on financial assets designated as at FVTPL	(197,779)	(1,994,385)
Impairment loss on property, plant and equipment	-	(37,965)
Impairment loss recognized on non-financial assets	(67,386)	-
Loss on disposal of subsidiaries accounted for using the equity method	-	(41,607)
Deemed as gain (loss) on disposal of accounted for using the equity method	(79,461)	12,197
Gain on disposed of non-current groups held for sale	37,774	-
Others	<u>(19,416)</u>	<u>(15,097)</u>
	<u>\$ 1,625,540</u>	<u>\$ 2,392,808</u>

e. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	\$ 1,185,964	\$ 862,259
Amortization of arrangement fees of syndicated bank loans	52,542	81,367
Loss arising on derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	(43,924)	149,661
Interest on lease liabilities	<u>130,617</u>	<u>204,824</u>
	1,325,199	1,298,111
Less: Amounts included in the cost of qualifying assets	<u>109,389</u>	<u>3,726</u>
	<u>\$ 1,215,810</u>	<u>\$ 1,294,385</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	\$ 109,389	\$ 3,726
Capitalization rate	1.36%-3.58%	1.51%

f. Impairment loss

	For the Year Ended December 31	
	2022	2021
Other receivables	<u>\$ -</u>	<u>\$ (16,928)</u>

g. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 949,084	\$ 839,770
Investment properties	6,823	-
Other intangible assets	350,494	375,702
Other non-current assets	358	605
Right-of-use assets	<u>1,154,010</u>	<u>995,433</u>
	<u>\$ 2,460,769</u>	<u>\$ 2,211,510</u>
An analysis of depreciation by function		
Operating costs	\$ 636,423	\$ 582,518
Operating expenses	<u>1,473,494</u>	<u>1,252,685</u>
	<u>\$ 2,109,917</u>	<u>\$ 1,835,203</u>
An analysis of amortization by function		
Operating costs	\$ 1,307	\$ 605
Operating expenses	<u>349,545</u>	<u>375,702</u>
	<u>\$ 350,852</u>	<u>\$ 376,307</u>

h. Operating expenses directly related to investment properties

	<u>For the Year Ended December 31</u>	
	2022	2021
Direct operating expenses from investment properties generating rental income	\$ 135	\$ -

i. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2022	2021
Short-term benefits	\$ 7,838,040	\$ 6,462,170
Post-employment benefits		
Defined contribution plans	147,341	116,528
Defined benefit plans (refer to Note 23)	<u>3,347</u>	<u>3,520</u>
	<u>150,688</u>	<u>120,048</u>
Total employee benefits expense	<u>\$ 7,988,728</u>	<u>\$ 6,582,218</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,396,472	\$ 1,945,790
Operating expenses	<u>5,592,256</u>	<u>4,636,428</u>
	<u>\$ 7,988,728</u>	<u>\$ 6,582,218</u>

j. Employees' compensation and remuneration of directors and supervisors for 2022 and 2021

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, 2022 and 2021, which were approved by the Company's board of directors on March 13, 2023 and March 25, 2022 were as follows:

Accrual rate

	<u>For the Year Ended</u>	
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Employees' compensation	3%	3%
Remuneration of directors and supervisors	0.18%	0.46%

Amount

	<u>For the Year Ended</u>	
	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Employees' compensation – cash	\$ 395,990	\$ 310,526
Remuneration of directors – cash	24,000	48,088

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, 2021. However, there was a difference between the actual amounts of remuneration of directors paid and the amounts recognized in the consolidated financial statements in 2021. The difference was adjusted to profit and loss 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

848. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 4,243,253	\$ 4,154,720
Adjustments for prior years	(42,012)	12,847
Income tax on unappropriated earnings	<u>276,396</u>	<u>16,983</u>
	<u>4,477,637</u>	<u>4,184,550</u>
Deferred tax		
In respect of the current year	<u>309,722</u>	<u>(332,484)</u>
Income tax expense recognized in profit or loss	<u>\$ 4,787,359</u>	<u>\$ 3,852,066</u>

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

	For the Year Ended December 31	
	2022	2021
Profit (loss) before tax	<u>\$ 19,186,223</u>	<u>\$ 15,414,494</u>
Income tax expense calculated at the statutory rate	\$ 4,999,474	\$ 3,789,346
Non-deductible expenses (income) in determining taxable income	98,490	153,803
Tax – added income	550	2,327
Income tax on unappropriated earnings	276,396	16,983
Unrecognized loss carryforwards and deductible temporary differences	(446,157)	(110,711)
Adjustments for prior years	(42,012)	12,847
Deduction of income tax	<u>(99,382)</u>	<u>(12,529)</u>
Income tax expense recognized in profit or loss	<u>\$ 4,787,359</u>	<u>\$ 3,852,066</u>

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.

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year:		
Fair value changes of hedging instruments for cash flow hedges	\$ (21,946)	\$ (3,643)
Remeasurement of defined benefit plans	(4,780)	1,774
Translation of foreign operation	<u>(2,799)</u>	<u>-</u>
Total income tax recognized in other comprehensive income	<u>\$ (29,525)</u>	<u>\$ (1,869)</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	<u>\$ 1,742,653</u>	<u>\$ 216</u>
Current tax liabilities		
Income tax payable	<u>\$ 1,595,242</u>	<u>\$ 973,502</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, 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
Associates	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
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>

(Continued)

Deferred Tax Assets	Opening Balance	Acquisition of combinations	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
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	15,346	-	128,180	-	4,346	147,872
	<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>

(Concluded)

For the year ended December 31, 2021

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	\$ 16,724	\$ 13,216	\$ -	\$ (325)	\$ 29,615
Associates	308,391	391,663	-	-	700,054
Defined benefit obligations	13,898	-	1,774	-	15,672
Unrealized loss on inventories	197,882	10,959	-	(16,722)	192,119
Difference between tax reporting and financial reporting - inventory capitalization	285,545	9,893	-	(8,137)	287,301
Allowance for doubtful accounts and sales return	13,466	9,874	-	(506)	22,834
Derivative financial liabilities for hedging	3,538	-	(3,538)	-	-
Difference between profit and loss of sale-lease back disposal	91,872	(13,932)	-	(2,417)	75,523
Others	236,261	292,581	-	(7,493)	521,349
	1,167,577	714,254	(1,764)	(35,600)	1,844,467
Loss carryforward	1,064,292	(403,363)	-	(26,630)	634,299
	<u>\$ 2,231,869</u>	<u>\$ 310,891</u>	<u>\$ (1,764)</u>	<u>\$ (62,230)</u>	<u>\$ 2,478,766</u>
Temporary differences					
Hedging instruments	\$ -	\$ -	\$ 105	\$ -	\$ 105
Difference between tax reporting and financial reporting - depreciation and amortization expenses	1,244,464	(38,054)	-	(34,509)	1,171,901
Net defined benefit Assets	11,345	1,865	-	-	13,210
Unrealized gain or loss on financial instrument	-	57	-	-	57
Others	1,010	14,539	-	(203)	15,346
	<u>\$ 1,256,819</u>	<u>\$ (21,593)</u>	<u>\$ 105</u>	<u>\$ (34,712)</u>	<u>\$ 1,200,619</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	
	2022	2021
Loss carryforwards		
Expiry in 2026	\$ 1,833	\$ 1,833
Expiry in 2027	60,662	60,662
Expiry in 2028	49,155	51,954
Expiry in 2029	12,963	12,963
Expiry in 2030	260	260
Expiry in 2031	99,997	73,615
Expiry in 2032	<u>767,864</u>	<u>-</u>
	<u>\$ 992,734</u>	<u>\$ 201,287</u>
Deductible temporary differences	<u>\$ 292,584</u>	<u>\$ 287,988</u>

- f. 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, 2022 were approved by the Company's board and BBI-TW's board of directors on March 13, 2023). As a result, no deferred tax liability has been recognized on the related investment income recognized under the equity method.

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$31,147,545 thousand and \$20,961,633 thousand, respectively.

- g. Income tax assessments

The Company's and its subsidiary's income tax returns through 2020 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 July 26, 2022. The changes in basic and diluted earnings per share for 2021 due to retroactive adjustments are as follows:

Unit: NTD per share

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	<u>\$ 5.76</u>	<u>\$ 5.69</u>
Diluted earnings per share	<u>\$ 5.74</u>	<u>\$ 5.67</u>

Net Profit (Loss) for the Year

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Profit (loss) for the year attributable to owners of the Company	\$ <u>12,025,615</u>	\$ <u>9,672,917</u>

Number of Shares

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,930,713	1,699,157
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>10,721</u>	<u>6,714</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,941,434</u>	<u>1,705,871</u>

The Company offered to settle compensation paid to employees in cash or shares, therefore, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the 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
Lung Mei Cloth Co., Ltd.	Manufacture and sale of curtains and decorations	April 1, 2022	20.42	\$ <u>81,668</u>
Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Manufacture and sale of curtains and decorations	June 8, 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	20.34	\$ <u>632,308</u>

The Group originally held 9,750 thousand (48.75%) of the shares of Lung Mei Cloth Co., Ltd. and further acquired 4,083 thousand (20.42%) of the shares from non-related parties on April 1, 2022; as its total shareholding percentage of Lung Mei Cloth Co., Ltd. is 69.17%, it is deemed as a subsidiary of the

Group. Lung Mei Cloth Co., Ltd. was acquired in order to continue the expansion of the Group's activities in curtains.

The Group further acquired 4,770 thousand of the shares from non-related parties on June 1, 2022; as its total shareholding percentage of Wei Mei Hsin Shu Interior Decoration Co., Ltd. is 100%, it is deemed as a subsidiary of the Group. Wei Mei Hsin Shu Interior Decoration Co., Ltd. was acquired in order to continue the expansion of the Group's activities in curtains and decorations.

In June 2022, the Group invested \$77,786 thousand, \$191,092 thousand and \$285,171 thousand, respectively, in Noei Geeng, Hupao and Shie Shin Enterprise Co., Ltd., shareholdings ratio of 97%, 99.7% and 98%, respectively and gain control over the aforementioned companies.

The Group acquired Right Way from January 1, 2022 to June 30, 2022 to continue expanding its sales.

b. Consideration transferred

The Group acquired Lung Mei Cloth and Wei Mei Hsin Shu Interior Decoration Co., Ltd. the consideration transferred was cash. Acquisition-related costs amounting to \$105 thousand were excluded from the consideration transferred and were recognized as expenses in the periods incurred under administrative expenses in the consolidated statements of comprehensive income. The consideration was transferred in the form of 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

	Lung Mei Cloth Co., Ltd.	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	\$ 95,970	\$ 15,870	\$ 98,164	\$ 217,491	\$ 285,325	\$ 773,618
Trade and other receivables	20,062	13,369	42,270	2,980	23,625	297,141
Inventories	75,192	65,591	-	-	-	427,178
Others	40,116	11,761	626	50	-	149,137
Non-current assets						
Property, plant and equipment	301,951	6,392	23,348	-	-	2,437,925
Right-of-use assets	57,928	-	-	-	-	-
Intangible assets	41,587	-	-	-	-	-
Others	10,380	661	16,300	31,440	-	320,444
Current liabilities						
Short-term borrowings	(46,000)	-	(10,622)	-	-	(62,323)
Trade and other payables	(79,429)	(45,899)	(60,290)	(28,017)	(18,672)	(280,850)
Contract liabilities	(35,224)	-	-	-	-	-
Lease liabilities	(35,505)	-	-	-	-	-
Others	(6,890)	(423)	(30,259)	(33,000)	(72)	(128,336)
Non-current liabilities						
Long-term borrowings	(97,979)	-	-	-	-	(2,647)
Lease liabilities	(23,037)	-	-	-	-	-
Net defined benefit liabilities-non-current	(4,477)	-	-	-	-	-
Deferred tax liabilities	(14,392)	-	-	-	-	(201,218)
Others	(200)	-	-	-	-	(8,914)
	<u>\$ 300,053</u>	<u>\$ 67,322</u>	<u>\$ 79,537</u>	<u>\$ 190,944</u>	<u>\$ 290,206</u>	<u>\$ 3,721,155</u>

As of the date the consolidated financial report was authorized for issue, the acquisition price allocation report for the acquisition of Wei Mei Hsin Shu Interior Decoration Co., Ltd. has not been completed; therefore, the difference between the cost of investment and the net value of equity is temporarily included under goodwill.

d. Non-controlling interests

The non-controlling interest of Lung Mei Cloth Co., Ltd. recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest.

The non-controlling interests of Right Way, Noei Geeng, Hupao and Shie Shin 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)

	Lung Mei Cloth Co., Ltd.	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						
Consideration transferred	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 632,308
Plus: Non-controlling interests	81,668	166,282	77,786	191,092	285,171	-
Less: Fair value of identifiable net assets acquired	94,871	-	1,751	(148)	5,035	2,978,599
Goodwill recognized on acquisitions	<u>(300,053)</u>	<u>(67,322)</u>	<u>(79,537)</u>	<u>(190,944)</u>	<u>(290,206)</u>	<u>(3,721,155)</u>
	<u>\$ 26,486</u>	<u>\$ 98,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (110,248)</u>

As of the date the consolidated financial report was authorized for issue, the acquisition price allocation report for the acquisition of Wei Mei Hsin Shu Co., Ltd. has not been completed; therefore, the difference between the cost of investment and the net value of equity is temporarily included under goodwill.

f. Net cash outflow (inflow) on the acquisition of subsidiaries

	Lung Mei Cloth Co., Ltd.	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	\$ 81,668	\$ 166,282	\$ 77,786	\$ 191,092	\$ 285,171	\$ 467,832
Less: Cash and cash equivalent balances acquired	(95,970)	(15,870)	(98,164)	(217,491)	(285,325)	(773,618)
Plus: Non-controlling interests	<u>\$ (14,302)</u>	<u>\$ 150,412</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 company concluded the acquisition at the beginning of 2021, the Group's consolidated revenue and profit for the year ended December 31, 2022 and 2021 were as follows:

	2022	2021
Revenue	<u>\$ 114,762,445</u>	<u>\$ 97,033,527</u>
Profit	<u>\$ 14,429,179</u>	<u>\$ 11,572,845</u>

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.

30. DISPOSAL OF SUBSIDIARIES

On January 4, 2021, the Group entered into a sale agreement to dispose of Ta Chen (Changshu) Co., Ltd., which carried out its stainless steel valves and casting products manufacturing and selling operations. The disposal was completed on January 4, 2021, on which date control of Ta Chen (Changshu) Co., Ltd. passed to the acquirer. The information on disposal of subsidiaries is provided in consolidated financial statements

2021.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

From January 1 to December 31, 2022 and 2021, the Group purchased 37,352 thousand shares and 3,454 thousand shares of common stock of BBI-TW in the market respectively.

In June 2022, the Group subscribed for additional new shares of WEI MEI ROLLER BLIND CO., LTD. at a percentage different from its existing ownership percentage, and reduced its continuing interest from 100% to 70%.

In June and December 2011, 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 99.62%.

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.

From June 1st to December 31st, 2011, the merged company purchased 1,719 thousand ordinary shares of the subsidiary RIGHT WAY INDUSTRIAL CO., LTD in the market. In September and December 2022, the Group subscribed for additional new shares of RIGHT WAY INDUSTRIAL CO., LTD at a percentage different from its existing ownership percentage, and reduced its continuing interest from 20.81% to 19.86%.

Since the above transactions did not change the control of the Group over these subsidiaries, the Group treated as an equity transaction.

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 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	\$ (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>
Capital surplus	<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>

For the year ended December 31, 2021

	BBI-TW
Cash consideration paid	\$ (102,916)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	57,671
	<hr/>
Differences recognized from equity transactions	<u>\$ (45,245)</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus	<u>\$ (45,245)</u>

32. 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 2022 and 2021.

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.

33. 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, 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, 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>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 177,673	\$ -	\$ 177,673
Mutual funds	<u>64,427</u>	<u>-</u>	<u>-</u>	<u>64,427</u>
	<u>\$ 64,427</u>	<u>\$ 177,673</u>	<u>\$ -</u>	<u>\$ 242,100</u>
Financial assets at FVTOCI				
Foreign listed shares	\$ 71,199	\$ -	\$ -	\$ 71,199
Domestic listed shares	-	176,480	-	176,480
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>496,222</u>	<u>496,222</u>
	<u>\$ 71,199</u>	<u>\$ 176,480</u>	<u>\$ 496,222</u>	<u>\$ 743,901</u>
Financial assets for hedging				
Derivatives	<u>\$ -</u>	<u>\$ 104,030</u>	<u>\$ -</u>	<u>\$ 104,030</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 256,938</u>	<u>\$ -</u>	<u>\$ 256,938</u>
Financial liabilities for hedging				
Derivatives	<u>\$ -</u>	<u>\$ 314,516</u>	<u>\$ -</u>	<u>\$ 314,516</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

2022

	Financial assets at fair value through other comprehensive income
	Equity instruments
Balance at January 1, 2022	\$ 496,222
Additions	27,339
Recognized in other comprehensive income	<u>-</u>
Balance at December 31, 2022	<u>\$ 523,561</u>

2021

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
	Non-derivative financial assets	Equity instruments
Balance at January 1, 2021	\$ 30,000	\$ 157,952
Additions (disposal)	(30,000)	170,969
Recognized in other comprehensive income	<u>-</u>	<u>167,301</u>
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 496,222</u>

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ 40,839	\$ 177,673
Mandatorily classified as at FVTPL	81,410	64,427
Financial assets for hedging	1,640,059	104,030
Financial assets at amortized cost (Note 1)	24,082,246	24,668,699
Financial assets at FVTOCI	821,039	743,901
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	182,653	256,938
Financial liabilities for hedging	-	314,516
Financial liabilities at amortized cost (Note 2)	59,625,904	43,692,835

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 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.

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 38.

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	
	2022	2021
Profit or loss	\$ 170,593	\$ 132,548

Note: \$0 thousand and \$256,728 thousand of short-term loans that were hedged with cross-currency swaps had been deducted from the impact of USD for the years ended December 31, 2022 and 2021, respectively.

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 increased during the current period due to the increase in the sales of the US dollar-denominated goods, which is caused by the increase 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.

For the year ended December 31, 2021

The Group entered into cross-currency swap contracts to mitigate the risk of changes in foreign exchange rates on cash flow 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:

December 31, 2021

Notional Amount (in thousand)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount
					Liability
US\$9,600	2021.4.29~ 2022.4.29	0%	2.5%	Financial liabilities for hedging	\$ 1,204

The trading conditions are as follows:

- i. Nominal principal: USD 9,600 thousand.
- ii. Exchange interest every 3 months, the group pays a fixed interest rate of 0%; the fixed interest rate for exchange is 2.5%.
- iii. On maturity, the group purchased USD 9,600 thousand at USD 1 to NTD 27.86 to repay the foreign currency loan. April 29, 2012 was the due date.

For the year ended December 31, 2021

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

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

For the year ended December 31, 2021

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

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 through maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount 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	
	2022	2021
Cash flow interest rate risk		
Financial assets	\$ 9,059,104	\$ 12,792,107
Financial liabilities	50,849,236	35,692,449

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 and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have been lower by \$417,901 thousand and \$226,346 thousand (which deducted the impact of loans hedged with cross-currency swaps amounting to \$265,728 thousand for the January 1 to December 31, 2021).

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, 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
					\$ 1,640,059

2022

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 J.P. Morgan (JPM)	\$ -	\$ 1,551,562	\$ -
Syndicated Loans of BBI-USA	-	88,497	-
			Amount Reclassified to P/L and the Adjusted Line Item
		Hedging Gains (Losses) Recognized in OCI	Due to Hedged Item Affecting P/L
Cash flow hedge			
Fluctuations of interest of loan	\$ -	\$ 1,397,463	\$ 40,088

December 31, 2021

Notional Amount (in thousand)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount	
					Asset	Liability
USD 300,000	2027.5.6	1.78%	USD LIBOR- 1month	Financial liabilities for hedging	\$ -	\$ 241,311
USD 50,000	2027.5.6	0.67%	USD LIBOR- 1month	Financial Assets for hedging	40,923	-
USD 100,000	2024.5.6	1.31%	USD LIBOR- 1month	Financial Assets for hedging	872	-
USD 100,000	2023.5.6	1.27%	USD LIBOR- 1month	Financial liabilities for hedging	-	14,871
USD 50,000	2022.5.6	2.89%	USD LIBOR- 1month	Financial liabilities for hedging	-	16,312
USD 50,000	2022.5.8	3.03%	USD LIBOR- 1month	Financial liabilities for hedging	-	17,455
USD 25,000	2024.5.6	1.37%	USD LIBOR- 1month	Financial liabilities for hedging	-	6,756
USD 50,000	2024.5.7	1.37%	USD LIBOR- 1month	Financial liabilities for hedging	-	16,607
USD 75,000	2027.5.6	1.10%	USD LIBOR- 1month	Financial Assets for hedging	23,751	-
USD 50,000	2027.5.6	0.70%	USD LIBOR- 1month	Financial Assets for hedging	38,484	-
					<u>\$ 104,030</u>	<u>\$ 313,312</u>

2021

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 J.P. Morgan (JPM)	\$ -	\$ (209,282)	\$ -
			Amount Reclassified to P/L and the Adjusted Line Item
			Due to Hedged Item Affecting P/L
			Hedging Gains (Losses) Recognized in OCI
			Comprehensive Income
Cash flow hedge			
Fluctuations of interest of loan	\$ 649,743	\$ (159,854)	

The cash flow hedge includes the risk of LIBOR against USD. On December 31, 2022, the amount of interest rate exchange contracts used for hedging was US\$605,000 thousand. As the target interest rate may be withdrawn on June 30, 2023, the Group has assigned special personnel to continuously observe the market conditions and the progress of the interest rate index management agency in developing alternative interest rate indicators, and to evaluate the overall risk of the Group against the interest rate indicator for research. The conversion to other interest rate indicators is expected to be completed in June 2023.

Before the uncertainty caused by the change in interest rate indicators disappears, the Group assumes that neither the risk aversion in the interest rate risk hedging relationship nor the interest rate indicators based on the hedging tools will change due to the change in interest rate

indicators. The Group assessed that after it revised the contract and clearly stipulated that the LIBOR would be replaced by another target interest rate, the relevant uncertainty would be eliminated.

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, 2022 and 2021 would have increased/decreased by \$23,000 thousand and \$11,558 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 \$135,962 thousand and unrealized gain \$93,468 thousand for years ended December 31, 2022 and 2021, 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, 2022 and 2021, the Group had available unutilized short-term bank loan facilities as 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, 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>

December 31, 2021

	On Demand and Less than 1 year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 4,716,422	\$ 59,591
Lease liabilities	1,070,336	8,090,002
Fixed interest rate bank loans	1,450,534	561,558
Floating interest rate bank loans	<u>10,853,423</u>	<u>27,957,673</u>
	<u>\$ 18,090,715</u>	<u>\$ 36,668,824</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 1,070,336</u>	<u>\$ 3,697,840</u>	<u>\$ 4,392,162</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, 2022

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Foreign exchange forward contracts	\$ 15,517	\$ -
Cross-currency swap contracts	15,583	-
Metal price derivative contracts	<u>151,353</u>	<u>-</u>
	<u>\$ 182,453</u>	<u>\$ -</u>

December 31, 2021

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Foreign exchange forward contracts	\$ 13,957	\$ -
Cross-currency swap contracts	1,204	-
Interest rate swap contracts	33,841	-
Metal price derivative contracts	<u>242,907</u>	<u>-</u>
	<u>\$ 291,909</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually:		
Amount used	\$ 9,381,340	\$ 6,139,610
Amount unused	<u>9,639,883</u>	<u>13,640,564</u>
	<u>\$ 19,021,223</u>	<u>\$ 19,780,174</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 43,370,367	\$ 32,954,921
Amount unused	<u>37,045,434</u>	<u>38,755,276</u>
	<u>\$ 80,415,801</u>	<u>\$ 71,710,197</u>

34. 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.	Associate of the directors of Subsidiaries
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
Lung Mei Cloth Co., Ltd.	Associate (Note 1)
TY Steel Co., LTD. (TY Steel)	Associate (Note 2)
Fuzhou Assured Brake Systems Co., LTD. (Fuzhou Assured)	Associate (Note 3)
Ta Chen Green System CO., LTD.	Associate
Shieh, Er-Yi	Related party in substance (Note 15)

Note 1: The transaction amounts and account balances disclosed in this note were generated during the time the Company was an unconsolidated subsidiary till April 1, 2021.

Note 2: A related party since January 5, 2011. The transaction amount and account balance disclosed in this note were all generated when they were related parties.

Note 3: As described in Note 13, it became related party in June 2022. In addition, Right Way holds 31.66% of Fuzhou Assured Brake Systems Co., LTD., which is evaluated by the equity method and is classified as associate of the Company.

b. Sales of goods

Line Item	Related Party Category / Name	For the Year Ended December 31	
		2022	2021
Revenue from sale of goods	Associate	\$ <u> -</u>	\$ <u> 20,064</u>

The items and prices of the sales to related parties do not have similar items to which they can be compared. The collection term to related parties is the same as third parties' term.

c. Purchases of goods and purchase allowances

Related Party Category / Name	For the Year Ended December 31	
	2022	2021
Jinn Her Enterprise Co., Ltd.	\$ 2,493,923	\$ 844,285
Fang Sheng Screw Co., Ltd.	904,452	440,106
Tong Win	1,689,890	1,088,355
TY Steel	564,837	-
Related party in substance	<u>410,101</u>	<u>209,926</u>
	<u>\$ 6,063,203</u>	<u>\$ 2,582,672</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 5 to 90 days or prepaid; and the payment term to third parties is prepaid or 0 to 90 days.

d. Receivables from related parties

Line Item	Related Party Category / Name	December 31	
		2022	2021
Other receivables	Corporate director of subsidiaries	\$ 900	\$ 529
	Related party in substance	<u>379</u>	<u>-</u>
		<u>\$ 1,279</u>	<u>\$ 529</u>

The outstanding accounts receivable from related parties are unsecured and no interest was accrued.

e. Payables to related parties

Line Item	Related Party Category / Name	December 31	
		2022	2021
Accounts payable	Corporate director of subsidiaries	\$ 396,749	\$ 67,803
	Related party in substance	<u>27,301</u>	<u>36,159</u>
		<u>\$ 424,050</u>	<u>\$ 103,962</u>

The outstanding accounts payable to related parties are unsecured and no interest was accrued.

f. Prepayments

Related Party Category / Name	December 31	
	2022	2021
Corporate director of subsidiaries	\$ 15,603	\$ 182,268
Associated	<u>20,000</u>	<u>-</u>
	<u>\$ 35,603</u>	<u>\$ 182,268</u>

g. Refundable deposits (recognized as financial assets at amortized cost)

Related Party Category / Name	December 31	
	2022	2021
Related party in substance	<u>\$ 2,060</u>	<u>\$ 1,900</u>

h. Loan to Related parties

Related Party Category / Name	December 31	
	2022	2021
<u>Other Receivables</u>		
Fuzhou Assured (Note)	<u>\$ 12,367</u>	<u>\$ -</u>
<u>Interest Revenue</u>		
Fuzhou Assured	<u>\$ 395</u>	<u>\$ -</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.

i. Lease agreements - the Group is lessee

- 1) The Company entered into a contract with its related parties in substance to rent Taipei office space, Tainan dormitories, Kaohsiung office, dormitories in California and two cars, four location in total from April 2023 to December 2023, and the rental is based on similar asset's market rental rates and fixed lease payments are paid quarterly.

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

	December 31	
	2022	2021
Future lease payables	\$ 4,502	\$ 11,490
Related Party Category / Name	For the Year Ended December 31	
	2022	2021
<u>Lease expense</u>		
Related party in substance	<u>\$ 12,446</u>	<u>\$ 11,886</u>

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 444,320	\$ 566,832
Post-employment benefits	1,421	1,282
Share-based payment	<u>-</u>	<u>5,896</u>
	<u>\$ 445,741</u>	<u>\$ 574,010</u>

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

35. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2022	2021
Financial assets at amortized cost (pledged time deposits, pledged demand deposits and pledged repurchase agreements collateralized by bonds)	\$ 3,106,035	\$ 7,065,439
Accounts receivable	6,785,442	6,036,615
Inventories	65,660,934	45,915,100
Property, plant and equipment, net	10,770,986	4,924,644
Right-of-use assets	<u>-</u>	<u>24,198</u>
	<u>\$ 86,323,397</u>	<u>\$ 63,965,996</u>

36. 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, 2022 and 2021 were as follows:

- a. Unused letters of credit for purchases of raw materials as of December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Unused letters of credit for purchases of raw materials	<u>\$ 331,588</u>	<u>\$ 717,439</u>

- b. Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	<u>\$ 1,635,815</u>	<u>\$ 5,061,939</u>

- c. As of December 31, 2022, the subsidiary BBI-USA provided a letter of credit in the amount of \$156,621 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. CBP's main purpose of the investigation is to find whether the country of origin of certain steel threaded rods that BBI-USA had 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. The matter is still in the investigation phase, and BBI-USA has been cooperating actively with CBP and taking the relevant measures. 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 the U.S. Customs.
- e. As of December 31, 2022, the guaranteed notes submitted and payables issued by the Group for the loan was \$1,219,000 thousand.
- f. The Group engaged in charitable donations from January 1 to December 31, 2022, donating a total of \$199,924 thousand to the Buddhist Compassion Relief Tzu Chi Foundation and Buddhist Compassion Relief Tzu Chi Hospital.

37. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Company entered into a syndicated loan agreement (credit facility of up to \$15.6 billion) with Chang Hua Commercial Bank and other credit-granting banks in January 2023. The main purposes of the syndicated loan are to repay existing loans and increase operating revolving funds. As of March 13, 2023, 5 billion dollars had been used.

38. 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, 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
			(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
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 (Concluded)

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 542,941	27.68	\$ 15,028,607
USD	4,340	6.3757 (USD:CNY)	120,121
EUR	3,549	31.32	111,161
EUR	3,781	7.2197 (EUR:CNY)	118,524
CAD	13,747	21.62	297,208
AUD	28,271	20.08	567,674

Financial liabilities

Monetary items			
USD	68,377	27.68	1,892,662
USD	2,015	6.3757 (USD:CNY)	55,787
USD	6,459	5.5805 (USD:BRL)	178,775
USD	769	1.2803 (USD:CAD)	21,299
USD	402	1.3785 (USD:AUD)	11,116
AUD	2,518	1.0630 (AUD:NZD)	48,298

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			
	2022		2021	
Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)	
NTD	1 (NTD:NTD)	\$ 1,951,673	1 (NTD:NTD)	\$ (303,135)
USD	29.8045 (USD:NTD)	(13,521)	28.0090 (USD:NTD)	4,598
BRL	5.7738 (BRL:NTD)	4,223	5.1930 (BRL:NTD)	(4,662)
CAD	22.8975 (CAD:NTD)	(1,378)	22.3533 (CAD:NTD)	1,120
NZD	18.9125 (NZD:NTD)	(659)	19.83 (NZD:NTD)	(254)
GBP	36.7992 (GBP:NTD)	(56)	38.5567 (GBP:NTD)	(1,314)
AUD	20.6650 (AUD:NTD)	(1,094)	21.0558 (AUD:NTD)	(782)
CNY	4.4346 (CNY:NTD)	<u>12,391</u>	4.3417 (CNY:NTD)	<u>(11,522)</u>
		<u>\$ 1,951,808</u>		<u>\$ (315,951)</u>

39. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (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 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)
- 9) Trading in derivative instruments (Notes 7 and 33)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (Table 9)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2, 6, 7, 8 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 on major shareholders: the name, amount and proportion of shareholders who hold more than 5 % of the shares (Table 11).

41. 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,TKA, PSS, TCE, Ta Chen BVI and its subsidiaries mainly focus on manufacturing and selling of stainless steel pipes, stainless steel pipe fittings as well as selling stainless steel plates (rolls), bars and aluminum products.

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 segment - Lung Mei, Wei Mei Roller Blind, Wei Mei Hsin Shu, Right Way and its subsidiaries mainly focus on the manufacture and sale of curtains and decorations, interior decoration and manufacturing and sale of mobile parts.

a. Segment revenue and results

	Stainless Steel and Aluminum	Screws and Nuts	Curtains and Decorations	Adjustments and Eliminations	Total
<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>1,006,890</u>	<u>27,225</u>	<u>(13,834,825)</u>	<u>-</u>
Segment revenue	<u>\$101,105,863</u>	<u>\$ 25,675,947</u>	<u>\$ 1,201,585</u>	<u>\$(13,834,825)</u>	<u>\$114,148,570</u>
Segment income	<u>\$ 14,065,322</u>	<u>\$ 5,125,645</u>	<u>\$ (731,866)</u>	<u>\$ 67,101</u>	\$ 18,526,202
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>
<u>For the year ended December 31, 2021</u>					
Revenue from external customers	\$ 76,936,080	\$ 19,514,729	\$ 435,439	\$ -	\$ 96,886,248
Inter-segment revenue	<u>13,718,913</u>	<u>2,170,465</u>	<u>-</u>	<u>(15,889,378)</u>	<u>-</u>
Segment revenue	<u>\$ 90,654,993</u>	<u>\$ 21,685,194</u>	<u>\$ 435,439</u>	<u>\$(15,889,378)</u>	<u>\$ 96,886,248</u>
Segment income	<u>\$ 14,478,106</u>	<u>\$ 4,593,822</u>	<u>\$ (109,237)</u>	<u>\$ (26,080)</u>	\$ 18,936,611
Non-operating income and expenses					(2,239,207)
Finance costs					(1,294,385)
Share of associates accounted for using the equity method					11,475
Profit before income tax					<u>\$ 15,414,494</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:

	<u>Revenue from External Customers</u>	
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
USA	\$ 105,722,840	\$ 88,736,475
China	1,565,460	1,156,369
Taiwan	4,046,159	4,471,082
Others	<u>2,814,111</u>	<u>2,522,322</u>
	<u>\$ 114,148,570</u>	<u>\$ 96,886,248</u>

	Non-current Assets	
	December 31	
	2022	2021
USA	\$ 25,674,214	\$ 20,064,179
China	662,047	667,677
Taiwan	12,989,216	5,747,606
Others	<u>898,604</u>	<u>991,425</u>
	<u>\$ 40,224,081</u>	<u>\$ 27,470,887</u>

Non-current assets excluded those classified as investments accounted for using the equity method financial instruments (include prepayments for investments), goodwill 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			
	2022		2021	
	Amount	%	Amount	%
Customer A	<u>\$ 13,324,469</u>	<u>12</u>	<u>\$ 10,531,831</u>	<u>11</u>

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	\$ 260,000	\$ 80,000	\$ 80,000	1.50%	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 6,326,198	\$ 25,304,792
		Ta Chen Lung Mei Home Life Co., Ltd.	Other receivables from related parties	Y	600,000	400,000	400,000	1.50%	2	-	Operating capital	-	None	-	6,326,198	25,304,792
		Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Other receivables from related parties	Y	50,000	50,000	50,000	1.50%	2	-	Operating capital	-	None	-	6,326,198	25,304,792
		Ta Chen (Hong Kong) Limited	Other receivables from related parties	Y	149,700	149,700	149,700	-	2	-	Operating capital	-	None	-	6,326,198	25,304,792
1	Brighton-Best International (Taiwan) Inc	Brighton-best International (NZ), Limited	Other receivables from related parties	Y	4,723	-	-	-	2	-	Operating capital	-	None	-	4,541,632	9,083,265
		Brighton-best International (NZ), Limited	Other receivables from related parties	Y	2,969	2,969	2,969	-	1	23,773	-	-	None	-	23,773	10,059,815
		Brighton-best International (AU), Pty Ltd.	Other receivables from related parties	Y	179,879	179,879	179,879	-	1	864,511	-	-	None	-	864,511	10,059,815
		Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	85,109	71,441	71,441	-	1	88,266	-	-	None	-	88,266	10,059,815
		Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	15,445	15,355	-	-	2	-	Operating capital	-	None	-	4,541,632	9,083,265
2	Brighton-Best International, Inc.	Brighton-best International (Brasil), Comercio De Parafusos Ltda.	Other receivables from related parties	Y	96,645	92,130	92,130	-	2	-	Operating capital	-	None	-	2,451,030	4,902,060
		Brighton-best International (Canada), Inc.	Other receivables from related parties	Y	80,538	76,775	-	-	2	-	Operating capital	-	None	-	2,451,030	4,902,060
3	Brighton-Best International (AU), Pty Ltd.	Brighton-best International (NZ), Limited	Other receivables from related parties	Y	47,124	45,826	44,367	-	2	-	Operating capital	-	None	-	177,931	355,862
4	Ta Chen Empire Co., Ltd.	Hupao Technology Co., Ltd.	Other receivables from related parties	Y	120,000	120,000	-	1.50%	2	-	Operating capital	-	None	-	1,091,393	2,182,786
		Noei Geeng Enterprise Co., Ltd.	Other receivables from related parties	Y	220,000	220,000	220,000	1.50%	2	-	Operating capital	-	None	-	1,091,393	2,182,786
5	Right way industrial co., Ltd.	Rightway Autoparts (Fuzhou) Co., Ltd.	Other receivables from related parties	Y	32,215	-	-	5.00%	2	-	Operating capital	-	None	-	349,796	932,789
		Rightway Autoparts (Fuzhou) Co., Ltd.	Other receivables from related parties	Y	29,475	-	-	5.00%	2	-	Operating capital	-	None	-	349,796	932,789
		Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables from related parties	Y	46,335	46,065	46,065	5.00%	1	153,834	-	-	None	-	153,834	932,789
		Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables from related parties	Y	48,323	-	-	5.00%	1	153,834	-	-	None	-	153,834	932,789
		Fuzhou Assured Brake Systems Co., Ltd.	Other receivables from related parties	Y	18,024	17,632	17,632	7.00%	2	-	Operating capital	-	None	-	349,796	932,789
6	Rightway Autoparts (Fuzhou) Co., Ltd.	Fuzhou Assured Brake Systems Co., Ltd.	Other receivables from related parties	Y	13,518	-	-	7.00%	2	-	Operating capital	-	None	-	-	-
7	Smart Media Technology Co., Ltd	Zhenlin Technology Co., Ltd.	Other receivables	N	15,910	-	-	-	1	-	-	-	None	-	-	-
8	Empire Resources, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	2,758,405	2,130,405	2,069,105	-	2	-	Operating capital	-	None	-	4,353,021	4,353,021
		Imbuli Metals Bvba	Other receivables from related parties	Y	370,180	370,180	153,976	IM LIBOR+1.75%	2	-	Operating capital	-	None	-	4,353,021	4,353,021
		Empire Resources (UK)limited	Other receivables from related parties	Y	203,315	203,315	141,072	IM LIBOR+1.75%	2	-	Operating capital	-	None	-	4,353,021	4,353,021
9	Primus Pipe and Tube Holding, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	13,400	13,400	13,400	IM LIBOR+1.75%	2	-	Operating capital	-	None	-	1,431,209	1,431,209
10	Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	Other receivables from related parties	Y	326,233	190,785	190,785	4.50%	2	-	Operating capital	-	None	-	2,324,940	2,324,940
		The Company	Other receivables from related parties	Y	692,000	-	-	-	2	-	Operating capital	-	None	-	2,324,940	2,324,940
11	8911 Kelso Drive	Empire Resources, Inc.	Other receivables from related parties	Y	80,655	80,655	80,655	-	2	-	Operating capital	-	None	-	90,119	90,119
12	Ta Chen Lung Mei Home Life Co., Ltd.	Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Other receivables from related parties	Y	10,000	-	-	1.50%	1	46,991	-	-	None	-	3,802	7,604

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
 Brighton-Best International (Taiwan) Inc. For business transaction: Recently business transaction amount
 Brighton-Best International, Inc. For short-term financing: 20% of net worth in recently audited financial statements or reviewed financial statements
 Brighton-Best International (AU), Pty Ltd. 20% of net worth in recently audited financial statements or reviewed financial statements
 Ta Chen Empire Co., Ltd. 20% 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
 Primus Pipe and Tube Holding, Inc. Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth
 Ta Chen (Hong Kong) Limited Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth
 8911 Kelso Drive Not exceed 100% of net worth for 100% held subsidiary, for others not exceed 40% of net worth
 Ta Chen Lung Mei Home Life Co., Ltd. For business transaction: Recently business transaction amount
 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
 Right Way Autoparts (Fuzhou) Co., Ltd. For short-term financing: 15% of net worth in recently audited financial statements or reviewed financial statements
 40% of net worth in recently audited financial statements or reviewed financial statements

40% of net worth in recently audited financial statements or reviewed financial statements
 For business transaction: Recently business transaction amount plus 40% of net worth in recently audited financial statements or reviewed financial statements
 For short-term financing: 40% of net worth in recently audited financial statements or reviewed financial statements
 40% of net worth in recently audited financial statements or reviewed financial statements
 40% of net worth in recently audited financial statements or reviewed financial statements
 40% of net worth in recently audited financial statements or reviewed financial statements
 100% of net worth in recently audited financial statements or reviewed financial statements
 100% of net worth in recently audited financial statements or reviewed financial statements
 1,000% of net worth in recently audited financial statements or reviewed financial statements
 100% of net worth in recently audited financial statements or reviewed financial statements
 For business transaction: Recently business transaction amount
 For business transaction: 40% of net worth in recently audited financial statements reviewed financial statements
 For business transaction: 40% of net worth in recently audited financial statements reviewed financial statements
 40% net worth in recently audited financial statements or reviewed financial statements

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

Note 2: The nature of financing is as follows:

- Business transaction
- The need for short-term financing

TABLE 2

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guaranteee		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 Subsidiaries	Endorsement/ Guarantee Given by Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Ta Chen (B.V.I.) Holdings Ltd.	Subsidiary	\$ 126,523,960	\$ 4,082,738	\$ 100,188	\$ 100,188	\$ -	-		Y	N	N
		Ta Chen (Hong Kong) Limited	Subsidiary	126,523,960	2,141,438	2,141,438	2,141,438	-	3		Y	N	N
		Ta Chen (Shijiazhuang) Co., Ltd.	Sub-subsidiary	126,523,960	145,700	145,700	145,700	-	-		Y	N	Y
		Empire Resources, Inc.	Sub-subsidiary	126,523,960	181,170	181,170	181,170	-	-		Y	N	N
		Ta Chen (Boye) Co., Ltd.	Sub-subsidiary	126,523,960	154,980	154,980	154,980	-	-		Y	N	Y
		TMCT Products, Inc.	Sub-subsidiary	126,523,960	174,132	174,132	174,132	-	-		Y	N	N
		Ta Chen Lung Mei Home Life Co., Ltd.	Subsidiary	126,523,960	1,300,000	1,300,000	1,300,000	-	2		Y	N	N
1	Brighton-Best International (Taiwan) Inc.	Brighton-Best International (AU), Pty Ltd.	Subsidiary	18,166,529	240,472	240,472	-	-	1.06		Y	N	N
		Brighton-Best International (NZ), Limited	Subsidiary	18,166,529	91,814	89,737	-	-	0.40		Y	N	N
2	Ta Chen Empire Co., Ltd.	Hupao Technology Co., Ltd.	Subsidiary	4,365,573	148,000	148,000	148,000	-	2.71		Y	N	N
		Noei Geng Enterprise Co., Ltd.	Subsidiary	4,365,573	190,000	190,000	-	-	3.48		Y	N	N
3	Ta Chen International, Inc.	Empire Resources Pacific, Ltd.	Sub-subsidiary	98,391,344	29,230,500	29,230,500	29,230,500	-	60		Y	N	N
		TCI Investment Group, Inc.	Subsidiary	98,391,344	29,230,500	29,230,500	29,230,500	-	60		Y	N	N
		Empire Resources, Inc.	Subsidiary	98,391,344	29,230,500	29,230,500	29,230,500	-	60		Y	N	N
		TCI Texarkana, Inc.	Subsidiary	98,391,344	33,396,800	31,583,300	31,583,300	-	65		Y	N	N
		Primus Pipe and Tube Holding, Inc.	Subsidiary	98,391,344	29,230,500	29,230,500	29,230,500	-	60		Y	N	N
		Primus Pipe and Tube, Inc.	Sub-subsidiary	98,391,344	29,230,500	29,230,500	29,230,500	-	60		Y	N	N
		Imbali Metals BVBA	Sub-subsidiary	98,391,344	711,400	-	-	-	-		Y	N	N
		Empire Resources (UK) Limited.	Sub-subsidiary	98,391,344	711,400	-	-	-	-		Y	N	N
4	Empire Resources, Inc.	Ta Chen International, Inc.	Parent company	87,060,420	29,230,500	29,230,500	29,230,500	-	671		N	Y	N
		Empire Resources Pacific, Ltd.	Subsidiary	87,060,420	29,230,500	29,230,500	29,230,500	-	671		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	87,060,420	29,230,500	29,230,500	29,230,500	-	671		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	87,060,420	29,230,500	29,230,500	29,230,500	-	671		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	87,060,420	29,230,500	29,230,500	29,230,500	-	671		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	87,060,420	29,230,500	29,230,500	29,230,500	-	671		N	N	N
5	TCI Investment Group, Inc.	Ta Chen International, Inc.	Parent company	62,110,300	29,230,500	29,230,500	29,230,500	-	16,472	87,060,420	N	Y	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	62,110,300	29,230,500	29,230,500	29,230,500	-	16,472		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	62,110,300	29,230,500	29,230,500	29,230,500	-	16,472		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	62,110,300	29,230,500	29,230,500	29,230,500	-	16,472		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	62,110,300	29,230,500	29,230,500	29,230,500	-	16,472		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	62,110,300	29,230,500	29,230,500	29,230,500	-	16,472		N	N	N
6	Empire Resources Pacific, Ltd.	Ta Chen International, Inc.	Parent company	67,080,000	29,230,500	29,230,500	29,230,500	-	16,472	62,110,300	N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	67,080,000	29,230,500	29,230,500	29,230,500	-	5,229,070		N	N	N
		Empire Resources, Inc.	Parent company	67,080,000	29,230,500	29,230,500	29,230,500	-	5,229,070		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	67,080,000	29,230,500	29,230,500	29,230,500	-	5,229,070		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	67,080,000	29,230,500	29,230,500	29,230,500	-	5,229,070		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	67,080,000	29,230,500	29,230,500	29,230,500	-	5,229,070		N	N	N
7	Primus Pipe and Tube Holding, Inc.	Ta Chen International, Inc.	Parent company	50,092,315	29,230,500	29,230,500	29,230,500	-	2,042	67,080,000	N	N	Y
		Empire Resources, Inc.	Fellow subsidiaries	50,092,315	29,230,500	29,230,500	29,230,500	-	2,042		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	50,092,315	29,230,500	29,230,500	29,230,500	-	2,042		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	50,092,315	29,230,500	29,230,500	29,230,500	-	2,042		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	50,092,315	29,230,500	29,230,500	29,230,500	-	2,042		N	N	N
		Primus Pipe and Tube, Inc.	Subsidiary	50,092,315	29,230,500	29,230,500	29,230,500	-	2,042		N	N	N
8	Primus Pipe and Tube, Inc.	Ta Chen International, Inc.	Parent company	65,794,465	29,230,500	29,230,500	29,230,500	-	2,443	50,092,315	N	Y	N
		Empire Resources, Inc.	Fellow subsidiaries	65,794,465	29,230,500	29,230,500	29,230,500	-	2,443		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	65,794,465	29,230,500	29,230,500	29,230,500	-	2,443		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	65,794,465	29,230,500	29,230,500	29,230,500	-	2,443		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	65,794,465	29,230,500	29,230,500	29,230,500	-	2,443		N	N	N
		Primus Pipe and Tube Holding, Inc.	Parent company	65,794,465	29,230,500	29,230,500	29,230,500	-	2,443		N	N	N
9	TCI Texarkana, Inc.	Empire Resources Pacific, Ltd.	Fellow subsidiaries	32,816,100	29,230,500	29,230,500	29,230,500	-	445	65,794,465	N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	32,816,100	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	32,816,100	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	32,816,100	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	32,816,100	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Ta Chen International, Inc.	Parent company	32,816,100	29,230,500	29,230,500	29,230,500	-	445		N	Y	N

Note :

Endorsements/Guarantees Limit for Each Borrower

Aggregate Endorsements/Guarantees Limit

The Company	200% of net worth in recently audited financial statements or reviewed financial statements	200% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (Taiwan) Inc.	80% of net worth in recently audited financial statements or reviewed financial statements	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen International, Inc.	200% of net worth in recently audited financial statements or reviewed financial statements	200% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources, Inc.	2,000% of net worth in recently audited financial statements or reviewed financial statements	2,000% of net worth in recently audited financial statements or reviewed financial statements
TCI Investment Group, Inc.	35,000% of net worth in recently audited financial statements or reviewed financial statements	35,000% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources Pacific, Ltd.	12,000,000% of net worth in recently audited financial statements or reviewed financial statements	12,000,000% 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 3

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(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	\$ 843	-	\$ 843
	Yuanta New ASEAN Balanced Fund TWD	"	"	600,000.00	4,842	-	4,842
	Capital ASEAN Fund TWD	"	"	61,156.30	691	-	691
	O-Bank No.1 Real Estate Investment Trust	"	"	621,000.00	5,167	-	5,167
	Capital Conservative Allocation Fund of Funds A TWD	"	"	200,000.00	1,850	-	1,850
	Union Multi-Asset High Income Fund A TWD	"	"	200,000.00	1,348	-	1,348
	Amundi TW - US Dollar Core Fixed Income Fund - A2 TWD	"	"	100,000.00	945	-	945
	Shin Kong Hang Seng TECH Index Fund (TWD)	"	"	100,000.00	461	-	461
	UBS (TW) Bond Fund - Fixed Income Fund of Funds (TWD) A	"	"	200,000.00	1,618	-	1,618
	PGIM USD High Yield Bond Fund-TWD(A)	"	"	200,000.00	1,845	-	1,845
	PineBridge ESG Quantitative Income & Growth Fund A USD	"	"	27,863.17	7,849	-	7,849
	RGI ESG Sustainable Emerging Market Bond Fund - TWD A	"	"	500,000.00	4,207	-	4,207
	RGI ESG Sustainable Emerging Market Bond Fund - USD A	"	"	15,000.00	3,839	-	3,839
	Amundi Funds - Global Ecology ESG U USD (C)	"	"	373.92	740	-	740
	HSBC ESG Sustainable Multi-Asset Fund of Funds ACHTWD	"	"	150,000.00	1,324	-	1,324
	FSITC Gbl Artificial Intlignc Fd TWD	"	"	78,657.60	963	-	963
	BlackRock Global Funds - Global Allocation Fund A2	"	"	1,947.29	3,873	-	3,873
	Cathy US ESG Fund TWD-A	"	"	300,000.00	2,772	-	2,772
	Jih Sun Vietnam Opportunity Fund (TWD A)	"	"	500,000.00	3,570	-	3,570
	PineBridge Thematic Dynamic Multi-Asset Fund-A	"	"	100,000.00	965	-	965
	Mega Global Metaverse Tech Fund TWD A	"	"	300,000.00	2,400	-	2,400
	Allianz Global Investors Income and Growth Fund-A TWD	"	"	236,779.80	2,709	-	2,709
	CTBC ESG Global Digital Infrastructure Fund-USA A	"	"	10,000.00	2,816	-	2,816
	SinoPac ESG Global Digital Infrastructure Fund-TWD Acc. N	"	"	500,000.00	4,645	-	4,645
	RGI LOHAS Multi-Asset Fund -USD A	"	"	10,000.00	3,067	-	3,067
	Cathay US Premium Bond Fund A	"	"	500,000.00	4,933	-	4,933
	UBS (TW) Multi Asset Risk Controlled Sustainable Fund (TWD) A	"	"	200,000.00	1,976	-	1,976
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund-TWD(A)	"	"	300,000.00	2,987	-	2,987
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund-USD(A)	"	"	20,000.00	6,165	-	6,165
					<u>\$ 81,409</u>		<u>\$ 81,409</u>
Unlisted shares - ROC	IBT VII Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	435,296	\$ 4,353	2.5	\$ 4,353
	Sunny Bank Ltd.	"	"	1,698,872	12,000	0.05	12,000
	Greencasa Co., Ltd.	"	"	553,824	10,799	18	10,799
					<u>\$ 27,152</u>		<u>\$ 27,152</u>
Los Osos Holding, Inc.	Foreign listed shares						
	PT Alumindo Light Metal Industry Tbk	None	Financial assets at fair value through other comprehensive income - current	32,822,200	\$ 17,609	0.86	\$ 17,609
	Ascent Industries Co. Com	"	"	231,472	61,631	2.26	61,631
					<u>\$ 79,240</u>		<u>\$ 79,240</u>
Brighton-Best International (Taiwan) Inc.	Unlisted shares - ROC						
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	39,857,365	\$ 434,445	9.58	\$ 434,445
	Listed shares - ROC						
	Ta Chen Stainless Pipe Co., Ltd.	Parent company	Financial assets at fair value through profit or loss - current	4,260,907	\$ 180,662	0.21	\$ 180,662
	Ta Chen Stainless Pipe Co., Ltd	Parent company	Financial assets at fair value through other comprehensive income - non-current	135,075,663	\$ 5,727,208	6.66	\$ 5,727,208
Ta Chen Empire Co., Ltd. (TEC)	Listed shares - ROC						
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through profit or loss - current	5,188,797	\$ 220,005	0.26	\$ 220,005
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through other comprehensive income - non-current	97,434,846	\$ 4,131,238	4.80	\$ 4,131,238
Right Way Industrial Co., Ltd.	Listed shares - ROC						
	Brighton-Best International (Taiwan) Inc.	Parent Company	Financial assets at fair value through other comprehensive income - non-current	6,316,000	\$ 239,376	0.61	\$ 239,376
	Unlisted shares- ROC						
	Phoenix Motor Corporation	None	Financial assets at fair value through profit or loss - current	600,000	\$ -	-	\$ -
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	25,706,588	\$ 280,202	6.18	\$ 280,202

The amount is already recognized as impairment losses.

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

Note2: Refer to Table 9 and Table 10 for information regarding investment in subsidiaries.

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, 2022**

(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	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Amount	Number of Shares	Amount
The Company	Brighton-Best International (Taiwan) Inc. – over the counter (OTC) shares - ROC TY Steel Co., Ltd. - Unlisted shares	Investment accounted for using the equity method	Open market	—	403,258,040	\$ 3,122,164	37,352,000	\$ 1,297,788	-	-	-	-	\$ 650,139 (Note 2)	440,610,040	\$ 5,070,091
		Investment accounted for using the equity method	— (Cash capital increase)	Investment accounted for using the equity method	-	-	105,583,201	889,216	-	-	-	-	(261,894) (Note 2)	105,583,201	623,927
Brighton-Best International (Taiwan) Inc.	Right Way Industrial Co., Ltd - Listed private shares - ROC	Investment accounted for using the equity method (Note 4)	—	Subsidiary	16,000,000	176,480	37,540,000	535,289 (Note 1)	-	-	-	-	(79,461) (Note 3)	53,540,000	632,308

Note 1: Investment accounted for using the equity method includes adjustment related to shareholders' equity recognized under the equity method.

Note 2: The amount includes adjustments related to profit and loss recognized under the equity method.

Note 3: Gain (loss) on disposal on June 20, 2022, the company had substantial control over Right Way, financial assets at FVYPL were treated as a component of Right Way.

Note 4: Refer to Note 13.

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, 2022
(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			
The Company	Land and Building - Rende District of Tainan	2022.08.02 (Board of Directors' resolution date)	\$ 936,000	Final payment 93,600 thousands has not been paid.	I Cheng Textile Co., Ltd., Wu Tong Industrial Co., Ltd. and Tong Cheng Tay Industrial Co., Ltd.	None	-	-	-	\$ -	Approved by the board of directors with reference to the professional appraisal price	For operation	None
Right Way Industrial Co., Ltd.	Fuhai Lujhu District of Taoyuan City	2022.07.19 (Board of Directors' resolution date)	391,387	Paid	Non-related party	None	-	-	-	-	Approved by the board of directors with reference to the professional appraisal price	For operation	None

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (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)	\$ (12,562,421)	(86)	Within 120-180 days	The price is decided taking both local market price in the US and the operation costs of TCI into consideration. There is no third-party that could be compared	For third-party, 90 days for domestic sales and 30-90 days for export sales.	\$ 7,988,590	99	-
	TY Steel Co., Ltd.	Associated	Purchase	564,837	7	50% when ordering, 50% when shipping	No third-party could be compared	No third-party could be compared	-	-	-
Ta Chen International, Inc.	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	(Sale)	(118,355)		Within 60 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	(1,591)	-	-
	Primus Pipe and Tube, Inc.	Subsidiaries (100% ownership)	Purchase	17,102,842	28	Within 30 days	General market price	Same	(1,841,046)	(25)	-
		Sub-subsidiaries	Purchase	906,973	1	Within 30 days	General market price	Same	(36,836)	(1)	-
		(100% indirect shareholding)	(Sale)	(172,000)	-	Within 30 days	General market price	Same	1,136	-	-
		Sub-subsidiaries	(Sale)	(172,000)	-	Within 30 days	General market price	Same	1,136	-	-
Empire Resources, Inc.	TCI Texarkana, Inc.	Fellow Subsidiaries	Purchase	4,099,496	94	Within 30 days	General market price	Same	(257,194)	(99)	-
Ta Chen (Shijiazhuang) Co., Ltd.	Ta Chen (Boye) Co., Ltd.	Fellow Subsidiaries	Purchase	142,182	31	Within 90 days	General market price consideration.	Same	(14,875)	(24)	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	(Sale)	(12,905,011)	(87)	Within 180 days	No third-party could be compared	No third-party could be compared	3,963,533	81	-
	Brighton-Best International (AU), Pty Ltd.	Subsidiaries (100% ownership)	(Sale)	(863,229)	(6)	Within 180 days	No third-party could be compared	No third-party could be compared	539,455	11	-
	Brighton-Best International (Canada), Inc.	Subsidiaries (100% ownership)	(Sale)	(701,771)	(5)	Within 180 days	No third-party could be compared	No third-party could be compared	248,326	5	-
	Brighton-Best International (UK), Limited	Subsidiaries (100% ownership)	(Sale)	(245,443)	(2)	Within 180 days	No third-party could be compared	No third-party could be compared	72,891	1	-
	Fang Sheng Screw Co., Ltd.	Corporate directors	Purchase	904,452	8	Within 45-90 days	No third-party could be compared	Note	(135,514)	(14)	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors	Purchase	672,757	6	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(68,649)	(7)	-
	Winlink Fasteners Co., Ltd.	Referred party in substance	Purchase	410,101	3	T/T 5 days after acceptance	No third-party could be compared	Note	(13,609)	(1)	-
	Tong Win International Co., Ltd.	Referred party in substance	Purchase	1,689,990	14	T/T 5 days after acceptance	No third-party could be compared	Note	(13,692)	(1)	-
Brighton-Best International, Inc.	Jinn Her Enterprise Co., Ltd.	Corporate directors of parent entity	Purchase	1,821,166	10	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(192,586)	(5)	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	(Sale)	(1,004,752)	(100)	Within 180 days	No third-party could be compared	No third-party could be compared	561,433	100	-
Right Way Industrial Co., Ltd.	Right Way Industrial (Malaysia) SDN. BHD.	Subsidiaries (100% ownership)	Purchase	153,834	38	Within 75 days per month	No third-party could be compared	No third-party could be compared	(37,259)	(25)	-

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

TABLE 7**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, 2022****(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)	\$ 7,988,590	1.73	\$ -	-	\$ 431,698	\$ -
	Ta Chen Lung Mei Home Life Co., Ltd.	Subsidiaries (99.62% ownership)	400,000	Note 2	-	-	7,221	-
	Ta Chen (Hong Kong) Limited	Subsidiaries (100% ownership)	149,700	Note 2	-	-	-	-
	Wei Mei Roller Blind Co., Ltd.	Subsidiaries (100% ownership)	80,000	Note 2	-	-	-	-
	Wei Mei Hsin Shu Interior Decoration Co., Ltd.	Subsidiaries (100% ownership)	50,000	Note 2	-	-	-	-
Ta Chen (B.V.I.) Holdings Ltd.	Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiaries (93.14% ownership)	233,044	Note 3	-	-	-	-
TCI Texarkana, Inc.	Ta Chen International, Inc.	Parent company	1,841,046	13.59	-	-	-	-
Empire Resources, Inc.	Empire Resources, Inc.	Fellow subsidiaries	257,194	22.68	-	-	-	-
	Ta Chen International, Inc.	Parent company	2,069,105	Note 2	-	-	-	-
Empire Resources, Inc.	Imbali Metals BVBA	Subsidiaries (100% ownership)	153,976	Note 2	-	-	-	-
	Empire Resources (UK) Limited	Subsidiaries (100% ownership)	141,072	Note 2	-	-	-	-
Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	Fellow subsidiaries (100% ownership)	159,895	Note 2	-	-	-	-
Primus Pipe and Tube, Inc.	Ta Chen International, Inc.	Parent company	36,836	49.24	-	-	-	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	3,963,533	4.27	-	-	1,975,226	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	539,455	2.05	-	-	102,806	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	208,276	Note 2	-	-	-	-
	Brighton-Best International (Canada) , Inc.	Subsidiaries (100% ownership)	248,326	3.31	-	-	194,872	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	561,433	1.95	-	-	162,121	-
	Noei Geeng Enterprise Co., Ltd.	Subsidiaries (80% ownership)	220,000	Note 2	-	-	220,000	-

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 8

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	\$ 12,562,421	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.	11
		"	1	Accounts receivables	7,988,590	-	5
		Ta Chen Lung Mei Home Life Co., Ltd.	1	Other Receivables	400,000	-	-
		Ta Chen (Hong Kong) Limited	1	Other Receivables	149,700	-	-
1	Ta Chen International Inc.	Primus Pipe and Tube Inc.	3	Cost of goods sold	906,973	General market price, payment term is 40 days.	-
		"	3	Accounts Payable	51,934	-	-
		"	3	Revenue from sale of goods	172,000	-	-
		"	3	Accounts receivable	1,136	-	-
		Ta Chen Empire Co., Ltd.	3	Cost of goods sold	1,004,752	General market price, payment term is 4-6 months	1
		"	3	Accounts payable	561,663	-	-
		TCI Texarkana, Inc.	3	Other receivable	17,965,350	-	12
		"	3	Cost of goods sold	17,102,842	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.	15
		"	3	Accounts Payable	1,841,046	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.	1
		"	3	Revenue from sale of goods	118,355	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.	-
		"	3	Accounts receivable	16,990	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.	-
		Empire Resources, Inc.	3	Other payable	2,130,405	-	-
2	Empire Resources, Inc.	Imbali Metals BVBA	3	Other receivable	153,976	-	-
		TCI Texarkana, Inc.	3	Cost of goods sold	4,099,496	No comparable transactions available	4
		"	3	Accounts payable	257,194	-	-
		Empire Resources (UK) Limited	3	Other receivable	141,072	-	-
3	Ta Chen (B.V.I.) Holdings Ltd.	Ta Chen (Shijiazhuang) Co., Ltd.	3	Other receivables	233,044	-	-
4	Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	3	Other receivables	159,895	-	-
5	Ta Chen (Shijiazhuang) Co., Ltd	Ta Chen (Boye) Co., Ltd.	3	Cost of goods sold	142,182	General market price, payment term is 3 months	-
6	Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	3	Revenue from sale of goods	12,905,011	No comparable transactions available	11
		"	3	Accounts receivables	3,963,533	-	3
		"	3	Other receivables	313	-	-
		"	3	Non-operating income	143,208	-	-
		Brighton-Best International (Canada), Inc.	3	Revenue from sale of goods	701,771	No comparable transactions available	1
		"	3	Accounts receivables	248,326	-	-
		Brighton-Best International (UK), Inc.	3	Revenue from sale of goods	245,443	No comparable transactions available	-
		"	3	Accounts receivables	72,891	-	-
		Brighton-Best International (AU), Pty Ltd.	3	Revenue from sale of goods	863,229	No comparable transactions available	1
		"	3	Accounts receivables	539,455	-	-
		"	3	Other receivables	208,276	-	-
7	Ta Chen Empire Co., Ltd.	Noei Geeng Enterprise Co., Ltd.	3	Other receivables	220,000	-	-
8	Right Way Industrial Co., Ltd.	Right Wat Industrial (Malaysia) SDN. BHD.	3	Cost of goods sold	153,834	General market price, payment term is 75 days per month	-
		"	3	Accounts payable	37,259	-	-
		"	3	Other receivables	46,065	-	-

Note 1: 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. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022				Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	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	\$ 47,360,178	\$ 8,302,185	\$ 8,270,767	Note 2	
	Ta Chen (B.V.I.) Holdings Ltd.	British Virgin Islands	Investment	990,817	990,817	32,625,300	100	1,911,798	71,224	71,222	Note 3	
	Brighton-Best International (Taiwan) Inc.	Taiwan	Import, export and sale of screws and nuts	8,500,095	7,202,307	439,509,040	42.98	5,070,091	4,574,239	1,724,864	Note 7	
	WEI MEI ROLLER BLIND CO., LTD.	Taiwan	Manufacture and sale of curtains and cloth products	70,000	30,600	7,000,000	70	72,102	3,294	2,322		
	Ta Chen Lung Mei Home Life Co., Ltd.	Taiwan	Manufacture and sale of curtains and cloth products	806,468	206,468	33,833,414	99.62	-	(763,890)	(639,196)		
	Ta Chen (Hong Kong) Limited	Hong Kong	Trade	279,720	279,720	10,000,000	100	232,495	(16,590)	(16,590)		
	TACHEN (Samoa) Holdings LTD.	Samoa	Investment	-	-	-	-	-	-	-	Note 4	
	Ta Chen Interior Design Co., Ltd.	Taiwan	Interior design	50,000	50,000	5,000,000	100	49,949	(7)	(7)		
	TY Steel Co., Ltd.	Thailand	Manufacture of steel billets and steel bars	889,216	-	105,583,200	38.75	565,372	(686,152)	(329,672)		
	Ta Chen GREEN SYSTEM CO., LTD.	Taiwan	Interior design	60,000	-	6,000,000	50	59,527	-	(473)		
	Right Way Industrial Co., Ltd.	Taiwan	Manufacture and sales of automobile and motorcycle parts	25,749	-	1,719,000	0.62	14,459	73,074	344		
	City Moean Co., Ltd.	Taiwan	asset management industry	4,900	-	490,000	49	4,448	(921)	(452)		
	Ta Chen International, Inc.	Ta Chen International Group, Inc.	U.S.A	Import, export and sale of screws and nuts	94,950	94,950	3,000	100	180,316	2,462	-	
	Empire Resources, Inc.	Empire Resources, Inc.	U.S.A	Investment	1,714,340	1,714,340	8,250,455	100	4,365,499	618,370	-	
Primus Pipe and Tube Holding, Inc.		U.S.A	Investment	877,540	877,540	29,000	100	1,439,588	353,938	-		
Primus Pipe and Tube Holding, Inc.	TCI Texarkana, Inc.	U.S.A	Manufacture and sale of aluminum products	9,286,500	9,286,500	60,000	100	6,519,863	(767,530)	-		
	Primus Pipe and Tube, Inc.	U.S.A	Manufacture and sale of stainless steel	-	-	1,000	100	1,196,263	353,650	-		
Empire Resources, Inc.	Empire Resources Pacific Ltd.	U.S.A	Import, export and sale of stainless steel and aluminum products	873,575	873,575	-	100	-	559	279	Note 6	
	Imball Metals BVBA	Belgium	Import, export and sale of stainless steel and aluminum products	624	624	1,000	100	253,837	26,226	-		
Brighton-Best International (Taiwan) Inc.	Empire Resources UK Ltd.	United Kingdom	Import, export and sale of stainless steel and aluminum products	208,224	208,224	5,400,000	100	323,615	28,629	-		
	8911 Kelso Drive	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	-	100	-	(239)	-		
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	10,696,835	2,059,529	-	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	894,352	3,894	-		
	Brighton-Best International (Canada) Inc.	Canada	Import, export and sale of screws and nuts	381,149	381,149	12,003,893	100	926,147	249,718	-		
	Brighton-Best International (UK) Limited	United Kingdom	Import, export and sale of screws and nuts	453,097	453,097	9,200,000	100	453,106	32,262	-		
	Brighton-Best International (NZ) Limited	new zealand	Import, export and sale of screws and nuts	19,328	19,328	1,000	100	15,062	(123)	-		
	Ta Chen Empire Co., Ltd.	Taiwan	Import, export and sale of aluminum products	5,300,000	5,300,000	530,000,000	100	5,456,966	269,573	-		
	Brighton-Best International (HK) Limited	Hong Kong	Investment	-	-	-	-	-	-	-	Note 8	
	Brighton-Best International, Inc. (Cayman)	Cayman Islands	Investment	-	-	-	-	-	-	-	Note 5	
	Brighton-Best International, Inc.	Right Way Industrial Co., Ltd.	Taiwan	Manufacture and sales of automobile and motorcycle parts	615,673	147,840	53,540,000	19.21	733,685	95,215	-	
	Brighton-Best International, Inc.	Brighton-Best International(Brazil), Comercio de Parafusos Ltda.	Brazil	Import and sale of screws and nuts	6,486	6,486	4,000,000	100	(46,741)	17,698	-	
Ta Chen Empire Co., Ltd.	NOEI GEENG ENTERPRISE CO., LTD.	Taiwan	Manufacturing of screws and nuts	77,785	-	7,778,598	80	83,919	(2,069)	-		
	Hupao Technology CO., LTD.	Taiwan	Energy technology service industry	191,092	-	19,109,228	80	190,094	(1,200)	-		
	Shie Shin Enterprise Co., Ltd.	Taiwan	Manufacturing of screws and nuts	285,171	-	28,517,132	80	286,138	1,261	-		
Brighton-Best (Hong Kong) Limited	Brighton-Best (Hong Kong) Holding Inc	Hong Kong	Investment	-	-	-	-	-	-	-	Note 8	
Right Way Industrial Co., Ltd.	Right Way Industrial (Malaysia) Sdn. Bhd	Malaysia	Manufacture of automobile and motorcycle pistons	211,024	211,024	28,665,667	79.63	262,382	(19,676)	-	Note 9	
	Excellent Growth Investments Limited	British Virgin Islands	Investment	(MYR 723,972)	(MYR 899,823)	23,262,626	100	83,947	38,581	-	Note 9	
	Right Way North America Inc.	U.S.A	Trading of Automobile Engine Parts	1,575	1,575	-	100	5,588	30	-	Note 9	
	RIGHT WAY GLOBAL CO., LTD.	Taiwan	Automobile and motorcycle buying and selling business	259,300	259,300	25,930,000	100	55	(75)	-	Note 9	
	Wealth Cosmo Limited	Seychelle	Automobile and motorcycle buying and selling business	-	755	-	-	-	-	-	Note 9 and 11	
	Smart Media Technology Co., Ltd	Taiwan	Electrical Appliance Trading	-	40,000	-	-	-	-	-	Note 9 and 12	
	Yaosheng Green Energy Co., Ltd.	Taiwan	solar engineering	-	1,000	-	-	-	(22)	-	Note 9 and 13	
	Yaoguang Green Power Co., Ltd.	Taiwan	solar engineering	-	5,000	-	-	-	(13)	-	Note 9 and 14	
	Yao Yang Electric Co., Ltd.	Taiwan	solar engineering	-	1,000	-	-	-	(15)	-	Note 9 and 14	
	Right Way Industrial (Malaysia) Sdn. Bhd	TRIM Telesis Engineering Sdn. Bhd.	Malaysia	Connecting rod manufacturing	50,428	50,428	8,950,000	89.5	1,531	6,767	Note9	
	Excellent Growth Investments Limited.	Admiral Skill Limited	British Virgin Islands	Investment	(MYR 7,235)	(MYR 7,235)	-	-	-	-	-	Note 9 and 15
Admiral Skill Limited	Joint Fortune Company Limited	Cayman Islands	Investment	-	319,998	-	-	-	-	-	Note 9 and 15	
RIGHT WAY GLOBAL CO., LTD.	TAIWAN SSANGYONG CO., LTD.	Taiwan	Auto retail	16,920	16,920	19,588	0.05	-	-	-	Note 9 and 16	
Ta Chen (B.V.I.) Holdings Ltd.	TMCT Products, Inc.	U.S.A	Investment	156,850	126,140	5,500	100	150,080	1,226	-		
	Los Osos Holdings, Inc.	U.S.A	Investment	110,237	68,462	-	100	80,011	450	-		
	Clarke St. Property Holdings, LLC	U.S.A	Investment	14,240	14,240	-	100	15,027	(205)	-		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
TMCT Products, Inc. Los Osos Holdings, Inc. WEI MEI ROLLER BLIND CO., LTD.	Amerinox Texarkana, LLC Procurmore Trading, Inc. WEI MEI HSIN SHU INTERIOR DECORATION CO., LTD.	U.S.A U.S.A Taiwan	Aluminum processing industry Trade Manufacture and trade of window decorations	\$ 28 557 166,282	\$ 28 557 -	- - 4,770,000	49 100 100	\$ 20,907 557 173,680	\$ - - 5,762		

(Concluded)

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

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 sidestream transactions among subsidiaries.

Note8 : Established in May 2019 and no investment funding has been remitted.

Note9 : On June 20, 2022, the subsidiary Brighton-Best International (Taiwan) Inc. acquired the control of Right Way Industrial Co., Ltd., and the former Right Way Industrial Co., Ltd.'s subsidiaries were included in the consolidated financial report preparation entity.

Note10 : 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 2022 (US dollar: NTD = 1: 30.71; MYR: NTD = 1: 6.97).

Note11 : Apply for liquidation and return of share capital on May 30, 2022, and obtain a cancellation certificate.

Note12 : Sold on May 3, 2022.

Note13 : Dismiss on January 12, 2022, and liquidated on July 28, 2022.

Note14 : Dismiss on January 11, 2022, and liquidated on July 28, 2022.

Note15 : Assets to be sold and liabilities directly related to assets to be sold have been transferred in the first quarter of 2021, and the aforementioned book amount will be delisted in September 2022. Details please refer to Note 12.

Note16 : Impairment losses have been fully recognized.

TABLE 10

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(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, 2022 (Note 2)	Remittance of Funds (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (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, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	\$ 129,083	(2) Ta Chen (B.V.I.) Holdings Ltd.	\$ 129,083	\$ -	\$ -	\$ 129,083	\$ 107,338	93.14	\$ 81,432	\$ 377,598	\$ -	
Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	305,319	(2) Ta Chen (B.V.I.) Holdings Ltd.(Note 5)	305,319	-	-	305,319	(8,852)	100	(10,898)	418,852	-	
Yinrong (Shanghai) Investment Management Limited	Investment	2,372	(3) The Company	2,372	-	-	2,372	112	100	112	6,228	-	
Cheng-Rong (Shanghai) International Trading Ltd. (Note 6)	Investment	-	(2) Brighton-Best International Inc. (Cayman)	-	-	-	-	-	-	-	-	-	
Rightway Autoparts (Fuzhou) Co., Ltd.(Notes 4 and 5)	Manufacture and sale of piston engine parts	568,135 (USD 18,500)	(2) Excellent Growth Investments Limited.	568,135 (USD 18,500)	-	181,916 (USD 6,121)	-	38,212	-	38,212 (2)	-	-	
Fuzhou Weibao International Trade Co., Ltd.(Note 4)	Hardware products, hardware and electric materials, rubber raw materials, general machinery, electronic products	4,408 (CNY 1,000)	(3)Rightway Autoparts (Fuzhou) Co., Ltd. direct investment	-	-	-	-	(1,620)	-	(1,620) (2)	-	-	
Shanghai Kunyi Precision Metal Forming Products Co., Ltd. (Notes 4 and 9)	Automotive parts and other metal molded products	465,507 (CNY105,605)	(3)Acquired Admiral Skill Limited	152,659 (USD 4,971)	-	-	-	-	-	-	-	-	
Fuzhou Assured Brake Systems Co., Ltd. (Note 4 and 12)	Automotive and motorcycle manufacture of mechanical brakes	331,931 (CNY75,302)	(2) Excellent Growth Investments Limited.	87,032 (USD 2,834)	-	-	87,032 (USD 2,834)	(5,083)	31.66	(2,155) (3)	-	-	

Name of Investment Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 2)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Ta Chen Right Way	\$ 451,566 619,851 (USD 20,184)	\$ 1,011,315 807,826 (USD 26,305)	\$ 37,957,188 (Note 3) 1,399,184 (Note 10)

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: The amounts were calculated based on the foreign exchange rate as of December 31, 2022. (USD1:NTD30.71, RMB1:NTD4.408)

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:
 $\$63,261,980 \text{ thousand} \times 60\% = \$37,957,188 \text{ thousand}$

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: Indirect investment in Rightway Autoparts (Fuzhou) Co., Ltd., report to Investment Commission for review in June 17, 2022. The recovery of investment amounted to US\$6,121 thousand and was approved to be cancelled on July 6, 2022.

Note 10: Right Way's net equity $\times 60\% = \$2,331,973 \times 60\% = 1,399,184$.

Note 11: Transfer of assets held for sale and liabilities directly related to assets held for sale in first quarter 2021 and eliminated to the aforementioned carrying amount in September 2022, refer to financial report Note 12. The cancellation of investment was approved by the Investment Commission, MOEA (2) No. 11000013340 dated on February 18, 2021.

Note 12: 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, refer to Note 12.

Note 13: Except Fuzhou Assured, the above investees were eliminated in the preparation of the consolidated financial statements.

TA CHEN STAINLESS PIPE CO., LTD.**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.	139,336,570	6.86
Ta Chen Empire Co., Ltd.	102,623,643	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. AND SUBSIDIARIES

MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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
Cost														
Balance at January 1, 2021	\$ 4,039,023	\$ 130,495	\$ 4,110,548	\$ 9,209,015	\$ 1,747,190	\$ 342,127	\$ 173,151	\$ 643,219	\$ 225,053	\$ 197,187	\$ 1,719	\$ 263,450	\$ 995,377	\$ 22,077,554
Additions	27,359	919	65,127	309,797	33,059	230	28,019	19,436	5,620	9,978	-	9,614	240,240	749,398
Disposals	-	-	(431)	(70,150)	(5,105)	(600)	(12,804)	(11,042)	(1,125)	(2,344)	-	(8,509)	-	(112,110)
Reclassifications	802	-	614,089	144,219	-	-	-	(109,567)	243	226	-	18	(730,463)	(80,433)
Derecognized on disposal of a subsidiary	-	-	(215,959)	(337,886)	-	-	(12,320)	(12,856)	-	-	-	-	-	(579,021)
Acquisitions through business combinations	173,591	-	97,128	52,967	-	-	15,540	20,470	-	88,666	-	2,183	-	450,545
Effects of foreign currency exchange differences	4,206	(1,632)	(105,182)	(162,530)	(52,585)	-	(2,422)	(20,442)	-	(3,376)	(48)	(364)	(10,658)	(355,033)
Balance at December 31, 2021	<u>\$ 4,244,981</u>	<u>\$ 129,782</u>	<u>\$ 4,565,320</u>	<u>\$ 9,145,432</u>	<u>\$ 1,722,559</u>	<u>\$ 341,757</u>	<u>\$ 189,164</u>	<u>\$ 529,218</u>	<u>\$ 229,791</u>	<u>\$ 290,337</u>	<u>\$ 1,671</u>	<u>\$ 266,392</u>	<u>\$ 494,496</u>	<u>\$ 22,150,900</u>
Accumulated Depreciation and Impairment														
Balance at January 1, 2021	\$ -	\$ 41,424	\$ 1,106,566	\$ 4,039,127	\$ 1,341,562	\$ 176,491	\$ 136,489	\$ 500,548	\$ 219,043	\$ 165,935	\$ 1,719	\$ 180,165	\$ -	\$ 7,909,069
Depreciation expenses	-	7,970	166,952	430,682	112,490	22,099	15,950	28,312	3,686	17,391	-	34,238	-	839,770
Disposals	-	-	(185)	(67,536)	(3,251)	(600)	(11,277)	(10,255)	(1,125)	(2,261)	-	(8,467)	-	(104,957)
Reclassifications	-	-	-	99	-	-	-	(74,596)	-	28	-	-	-	(74,469)
Impairment losses recognized	-	-	-	37,965	-	-	-	-	-	-	-	-	-	37,965
Derecognized on disposal of a subsidiary	-	-	(123,627)	(251,622)	-	-	(8,230)	(14,101)	-	-	-	-	-	(397,580)
Acquisitions through business combinations	-	-	21,826	35,338	-	-	7,742	17,618	-	63,226	-	1,138	-	146,888
Effects of foreign currency exchange differences	-	(205)	(2,392)	(36,005)	(41,219)	1	(1,592)	(16,102)	(1)	(2,479)	(48)	(337)	-	(100,379)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 49,189</u>	<u>\$ 1,169,140</u>	<u>\$ 4,188,048</u>	<u>\$ 1,409,582</u>	<u>\$ 197,991</u>	<u>\$ 139,082</u>	<u>\$ 431,424</u>	<u>\$ 221,603</u>	<u>\$ 241,840</u>	<u>\$ 1,671</u>	<u>\$ 206,737</u>	<u>\$ -</u>	<u>\$ 8,256,307</u>
Carrying amounts at December 31, 2021	<u>\$ 4,244,981</u>	<u>\$ 80,593</u>	<u>\$ 3,396,180</u>	<u>\$ 4,957,384</u>	<u>\$ 312,977</u>	<u>\$ 143,766</u>	<u>\$ 50,082</u>	<u>\$ 97,794</u>	<u>\$ 8,188</u>	<u>\$ 48,497</u>	<u>\$ -</u>	<u>\$ 59,655</u>	<u>\$ 494,496</u>	<u>\$ 13,894,593</u>
Cost														
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	813,164	-	-	16,078	36,979	79,061	-	-	60,422	1,263	3,539,421
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>\$ 11,302,567</u>	<u>\$ 2,065,714</u>	<u>\$ 342,491</u>	<u>\$ 282,228</u>	<u>\$ 651,139</u>	<u>\$ 309,462</u>	<u>\$ 430,056</u>	<u>\$ 1,854</u>	<u>\$ 602,352</u>	<u>\$ 762,120</u>	<u>\$ 31,179,803</u>
Accumulated Depreciation and Impairment														
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)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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 January 1, 2022	<u>\$ 4,244,981</u>	<u>\$ 80,593</u>	<u>\$ 3,396,180</u>	<u>\$ 4,957,384</u>	<u>\$ 312,977</u>	<u>\$ 143,766</u>	<u>\$ 50,082</u>	<u>\$ 97,794</u>	<u>\$ 8,188</u>	<u>\$ 48,497</u>	<u>\$ -</u>	<u>\$ 59,655</u>	<u>\$ 494,496</u>	<u>\$ 13,894,593</u>
Carrying amounts at December 31, 2022	<u>\$ 8,809,768</u>	<u>\$ 98,782</u>	<u>\$ 3,855,727</u>	<u>\$ 5,916,308</u>	<u>\$ 402,055</u>	<u>\$ 124,759</u>	<u>\$ 114,653</u>	<u>\$ 127,038</u>	<u>\$ 18,120</u>	<u>\$ 173,393</u>	<u>\$ -</u>	<u>\$ 317,513</u>	<u>\$ 762,120</u>	<u>\$ 20,720,236</u>