

Stock code:2027

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TA CHEN STAINLESS PIPE CO., LTD.

Handbook for the 2021 Annual Meeting of Shareholders

TIME: 9:00 a.m. June 28, 2021

**PLACE: No. 261, Nanmen Rd., South Dist., Tainan City 702,
Taiwan (The Labor Recreation Center)**

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Ta Chen Stainless Pipe Co., Ltd.

Meeting Procedure of the 2021 Annual General Meeting of Shareholders

1. Meeting as Read (Report held shares of attendance Shareholders)

2. Reported Items

3. Matters for Ratification

4. Matters for Discussion

5. Extempore Motion

6. Meeting Adjournment

Ta Chen Stainless Pipe Co., Ltd.
2021 General Shareholders' Meeting Agenda

Time: 9:00 a.m. June 28, 2021 (Monday)

2. Venue: No. 261, Nanmen Rd., Tainan City (Labor Recreation Center)

3. Meeting as Read

4. Reported Items

Item 1: The Company's 2020 business report and financial statement.

Item 2: Audit Committee's review report on the 2020 financial statements.

Item 3: Report of implementation of indirect investments in the PRC.

Item 4: Report of endorsements/guarantees and Loaning Funds to Others.

Item 5: Report of causes of change in the fundraising plan, and evaluation thereof

5. Matters for Ratification

Item 1: Adoption of the 2020 Business Report and Financial Statements.

Item 2: Adoption of the Proposal for Deficit Compensation 2020.

6. Matters for Discussion

Item 1: Amendment to the "Articles of Incorporation" in part.

Item 2: Distribution of Cash Dividends out of Capital Reserve.

7. Extempore Motion

8. Meeting Adjournment

Reported Item

No. 1

Proposal: The Company's 2020 business report and financial statement.

Explanation: Please refer to Page 7 hereof for the “2020 Annual Business Report” (Attachment 1)

Reported Item

No. 2

Proposal: Audit Committee’s review report on the 2020 financial statements.

Explanation: Please refer to Page 10 hereof for the “Audit Committee’s review report” (Attachment 2)

Reported Item

No. 3

Proposal: Report on implementation of indirect investments in the PRC.

Explanation: The information of Company’s investment in PRC is stated as follows:

Name of Company	Investment method	Contribution Accumulated investment amount	Maximum Investment
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	Operated according to the supervision of the subsidiary Ta Chen (B.V.I.) Holdings, Ltd.	US\$4,750,000 (NT\$135,280,000)	NT\$17,086,641,000
Ta Chen (Changshu) Machinery Co., Ltd.	Operated according to the supervision of the subsidiary Ta Chen (B.V.I.) Holdings, Ltd.	US\$10,000,000 (NT\$284,800,000)	
Ta Chen (Boye) Machinery Co., Ltd.	Operated according to the supervision of the subsidiary Ta Chen (B.V.I.) Holdings, Ltd.	US\$11,935,000 (NT\$339,909,000)	
Yinrong (Shanghai) Investment Management Limited.	100% shareholding	RMB\$500,000 (NT\$2,189,000)	

Note 1: The Company’s collaboration amounted to NT\$28,477,735,000 till December 31, 2020. (At the rate \$1USD : \$28.48NTD and \$1RMB : \$4.377NTD)

Note 2: The maximum investment is 60% of the Company’s collaboration (Accumulated), in accordance with the “Regulation Governing the Approval Of Investment Or Technical Cooperation in Mainland China” of the Investment Commission promulgated on August 29, 2008.

Note 3: Ta Chen (Changshu) Machinery Co., Ltd. was sold on January 4, 2021.

Reported Item

No. 4

Proposal: Report of endorsements/guarantees and Loaning Funds to Others.

Explanation: 1. The endorsements and guarantees made by the Company for business up to February 28, 2021 are as follows

Date	Name of company as guarantor/endorser	Endorsed/ guaranteed party	Amount (NT\$)	Amount (US\$/RMB)	Type
2012.4	TA CHEN STAINLESS PIPE	Shijiazhuang Tachen Jitai Machinery Co., Ltd.	141,400,000	US\$5,000,000	Financing Guarantee
2017.7	TA CHEN STAINLESS PIPE	EMPIRE RESOURCES, INC.	169,680,000	US\$6,000,000	Financing Guarantee
2019.12	TA CHEN STAINLESS PIPE	Ta Chen (Hong Kong) Limited	1,767,500,000	US\$62,500,000	Financing Guarantee
2020.3	TA CHEN STAINLESS PIPE	Ta Chen (B.V.I.) Holdings, Ltd.	98,980,000	US\$3,500,000	Financing Guarantee
2020.8	TA CHEN STAINLESS PIPE	Ta Chen (Boye) Machinery Co., Ltd.	157,140,000	RMB\$36,000,000	Financing Guarantee

2. The total endorsements/guarantees as above are NT\$2,334,700,000 at an exchange rate of US\$:NT\$ @28.28 and RMB:NT\$ @4.365 in February, 2021), it does not exceed the threshold referred to in the subparagraph 3, Article 5 of the Company's existing "Endorsement/Guarantee Operating Procedure," providing that "The endorsement/guarantee to subsidiaries cannot exceed 200% of the Company's net value" . (The Net Value is NT\$ 28,477,735,000 up to December 31, 2020). The endorsement/guarantee made for a single enterprise in the current period shall not exceed 200% of the Company's net value. (Net Value NT\$28,477,735,000×200% = 56,955,470,000 thousand on December 31, 2020)
3. The Company never loaned funds to others as of February 28, 2021.

Reported Item

No. 5

Proposal: Report of causes of change in the fundraising plan and evaluation thereof

Explanation: Please refer to Page 11 hereof (Attachment 3) for the causes of change in the fundraising plan 2018, expected benefits at the moment of changes and causes of the deviation from the benefits from physical execution of the plan, and evaluation on the benefits derived from the changes, as well as the underwriter's evaluation opinion.

Matters for
Ratification

No. 1

(Proposed by the Board
of Directors)

Proposal: Adoption of the 2020 Business Report and Financial Statements.

Explanation: 1. The 2020 Business Report and Financial Statements have been approved by the Board of Directors, and reviewed by the Audit Committee. The Financial Statements were also audited by CPA Hung-Ju Liao , and Chao-Chin Yang, CPA of Deloitte & Touche.

2. Please refer to Page 20 hereof for said “Financial Statements and Independent Auditor Report” (Attachment 4).

Resolution:

Matters for
Ratification

No. 2

(Proposed by the Board
of Directors)

Proposal: Adoption of the Proposal for Deficit Compensation 2020

Explanation: The Company's 2020 Deficit Compensation Plan is stated as following:

Ta Chen Stainless Pipe Co., Ltd.

Deficit Compensation Plan

2020

Unit: NT\$

Item	Amount
Unappropriated Earnings, beginning	\$ 1,202,421,546
Current net loss after tax	(573,421,283)
Retained earnings adjusted due to investment under the equity method	(24,763,616)
Re-measurement of defined benefit plans stated into retained earnings	<u>16,819,728</u>
Unappropriated Earnings after adjustment	621,056,375
Less: Special reserve provided pursuant to laws	<u>(621,056,375)</u>
Unappropriated Earnings, ending	<u>\$ 0</u>

Chairman: Li-Yun Hsieh

CEO: Rung-Kun Shieh

Accounting Manager: Denny Wong

Resolution:

Matters for Discussion

No. 1

(Proposed by the Board
of Directors)

Proposal: Amendment to the “Articles of Incorporation” in part.

Explanation: 1. In response to the Company's practical needs, the Articles of Incorporation is amended in part.

2. Please refer to Page 40 hereof for the cross reference table for the amended Articles of Incorporation (Attachment 5).

Resolution:

Matters for Discussion

No. 2

(Proposed by the
Board of Directors)

Proposal: Distribution of Cash Dividends out of Capital Reserve.

Explanation: 1. The company’s distribution of Cash Dividends out of Capital Reserve is NT\$1,326,772,683, which is from capital surplus, generated from share issuance in excess of par value. The Company’s actual number of outstanding shares up to February 28, 2021 is calculated as 1,658,465,853 shares. The distribution of Cash Dividends would be EPS NT\$0.8.

2. The cash dividend amount will be distributed on a pro-rata basis and truncated to the nearest dollar. Fractional amounts of less than NT\$1 will be summed up and allocated based on the size of decimals in descending order and shareholders' account number in ascending order until the total amount of cash dividend is allocated.
3. Once this proposal is resolved by an annual general meeting, the Board of Directors is authorized to set the ex-dividend date and handle the dividend distribution matters accordingly.
4. After the distribution plan is resolved, if the number of issued and outstanding shares of the Company subsequently changes due to share repurchase, share transfer, share swap, share cancellation, capital increase, or other reasons, the cash dividend distributed to each Common Share may be adjusted by the Board of Directors with full power per resolution of the annual general meeting pursuant to the actual number of the outstanding shares.

Resolution:

Extempore Motion

Meeting Adjournment

Business Report

1. Management Guideline
 - (1) Implement production and sales cooperation to lower cost and enhance product competitiveness.
 - (2) Stabilize expansion of sales channels owned by the US subsidiary to increase income and profit.
2. Business Report of the Previous Fiscal Year (2020 Fiscal Year – January 1, 2020 to December 31, 2020)

- (1) Results of the business plan implementation for the previous year:

1. Implementation of the Business Report of the Previous Fiscal Year: (For the Financial Report of January 1, 2020 to December 31, 2020, please see Page 20 hereof.)

The turnover of the Company in 2020 is NT\$59,234,909,000, which is NT\$18,639,465,000 less than that in 2019, with an decrease of 24%; lose before tax is NT\$80,412,000, which is NT\$3,209,685,000 less than that of 2019, with an decrease of 103%. The detailed reasons of which are as follows:

(1) Stainless Steel Department

Unit: NTD thousand / Tons

	2020	2019	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	24,006,829	30,056,072	(6,049,243)	(20)
Operating Cost	22,154,814	25,766,153	(3,611,339)	(14)
Operating Gross Revenue	1,852,015	4,289,919	(2,437,904)	(57)
Sales Volume	181,906	211,611	(29,705)	(14)
Production Volume	131,635	231,444	(99,809)	(43)
Unit Price	132	142	(10)	(7)
Unit Cost	122	122	-	-

The market demand was decreasing due to the impact posed by the epidemic in 2020. Though the price of nickel was recovering from the second half of 2020, the overall sales volume still declined by 14%. Both the operating revenue and unit price declined due to the fierce market competition. The gross profit of which decreased NT\$2,437,904,000 compared to that in 2019, with a decrease of 57% approximately.

(2) Screw and Screw-nuts Department

Unit: NTD thousand / Tons

	2020	2019	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	13,434,991	14,829,915	(1,394,924)	(9)
Operating Cost	8,904,595	9,940,335	(1,035,740)	(10)
Operating Gross Revenue	4,530,396	4,889,580	(359,184)	(7)
Sales Volume	148,181	160,448	(12,267)	(8)
Purchase Volume	134,670	183,763	(49,093)	(27)
Unit Price	91	92	(1)	(1)
Unit Cost	60	62	(2)	(3)

Given the impact posed by the COVID-19 on the economy and market globally in 2020, the decrease in the Company's order quantity resulted in the Company's operating revenue declining by 9%. Notwithstanding, as the operating cost also declined accordingly, the Company's overall earnings decreased by 7% only.

(3) Aluminum Product Department

Unit: NTD thousand / Tons

	2020	2019	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	21,793,089	32,988,387	(11,195,298)	(34)
Operating Cost	19,240,760	27,883,081	(8,642,321)	(31)
Operating Gross Revenue	2,552,329	5,105,306	(2,552,977)	(50)
Sales Volume	224,654	282,844	(58,190)	(21)
Purchase Volume/Production Volume	185,681	360,067	(174,386)	(48)
Unit Price	97	117	(20)	(17)
Unit Cost	86	99	(13)	(13)

Since the second half of 2019, the mass exports to the USA by the Company's foreign competitors from the Middle East and European countries posed some impact on the Company's market share and sale volume in the USA. The Company's overall gross profit declined accordingly. Given this, the Aluminum Association has applied for investigation on anti-dumping and countervailing duties against 18 countries on March 9, 2020. The preliminary decision on the anti-dumping and countervailing duties issue has been rendered in August and October 2020, respectively. The final judgment against the same issue

was rendered in March 2021. According to the preliminary decision, as of the date of the decision, all products exported to the USA would be levied the anti-dumping and countervailing duties additionally. Therefore, the Company's competition in the USA market has been improved positively as of Q4 2020.

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

(3) Profitability Analysis:

	2020	2019
Return on Assets (%)	1.25	3.91
Return on Shareholders' Equity (%)	(0.28)	6.01
Ratio of Operating Profit in Paid-in Capital (%)	10.99	43.82
Ratio of Net Profit Before Tax in Paid-in Capital (%)	(0.48)	25.36
Net Profit Rate (%)	(0.17)	3.07
EPS (NTD) after tax	(0.44)	1.46

Every index of profitability of 2020 has reduced compared to those of 2019, because since the second half of 2019, the mass exports to the USA by the Company's foreign competitors from the Middle East and European countries posed some impact to the Company's market share and sale volume in the USA. The Company's overall gross profit declined accordingly. Given this, the Aluminum Association has applied for investigation on anti-dumping and countervailing duties against 18 countries on March 9, 2020. The preliminary decision on the anti-dumping and countervailing duties issue has been rendered in August and October 2020, respectively. The final judgment against the same issue was rendered in March 2021. According to the preliminary decision, as of the date of the decision, all products exported to the USA would be levied the anti-dumping and countervailing duties additionally. Therefore, the Company's competition in the USA market has been improved positively as of Q4 2020.

(4) Research & Development Status:

Aiming to become a professional manufacturer of vertical and horizontal stainless steel and relevant products, apart from strengthening the improvement of quality and research efficiency of existing products, the Company has also actively reached out to the plastic and wooden curtain boards and achieved good results in its work.

Chairman: Li-Yun Hsieh

CEO: Rung-Kun Shieh

Accounting Manager: Denny Wong

Ta Chen Stainless Pipe Co., Ltd.
Audit Committee's Review Report

We have reviewed the Company's 2020 financial statements, deficit compensation plan and business report prepared by the Board of Directors and audited and certified by Deloitte & Touche, and found them to be in compliance with regulatory requirements. We hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

Respectfully submitted,

To:

2021 Annual General Meeting of Ta Chen Stainless Pipe Co., Ltd.

Ta Chen Stainless Pipe Co., Ltd.
Convener of Audit Committee: Ming-Chang Shen

March 25, 2021

Causes of change in the fundraising plan 2018, expected benefits at the moment of changes and causes of the deviation from the benefits from physical execution of the plan, and evaluation on the benefits derived from the changes, as well as the underwriter's evaluation opinion.

[The Company's Explanation]

1. Causes of change in the fundraising plan:

The Company invested in the aluminum company, primarily in response to the subsidy to China-made common alloy aluminum sheet products for commercial purpose by the Chinese government, the Federal Trade Commission preliminarily decided to levy 31.2%~113.3% countervailing duty thereon on April 17, 2018, and planned to render the final decision at the end of August. In consideration of the anti-dumping and countervailing duties, China-made common alloy aluminum sheet products will become uncompetitive due to the uncertainty in the import tariff to be borne by importers upon imposition of the anti-dumping duty. Thus, no importer will intend to import said products to the US market. According to the preliminary estimation by the USA, such products imported from China to the USA were about 370,000 tons at the beginning of 2017. The existing suppliers (not those from China) of Ta Chen Stainless Pipe can provide the maximum production capacity attaining 270,000 tons only, which appears not be able to afford the demand of the market in the USA. If it is impossible to cover the gap in the market demand, China-based suppliers may take the chance to establish their plants in the USA. Thus the Group's aluminum material channels will be affected adversely. Therefore, the strategy to be adopted by the Group as the first priority will be merger and acquisition of US-based companies or establishment of our own plants.

In 2018, the Company evaluated the acquisition of US-based aluminum companies or the establishment of its plants initially. Notwithstanding, considering that the merger and acquisition project was time-consuming for negotiation and subject to high uncertainty, and China-based aluminum companies planned to engage in production in the USA, the Group had to invest capital in production capacity in the USA ahead of the China-based companies. It then might be able to block the China-based companies' plan to establish plants in the USA. Therefore, Ta Chen Stainless Pipe negotiated with the government of South Carolina, USA for the investment project at that moment. After that, considering that the object to be acquired still remained uncertain and the following schedule might be affected if we initiated the fundraising plan only upon confirmation of the object to be acquired, the Group decided to raise the fund for the single plant construction project, which was considered more feasible at that moment. Notwithstanding, the investment project might vary depending on the actual condition. The Board resolved on October 2, 2018 that the Company's subsidiary, TA CHEN INTERNATIONAL, INC. (hereinafter referred to as

“TCI”), should acquire all tangible assets (including land, plant and equipment) and intangible assets of, and execute the Cold Roll Supply Agreement with, Alumax Mill Products, Inc. (hereinafter referred to as “Alumax”), a subsidiary wholly owned by Acronic, a US-based aluminum company, in cash, via the new subsidiary wholly owned by TCI.

Upon acquiring the assets of Alumax owned by Acronic, the Company considered that this plant resuming operation should satisfy the demand for a short term. As to whether the Company should continue to invest capital in Brighton-Best Investment Corporation (hereinafter referred to as “BBIC”) to establish plants to expand the production capacity, upon evaluation, the Company decided to adopt the conservative and stable policy and conduct further evaluation subject to the actual supply and demand in the market subsequently. Therefore, the Board resolved on October 29, 2018 to change the original purpose of the capital increase in cash, and change the BBIC investment planning to the TCI investment and acquisition project in order to cut TCI’s funding cost in the acquisition of Alumax’s assets.

2. Expected benefits at the moment of changes and causes of the deviation from the benefits from physical execution of the plan, and evaluation on the benefits derived from the changes:

Profit derived from TCI’s acquisition of the aluminum materials sales of Acronic
April 2019~May 2020

Unit: USD Thousand

Item	Projected amount 2019	Actual amount from April to December 2019	Projected amount 2020	Actual amount from January to May 2020
Trading quantity (tons)	90,000	49,483	132,000	41,790
Revenue from sale of aluminum materials	363,823	183,928	531,086	136,277
Profit from trading of aluminum materials	82,221	21,326	120,591	11,116

The profit sought upon TCI's acquisition of Acronic’s aluminum materials in 2019 and from January to May 2020 was less than the expectation, primarily because the aluminum materials market in the USA was affected due to the following incidents: (1) collapsed price of aluminum raw materials (virgin aluminum); (2) impact posed by the COVID-19 epidemic; (3) indirect import of China-made aluminum materials to the USA which suppressed the short-term profitability. Notwithstanding, the Federal Trade Commission has declared on March 31 that it would initiate the anti-dumping and countervailing duties investigation against the common alloy aluminum sheet products made by 18 countries. Then, the United States International Trade Commission (“USITC”) decided preliminarily

on April 23 that the import of the products in dispute did cause physical damage to the relevant domestic industry in the USA. According to the Federal Trade Commission, the preliminary decision against countervailing duty would be rendered by the end of August and anti-dumping duty by the end of October. The final decision would be rendered in Q1 of next year. Then, the Group may protect TCI's reasonable aluminum product profit by means of the US-based manufacturer.

In conclusion, the Company initially estimated that the payback period might take about 7.66 years, and the IRR would be 11.20% after operation for 30 years. Notwithstanding, considering that the short-term profitability was suppressed, the Company adjusted the estimate as that the payback period might take about 13.94 years, and the IRR would be 5.95%.

[Underwriter's Evaluation Opinion]

1. Causes of change in the fundraising plan:

According to the Company's cash capital increase plan 2018, the Company was supposed to invest capital totaling NT\$15,289,800,000 (US\$510,000,000) in BBIC in the USA and construct the aluminum materials plant in the USA to satisfy the supply demanded by the subsidiaries, TCI and ERI, upon the capital increase in BBIC in Q4 2018. Notwithstanding, in consideration of the immediate gap in supply in the aluminum materials market in the USA, the new plant construction could not cover the gap timely. The Board resolved on October 2, 2018 that the Company's subsidiary, TCI, should acquire all tangible assets (including land, plant and equipment) and intangible assets of Alumax Mill Products, Inc. (hereinafter referred to as "Alumax"), totaling US\$10,848,600,000 (US\$350,000,000, based on the exchange rate USD:NTD=1:30.996 on October 25, 2018), a subsidiary wholly owned by Acronic, a US-based aluminum company, in cash, via the new subsidiary wholly owned by TCI, namely TCI Texarkana, Inc. (hereinafter referred to as "TKA"). After the plant resumes operation, it may provide the aluminum materials amounting to 12,000 tons. That is, TKA may supply about 144,000 tons a year. Meanwhile, it also executed the Cold Roll Supply Agreement with Acronic, providing that Acronic should supply the common alloy aluminum sheet products amounting to 11,000 tons for sale on a monthly basis, from April 2019 to March 2021. Upon investigation, it initially planned to construct new aluminum materials plants as the source of supply to TCI in the USA. However, in consideration of the short supply and timeliness factors in the US market, it turned to acquire the US-based aluminum materials company. Notwithstanding, the purpose of the capital increase plan remained unchanged.

Its Board resolved on October 2, 2018 that its subsidiary, TCI, should acquire all tangible assets (including land, plant and equipment) and intangible assets of Alumax Mill Products, Inc., a subsidiary wholly owned by Acronic Inc., a US-based aluminum company, in cash, via the new subsidiary wholly owned by TCI, namely TKA. According to the appraisal reports on tangible assets provided by American Appraisal and BDO, and the

analysis report made by JYH HER CPAs, if the acquisition project is adopted, the 100% operating value will range from US\$623 million to US\$689 million; if the plant construction project is adopted, the 100% operating value will range from US\$184 million to US\$204 million. The potential difference in the economic benefits derived from the two projects ranges from US\$419 million to US\$505 million. Therefore, the CPAs consider that only investment cost in the acquisition of the object less than US\$419 million (including the value of fixed assets of the object, US\$146 million) should be reasonable. Therefore, the transaction amount totaled US\$350 million (the tangible assets valuing US\$145 million and intangible assets valuing US\$205 million), including the initial value, US\$300,000,000, and the contingent value, US\$50,000,000, upon conclusion of specific conditions (contingent price, US\$31,330,000, paid eventually). The plant was expected to provide the production capacity of alloy aluminum sheet products locally in the USA. In conclusion, before TKA's acquisition of the assets, two appraisal entities have issued their appraisal reports, together with the written expert opinion on the reasonableness of price issued by the CPAs. Meanwhile, the same was already announced and filed on the MOPS pursuant to the relevant requirements. Therefore, there should be no material irregularity existing.

2. Expected benefits at the moment of changes and causes of the deviation from the benefits from physical execution of the plan, and evaluation on the benefits derived from the changes:

TKA's Projected (Actual) Investment Income from 2019 to 2023

Unit: USD Thousand

Item	2019 (Actual)	2019 (Projected)	(Projected)			
			2019 (Note)	2021	2022	2023
Sales revenue	198,309	363,823	284,213	579,196	579,196	579,196
Cost of goods sold	215,631	363,103	323,520	551,182	543,196	543,196
Gross profit on sale	(17,322)	720	(39,307)	28,014	36,000	36,000
Operating expenses	24,081	3,000	21,526	16,680	19,693	19,693
Operating profit	(41,403)	(2,280)	(60,833)	11,334	16,307	16,307
Effective tax rate 26%	(12,214)	-	(8,734)	1,068	4,240	4,240
Net profit after tax	(35,226)	(2,280)	(52,099)	10,266	12,067	12,067

Note: Actual amount from January to May 2020.

Source of data: Provided by Ta Chen Stainless Pipe.

The investment income from the changes in the cash capital increase plan 2018 was calculated based on the economic and financial data available in October 2018. The projected investment income and free cash flow of TKA from 2019 to 2023 are described as following. The acquisition project amounted to US\$350,000,000, plus the repairing expenses, US\$61,700,000. Transactions of aluminum materials would be undertaken during the resumption of operation from April 2019 to March 2021, and the mass production would start officially in April 2021. According to the cash flows (income after tax less the added back income tax and depreciation) expected to be generated from 2019 to

2023 based on the current product pricing and pricing trend, and the channel sales profit derived from the earlier acquisition of the products totaling 255,000 tons under the Cold Roll Supply Agreement, the payback period might take about 7.66 years. The IRR might be 11.20% after operation for 30 years.

The profit sought upon TCI's acquisition of Acronic's aluminum materials in 2019 and from January to May 2020 was less than the expectation, primarily because the aluminum materials market in the USA was affected due to the following incidents: (1) collapsed price of aluminum raw materials (virgin aluminum); (2) impact posed by the COVID-19 epidemic; (3) indirect import of China-made aluminum materials to the USA which suppressed the short-term profitability. Therefore, it adjusted the estimate as that the payback period might take about 13.94 years, and the IRR would be 5.95%. Despite the profit derived from supplies as US\$11,116 thousand from January to May 2020, the Federal Trade Commission required that the preliminary decision against countervailing duty should be rendered by the end of August and anti-dumping duty by the end of October. After that, when any involved foreign suppliers imported the products to the USA, the importers would be levied the temporary countervailing duty and anti-dumping duty at first. Therefore, it was expected that in order to evade related tax risks, the local importers in the USA would be less willing to import the products from involved countries and suppliers as of Q3 2020. This could benefit the Company's improvement on the market competition in the USA; therefore, the projected profit from the Cold Roll Supply Agreement was adjusted as US\$49,004,000. In 2021, due to the deferred demand resulting from the COVID-19 breaking out in 2020, the rigid demand was expected to grow. Therefore, the projected profit from the Cold Roll Supply Agreement was adjusted as US\$42,487,000 upward. The projected cash flow, US\$28,368,000, should remain unchanged as of 2022, primarily because the dumping problem from Europe and the Middle East has been ruled out. The original demand may be guaranteed domestically in the USA. Therefore, it adjusted the estimate as that the payback period might take about 13.94 years, and the IRR would be 5.95%. Achievement of such income may be expected reasonably.

Original TKA Projected Comprehensive Cash Flow

Unit: USD Thousand

Item	Year	Invested capital			Accumulated investment amount	
Cash outflow	2018	(350,000)			(411,700)	
	2019	(37,650)				
	2020	(24,050)				
Cash inflow	Year	TKA cash flow			Profit derived from the Cold Roll Supply Agreement with Acronic	Accumulated recoverable amount
		Net profit after tax	Depreciation	Cash flow		
	2019	(2,280)	12,013	9,733	82,221	
	2020	(4,944)	15,098	10,154	120,591	
	2021	10,265	16,300	26,552	30,148	
2022~2048	12,067	16,300	28,369	-		

Source of data: Provided by Ta Chen Stainless Pipe

Amended TKA Projected Comprehensive Cash Flow

Unit: USD Thousand

Item	Year	Invested capital			Accumulated investment amount	
Cash outflow	2018	(350,000)			(402,997)	
	2019	(5,000)				
	2020	(20,000)				
	2021	(27,997)				
Cash inflow	Year	TKA cash flow			Profit derived from the Cold Roll Supply Agreement with Acronic	Accumulated recoverable amount
		Net profit after tax	Depreciation	Cash flow		
	2019	(35,226)	19,698	(15,528)	21,326	
	2020	(52,099)	20,859	(31,240)	49,004	
	2021	10,266	16,300	26,566	42,487	
2022~2048	12,067	16,300	28,369	-		

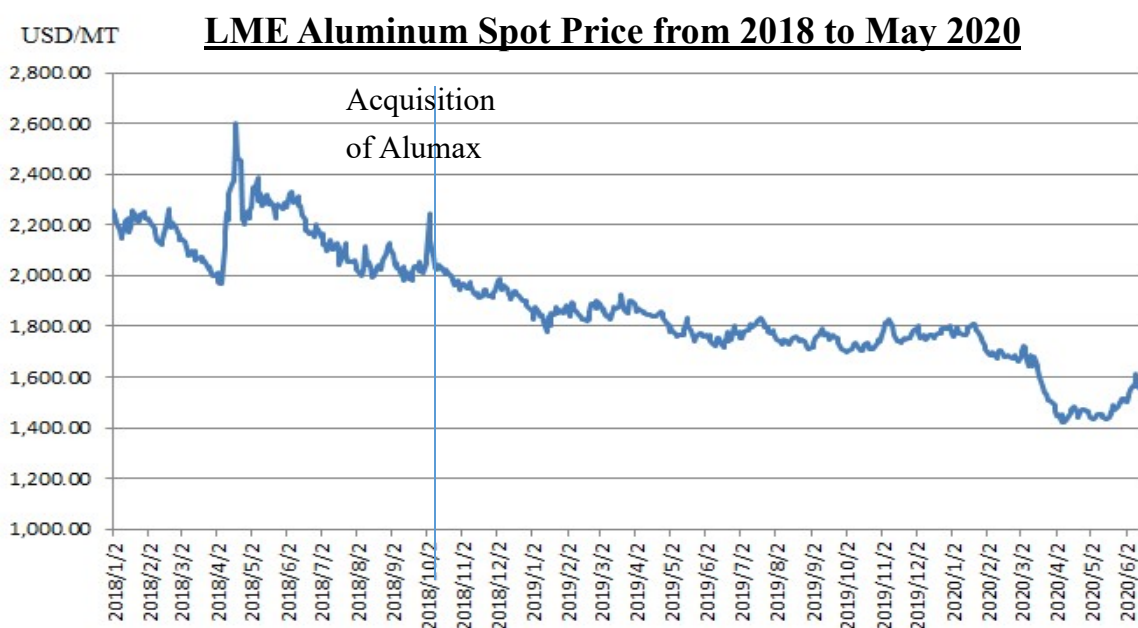
Source of data: Provided by Ta Chen Stainless Pipe.

Further, the aluminum materials market in the USA was affected due to the following three factors, so that the short-term profitability was suppressed. For details, please refer to the following:

- (1) Collapsed price of aluminum raw materials (virgin aluminum);

TCI acquired Alumas in October 2018, when the LME Aluminum Spot price stayed at US\$2,000 per ton. The market price or purchase cost of aluminum materials

in the market was estimated as US\$5,179 per ton or US\$3,901 per ton at that moment. Notwithstanding, the production capacity of virgin aluminum increased largely in China in 2019, hitting the historical record, i.e. 35,930,000 tons, 56% of the global production capacity. Therefore, the international virgin aluminum market became imbalanced seriously. According to the World Bureau of Metal Statistics report, the global aluminum market suffered excessive supply totaling 685,000 tons in 2019. As a result, the global demand for virgin aluminum decreased by 1,032,000 tons or 1.6% and became 62,270,000 tons. The virgin aluminum output decreased by 465,000 tons or 0.7%. After that, the global epidemic caused a temporary economic slowdown and depression in 2020. Therefore, the LME virgin aluminum price declined to the lowest, US\$1,421.5 per ton, a decrease of 30%. It hit the lowest price in the most recent decade. As a result, the average market price for the sale by TCI became US\$3,261 per ton in the first five months of 2020, largely declining by 37.03% from 2019. The average purchase cost of TKA became US\$2,995 per tons, a decrease of 23.23% from 2019. In conclusion, the changes in the industrial cycle resulted in the lowest virgin aluminum price in the most recent decade. As a result, the recent sale unit price and procurement unit cost appear to be lower than those prevailing when Alumax was acquired, and the TCI's profit declined temporarily. Notwithstanding, once the industrial cycle bottoms up, the price is expected to recover until the normal level.



Source of data: TEJ

(2) Impact posed by the epidemic in the USA

Upon the 2020 outbreak of COVID-19 in the world, the death rate has kept increasing. Therefore, various countries have implemented their epidemic prevention policies to stop the epidemic from spreading. The USA had the most serious problem with confirmed cases in the world. Since California announced the lockdown policy

on March 19, 50 states have successively adopted the same policy. Under the policy, the civilians were forced to follow the separation measures, such as shelter in place, except they were allowed to purchase livelihood products, seek medical services, or engage in any authorized activities, in order to prevent the COVID-19 virus from spreading. Lockout and unemployment waves emerged, and the economic growth momentum almost shut down in the USA. The historically long economic expansion period of the USA (128 months since June 2009) was terminated accordingly. Though the lockdown policy has been lifted successively since the end of May, and economic activities were recovering accordingly, the Federal Trade Commission announced that the GDP YOY declined to -5.0% in the first quarter, and CBO forecast that the GDP would decline until 38% in the second quarter. National Association of Business Economics (NABE) released its latest survey, indicating that the economic scientists forecast the USA might suffer the largest economic depression this year since 1946. When the rampant COVID-19 virus attacked the US economy badly, from retail to raw materials and supplies, especially the aluminum materials market. The downstream customers' purchase of aluminum materials was forced to be suspended. Therefore, the suppliers had to struggle for the price at that moment. Fortunately, as the aluminum materials industry is the one subject to rigid demand, the price will recover compensatorily after the epidemic is gone. Then the deferred demand resulting from the epidemic would be covered accordingly.

(3) Indirect import of China-made aluminum materials to the USA

China is the largest production country of aluminum materials in the world, which used to export the products in mass quantity to the US market. Since 1985, the US government has initiated the investigation on the trade remedy, "imposition of both anti-dumping and countervailing duties," against the China-made common alloy aluminum sheet products. Therefore, in December 2018, the Federal Trade Commission and ITC, holding that the common alloy aluminum sheet products would impair the US-based producers' benefit, finally ruled that 96.3%~176.2% anti-dumping and countervailing duties should be levied on the China-made alloy aluminum sheet products. As a result, since it was impossible for the China-made aluminum materials to be exported to the USA continuously, China-based suppliers tried to cooperate with the suppliers in the Middle East and EU member states to export the products which were intended for domestic marketing to the USA and then purchase low-price aluminum sheet products from China for domestic marketing, in order to gain profit from the price difference through such trading practices, or they would export the China-made aluminum materials to other countries which have not yet levied such duties, and then re-exported them to the USA after simple processing work, which may be considered as a dirty tactic to evade US tariff. Consequently, the reasonable selling price and profit of such products in the USA were disrupted, and

the aluminum sheet product price declined after Q3 2019. The Federal Trade Commission has announced on March 31 that it would initiate the investigation on anti-dumping and countervailing duties against the common alloy aluminum sheet products made by said 18 countries. The Federal Trade Commission's decision against the anti-dumping and countervailing duties issue is still pending now. However, according to past experience, such a tariff policy may help recover the trading order in the US market. This can also benefit the Group's supply and demand for aluminum materials. If TKA's production capacity is activated timely, its investment income may be further secured.

In conclusion, TCI's acquisition of TKA has presented certain positive results. It will secure the stable source of supply and file complaints against the 18 countries for the anti-dumping and countervailing duties issue to protect TCI's business stable profit. Now, the states in the USA are lifting their lockdown policies successively. Various industries are also preparing to resume work. Therefore, the demand for aluminum materials will bottom up inevitably, and the aluminum materials market should be able to recover the reasonable price and profit. Besides, upon TKA's initiation of mass production, TCI's source of supply and profit may be secured further. It is expected that the competition in the US market might be improved positively as of Q3 of this year. Therefore, the adjusted payback period should be expectable and reasonable.

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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. 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, 2020 is described as follows:

Assessment of Net Realizable Value of Inventories

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

For the relevant accounting policies, estimation uncertainty, and other detailed information, refer to Notes 4(g), 5(b), and 11 to the consolidated financial statements. As of December 31, 2020, inventories amounted to NT\$49,310,898 thousand, accounting for 50% of the Group's total assets.

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

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

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

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, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hung-Ju Liao and Chao-Chin Yang.

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

Notice to Readers

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

ASSETS	December 31, 2020		December 31, 2019 (Audited after Restatement)	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,300,197	8	\$ 9,114,891	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	124,901	-	144,062	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	16,452	-	25,387	-
Financial assets at amortized cost - current (Notes 4, 9 and 32)	2,347,999	3	2,407,692	2
Financial assets for hedging - current (Notes 4 and 30)	-	-	1,104	-
Notes receivable (Note 10)	7,741	-	3,362	-
Accounts receivable, net (Notes 4, 5, 10, 31 and 32)	6,039,110	6	5,082,705	5
Other receivables (Note 31)	185,910	-	578,862	1
Current tax assets (Notes 4 and 26)	161,483	-	66,723	-
Inventories (Notes 4, 5, 11 and 32)	49,310,898	50	53,935,236	52
Prepayments (Notes 18 and 31)	1,160,787	1	1,665,815	2
Other current assets	29,819	-	-	-
Total current assets	<u>66,685,297</u>	<u>68</u>	<u>73,025,839</u>	<u>71</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	30,000	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	157,952	-	175,622	-
Financial assets at amortized cost - non-current (Notes 4, 9, 31 and 32)	1,040,635	1	1,385,605	1
Derivative financial assets for hedging - non-current (Notes 4 and 30)	-	-	18,926	-
Investments accounted for using the equity method (Notes 4 and 13)	129,583	-	125,901	-
Property, plant and equipment (Notes 4, 14, 31 and 32)	14,168,485	15	14,275,332	14
Right-of-use assets (Notes 3, 4, 5, 15 and 32)	7,612,142	8	5,394,478	5
Investment properties (Notes 4, 14, 16 and 32)	-	-	249,840	-
Goodwill (Notes 4, 5 and 17)	3,787,355	4	3,986,071	4
Other intangible assets (Notes 4, 5 and 17)	2,152,719	2	2,807,205	3
Deferred tax assets (Notes 4 and 26)	2,231,869	2	1,405,407	1
Net defined benefit assets - non-current (Notes 4 and 22)	56,723	-	23,458	-
Other non-current assets (Note 18)	78,725	-	449,975	1
Total non-current assets	<u>31,446,188</u>	<u>32</u>	<u>30,297,820</u>	<u>29</u>
TOTAL	<u>\$ 98,131,485</u>	<u>100</u>	<u>\$ 103,323,659</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 32)	\$ 9,303,994	9	\$ 12,461,072	12
Short-term bills payable (Notes 19 and 32)	2,439,008	3	1,428,964	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	187,280	-	79,597	-
Financial liabilities for hedging - current (Notes 4 and 30)	51,779	-	16,851	-
Notes payable (Note 20)	62,645	-	73,435	-
Accounts payable (Notes 20 and 31)	2,013,575	2	2,698,885	3
Other payables (Notes 21 and 31)	1,297,936	1	1,996,612	2
Current tax liabilities (Notes 4 and 26)	80,165	-	223,319	-
Lease liabilities - current (Notes 3, 4, 5, 15 and 31)	839,187	1	746,000	1
Current portion of long-term borrowings (Notes 19 and 32)	6,405,338	7	2,548,582	3
Other current liabilities	248,974	-	227,413	-
Total current liabilities	<u>22,929,881</u>	<u>23</u>	<u>22,500,730</u>	<u>22</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	1,941	-
Financial liabilities for hedging - non-current (Notes 4 and 30)	871,577	1	377,925	-
Long-term borrowings (Notes 19 and 32)	28,595,827	29	39,366,461	38
Deferred tax liabilities (Notes 4 and 26)	1,256,819	1	619,669	1
Lease liabilities - non-current (Notes 3, 4, 5, 15 and 31)	7,301,423	8	4,800,269	5
Long-term payables (Note 14)	88,002	-	-	-
Other non-current liabilities	131,000	-	141,439	-
Total non-current liabilities	<u>38,244,648</u>	<u>39</u>	<u>45,307,704</u>	<u>44</u>
Total liabilities	<u>61,174,529</u>	<u>62</u>	<u>67,808,434</u>	<u>66</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Ordinary shares	<u>16,584,659</u>	<u>17</u>	<u>12,337,901</u>	<u>12</u>
Capital surplus	<u>12,354,362</u>	<u>13</u>	<u>9,523,679</u>	<u>9</u>
Retained earnings				
Legal reserve	2,058,958	2	1,876,880	2
Special reserve	1,487,080	1	186,470	-
Unappropriated earnings	621,056	1	3,980,588	4
Total retained earnings	<u>4,167,094</u>	<u>4</u>	<u>6,043,938</u>	<u>6</u>
Other equity	(3,495,519)	(4)	(1,353,600)	(1)
Treasury shares	(1,132,861)	(1)	(890,760)	(1)
Total equity attributable to owners of the Company	<u>28,477,735</u>	<u>29</u>	<u>25,661,158</u>	<u>25</u>
NON-CONTROLLING INTERESTS (Note 23)	<u>8,479,221</u>	<u>9</u>	<u>9,854,067</u>	<u>9</u>
Total equity	<u>36,956,956</u>	<u>38</u>	<u>35,515,225</u>	<u>34</u>
TOTAL	<u>\$ 98,131,485</u>	<u>100</u>	<u>\$ 103,323,659</u>	<u>100</u>

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

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019 (Audited after Restatement)	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	\$ 59,234,909	100	\$ 77,874,374	100
OPERATING COSTS (Notes 4, 5, 11, 22, 25 and 31)	<u>50,300,169</u>	<u>85</u>	<u>63,589,569</u>	<u>82</u>
GROSS PROFIT	<u>8,934,740</u>	<u>15</u>	<u>14,284,805</u>	<u>18</u>
OPERATING EXPENSES (Notes 22, 25 and 31)				
Selling and marketing expenses	2,097,111	4	2,669,505	3
General and administrative expenses	5,402,872	9	6,197,907	8
Expected credit loss	<u>2,270</u>	<u>-</u>	<u>10,360</u>	<u>-</u>
Total operating expenses	<u>7,502,253</u>	<u>13</u>	<u>8,877,772</u>	<u>11</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>390,280</u>	<u>1</u>	<u>(270)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>1,822,767</u>	<u>3</u>	<u>5,406,763</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 25 and 31)				
Interest income	18,737	-	32,061	-
Other income	195,289	1	163,686	-
Other gains and losses	(402,595)	(1)	(573,201)	(1)
Finance costs	(1,705,032)	(3)	(1,901,206)	(2)
Excepted credit loss	(12,869)	-	-	-
Share of profit of associates	<u>3,291</u>	<u>-</u>	<u>1,170</u>	<u>-</u>
Total non-operating expenses	<u>(1,903,179)</u>	<u>(3)</u>	<u>(2,277,490)</u>	<u>(3)</u>
PROFIT (LOSS) BEFORE INCOME TAX FOR THE YEAR	(80,412)	-	3,129,273	4
INCOME TAX EXPENSE (Notes 4 and 26)	<u>21,046</u>	<u>-</u>	<u>737,069</u>	<u>1</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(101,458)</u>	<u>-</u>	<u>2,392,204</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22, 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	19,870	-	15,974	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(8,260)	-	(10,556)	-

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019 (Audited after Restatement)	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (3,050)	-	\$ (2,272)	-
	<u>8,560</u>	<u>-</u>	<u>3,146</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,776,603)	(3)	(924,036)	(1)
Loss on hedging instruments not subject to basis adjustment	(584,530)	(1)	(297,478)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>3,694</u>	<u>-</u>	<u>2,561</u>	<u>-</u>
	<u>(2,357,439)</u>	<u>(4)</u>	<u>(1,218,953)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(2,348,879)</u>	<u>(4)</u>	<u>(1,215,807)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ <u>(2,450,337)</u>	<u>(4)</u>	\$ <u>1,176,397</u>	<u>2</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (573,421)	(1)	\$ 1,820,776	2
Non-controlling interests	<u>471,963</u>	<u>1</u>	<u>571,428</u>	<u>1</u>
	\$ <u>(101,458)</u>	<u>-</u>	\$ <u>2,392,204</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (2,698,520)	(4)	\$ 672,113	1
Non-controlling interests	<u>248,183</u>	<u>-</u>	<u>504,284</u>	<u>1</u>
	\$ <u>(2,450,337)</u>	<u>(4)</u>	\$ <u>1,176,397</u>	<u>2</u>
EARNINGS (LOSS) PER SHARE (New Taiwan Dollars; Note 27)				
Basic	\$ (0.44)		\$ 1.46	
Diluted	\$ (0.44)		\$ 1.46	

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

(Concluded)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company												
	Retained Earnings					Other Equity			Total	Treasury Shares	Non-controlling Interest (Note 23)	Total Equity	
Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity					
BALANCE AT JANUARY 1, 2019	\$ 12,337,901	\$ 10,418,214	\$ 1,272,940	\$ 597,429	\$ 6,060,577	\$ (118,756)	\$ 15,836	\$ (83,550)	\$ (186,470)	\$ -	\$ 30,500,591	\$ 13,642,993	\$ 44,143,584
Appropriation of 2018 earnings (Note 23)													
Legal reserve	-	-	603,940	-	(603,940)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(410,959)	410,959	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NTS3 per share	-	-	-	-	(3,701,369)	-	-	-	-	-	(3,701,369)	-	(3,701,369)
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,708,893)	(1,708,893)
Change in investments in associates accounted for using the equity method	-	3,186	-	-	(3,255)	-	-	-	-	-	(69)	-	(69)
Net profit for the year ended December 31, 2019	-	-	-	-	1,820,776	-	-	-	-	-	1,820,776	571,428	2,392,204
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax (Note 23)	-	-	-	-	13,702	(855,827)	(10,556)	(295,982)	(1,162,365)	-	(1,148,663)	(67,144)	(1,215,807)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,834,478	(855,827)	(10,556)	(295,982)	(1,162,365)	-	672,113	504,284	1,176,397
Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	4,765	-	(4,765)	-	(4,765)	-	-	-	-
Changes in capital surplus due to by dividends of subsidiaries	-	50,468	-	-	-	-	-	-	-	-	50,468	-	50,468
Treasury shares held by subsidiaries	-	-	-	-	-	-	-	-	-	(890,760)	(890,760)	(1,652,350)	(2,543,110)
Difference between consideration and carrying amount of subsidiaries acquired	-	(768,698)	-	-	-	-	-	-	-	-	(768,698)	(931,967)	(1,700,665)
Share of changes in equity of associates	-	(179,491)	-	-	(21,627)	-	-	-	-	-	(201,118)	-	(201,118)
BALANCE AT DECEMBER 31, 2019	12,337,901	9,523,679	1,876,880	186,470	3,980,588	(974,583)	515	(379,532)	(1,353,600)	(890,760)	25,661,158	9,854,067	35,515,225
Appropriation of 2019 earnings (Note 23)													
Legal reserve	-	-	182,078	-	(182,078)	-	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	1,300,610	(1,300,610)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NTS0.85 per share	-	-	-	-	(1,048,722)	-	-	-	-	-	(1,048,722)	-	(1,048,722)
Share dividends distributed by the Company - NTS0.2 per share	246,758	-	-	-	(246,758)	-	-	-	-	-	-	-	-
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(915,110)	(915,110)
Cash dividends distributed from capital surplus	-	(185,069)	-	-	-	-	-	-	-	-	(185,069)	-	(185,069)
Net profit for the year ended December 31, 2020	-	-	-	-	(573,421)	-	-	-	-	-	(573,421)	471,963	(101,458)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax (Note 23)	-	-	-	-	16,820	(1,552,823)	(8,260)	(580,836)	(2,141,919)	-	(2,125,099)	(223,780)	(2,348,879)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(556,601)	(1,552,823)	(8,260)	(580,836)	(2,141,919)	-	(2,698,520)	248,183	(2,450,337)
Issuance of ordinary shares for cash	4,000,000	3,200,000	-	-	-	-	-	-	-	-	7,200,000	-	7,200,000
Cash dividends distributed by subsidiaries	-	22,345	-	-	-	-	-	-	-	-	22,345	-	22,345
Change in non-controlling interests (Note 28)	-	-	-	-	(46,390)	-	-	-	-	-	(46,390)	(176,359)	(222,749)
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(356,681)	(356,681)	(161,459)	(518,140)
Disposal of the Company's shares by subsidiaries recognized as treasury share transactions	-	(36,198)	-	-	-	-	-	-	-	114,580	78,382	178,270	256,652
Difference between consideration and carrying amount of subsidiaries acquired	-	(369,594)	-	-	-	-	-	-	-	-	(369,594)	(548,371)	(917,965)
Share of changes in equity of associates	-	179,491	-	-	21,627	-	-	-	-	-	201,118	-	201,118
Share-based payments	-	19,708	-	-	-	-	-	-	-	-	19,708	-	19,708
BALANCE AT DECEMBER 31, 2020	\$ 16,584,659	\$ 12,354,362	\$ 2,058,958	\$ 1,487,080	\$ 621,056	\$ (2,527,406)	\$ (7,745)	\$ (960,368)	\$ (3,495,519)	\$ (1,132,861)	\$ 28,477,735	\$ 8,479,221	\$ 36,956,956

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

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

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

	2020	2019 (Audited after Restatement)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (80,412)	\$ 3,129,273
Adjustments for:		
Depreciation expenses	1,735,058	1,592,380
Amortization expenses	538,458	582,502
Expected credit loss recognized on accounts receivable	15,139	10,360
Net loss on financial assets and liabilities at fair value through profit or loss	51,955	345,563
Finance costs	1,705,032	1,901,206
Interest income	(18,737)	(32,061)
Dividend income	(302)	(717)
Compensation costs of employee share options	19,708	-
Share of profit of associates	(3,291)	(1,170)
Loss (gain) on disposal of property, plant and equipment	(198,633)	270
Gain on disposal of investment properties	(191,647)	-
Provision for loss on inventories	-	76,431
Gain on lease modifications	(459)	(6)
Net loss on foreign currency exchange	902,827	769,847
Changes in operating assets and liabilities		
Financial assets for hedging	20,030	45,213
Notes receivable	(4,379)	3,423
Accounts receivable	(1,214,725)	1,773,851
Other receivables	372,264	(338,001)
Inventories	2,139,047	(7,637,796)
Prepayments	513,432	2,354,429
Other current assets	(22,008)	-
Derivative financial liabilities for hedging	(496,109)	(43,583)
Notes payable	(3,965)	(41,901)
Accounts payable	(676,256)	339,786
Other payables	(676,789)	(1,192,337)
Other current liabilities	21,561	60,713
Net defined benefit obligation	(18,013)	(19,717)
Cash generated from operations	4,428,786	3,677,958
Income tax paid	(357,163)	(1,570,019)
Net cash generated from operating activities	<u>4,071,623</u>	<u>2,107,939</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(74,546)	(81,098)
Proceeds from sale of financial assets at fair value through other comprehensive income	39,221	208,830
Acquisition of financial assets at amortized cost	196,165	(657,486)
Proceeds from sale of financial assets at amortized cost	-	85,721
Acquisition of financial assets at fair value through profit or loss	(79,081)	(66,659)
Proceeds from sale of financial assets at fair value through profit or loss	104,927	67,910
Acquisition of investments accounted for using the equity method	(28)	(124,800)
Payments for property, plant and equipment	(1,653,744)	(1,964,663)
Proceeds from disposal of property, plant and equipment	1,385,816	134,562

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

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

	2020	2019 (Audited after Restatement)
Increase in refundable deposits	\$ (18,190)	\$ (208,108)
Decrease in refundable deposits	192,919	22,779
Acquisition of intangible assets	(3,031)	-
Proceeds from disposal of investment properties	239,269	-
Increase in other non-current assets	(5,759)	-
Decrease in other non-current assets	-	2,643
Increase in prepayments for equipment	152,339	(852,352)
Interest received	18,745	32,061
Dividends received	<u>302</u>	<u>717</u>
Net cash generated from (used in) investing activities	<u>495,324</u>	<u>(3,399,943)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	44,863,994	38,146,620
Repayments of short-term borrowings	(47,934,119)	(33,665,888)
Proceeds from short-term bills payable	12,384,701	6,619,076
Repayments of short-term bills payable	(11,390,000)	(6,810,000)
Proceeds from long-term borrowings	10,912,160	17,499,948
Repayments of long-term borrowings	(16,692,155)	(10,839,463)
Increase in payables	(133,033)	-
Decrease in payables	221,035	-
Repayment of the principal portion of lease liabilities	(753,399)	(600,914)
Cash dividends distributed	(2,090,438)	(5,247,477)
Proceeds from issue of ordinary shares	7,200,000	-
Payments for buy-back of ordinary shares	(335,469)	(2,856,549)
Proceeds from sale of treasury shares	256,652	-
Interest paid	(1,642,217)	(1,871,686)
Changes in non-controlling interests	(1,140,714)	(1,700,665)
Other financing activities	<u>(6,184)</u>	<u>(28,300)</u>
Net cash used in financing activities	<u>(6,279,186)</u>	<u>(1,355,298)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(102,455)</u>	<u>(75,690)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,814,694)	(2,722,992)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>9,114,891</u>	<u>11,837,883</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,300,197</u>	<u>\$ 9,114,891</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying standalone financial statements of Ta Chen Stainless Pipe Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2020 and 2019, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2020 and 2019, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's standalone financial statements for the year ended December 31, 2020 is described as follows:

Assessment of Net Realizable Value of Inventories

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

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

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hung-Ju Liao and Chao-Chin Yang.

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

Notice to Readers

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

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

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

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

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

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

(Continued)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

(Concluded)

Ta Chen Stainless Pipe Co., Ltd.

**STANDALONE STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Retained Earnings					Other Equity					Treasury Shares	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity			
BALANCE AT JANUARY 1, 2019	\$ 12,337,901	\$ 10,418,214	\$ 1,272,940	\$ 597,429	\$ 6,060,577	\$ (118,756)	\$ 15,836	\$ (83,550)	\$ (186,470)	\$ -	\$ 30,500,591	
Appropriation of 2018 earnings (Note 20)												
Legal reserve	-	-	603,940	-	(603,940)	-	-	-	-	-	-	
Special reserve	-	-	-	(410,959)	410,959	-	-	-	-	-	-	
Cash dividends distributed by the Company - NT\$3 per share	-	-	-	-	(3,701,369)	-	-	-	-	-	(3,701,369)	
Change in capital surplus from investment in associates for using the equity method	-	3,186	-	-	(3,255)	-	-	-	-	-	(69)	
Net profit for the year ended December 31, 2019	-	-	-	-	1,820,776	-	-	-	-	-	1,820,776	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax (Note 20)	-	-	-	-	13,702	(855,827)	(10,556)	(295,982)	(1,162,365)	-	(1,148,663)	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,834,478	(855,827)	(10,556)	(295,982)	(1,162,365)	-	672,113	
Disposal of investments in financial instruments designed as at fair value through other comprehensive income	-	-	-	-	4,765	-	(4,765)	-	(4,765)	-	-	
Cash dividends distributed by subsidiaries	-	50,468	-	-	-	-	-	-	-	-	50,468	
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(890,760)	(890,760)	
Changes in percentage of ownership interests in subsidiaries	-	(948,189)	-	-	(21,627)	-	-	-	-	-	(969,816)	
BALANCE AT DECEMBER 31, 2019	12,337,901	9,523,679	1,876,880	186,470	3,980,588	(974,583)	515	(379,532)	(1,353,600)	(890,760)	25,661,158	
Appropriation of 2019 earnings (Note 20)												
Legal reserve	-	-	182,078	-	(182,078)	-	-	-	-	-	-	
Special reserve reversed	-	-	-	1,300,610	(1,300,610)	-	-	-	-	-	-	
Cash dividends distributed by the Company - NT\$0.85 per share	-	-	-	-	(1,048,722)	-	-	-	-	-	(1,048,722)	
Share dividends distributed by the Company - NT\$0.2 per share	246,758	-	-	-	(246,758)	-	-	-	-	-	-	
Issuance of share dividends from capital surplus	-	(185,069)	-	-	-	-	-	-	-	-	(185,069)	
Net loss for the year ended December 31, 2020	-	-	-	-	(573,421)	-	-	-	-	-	(573,421)	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax (Note 20)	-	-	-	-	16,820	(1,552,823)	(8,260)	(580,836)	(2,141,919)	-	(2,125,099)	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(556,601)	(1,552,823)	(8,260)	(580,836)	(2,141,919)	-	(2,698,520)	
Issuance of ordinary shares for cash	4,000,000	3,200,000	-	-	-	-	-	-	-	-	7,200,000	
Cash dividends distributed by subsidiaries	-	22,345	-	-	-	-	-	-	-	-	22,345	
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(356,681)	(356,681)	
Disposal of company's share by subsidiaries recognized as treasury share transactions	-	(36,198)	-	-	-	-	-	-	-	114,580	78,382	
Changes in percentage of ownership interests in subsidiaries	-	179,491	-	-	(24,763)	-	-	-	-	-	154,728	
Difference between consideration and carrying amount of subsidiaries acquired	-	(369,594)	-	-	-	-	-	-	-	-	(369,594)	
Share-based payments	-	19,708	-	-	-	-	-	-	-	-	19,708	
BALANCE AT DECEMBER 31, 2020	\$ 16,584,659	\$ 12,354,362	\$ 2,058,958	\$ 1,487,080	\$ 621,056	\$ (2,527,406)	\$ (7,745)	\$ (960,368)	\$ (3,495,519)	\$ (1,132,861)	\$ 28,477,735	

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

Ta Chen Stainless Pipe Co., Ltd.

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

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

(Continued)

Ta Chen Stainless Pipe Co., Ltd.

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

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

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

(Concluded)

TA CHEN STAINLESS PIPE CO., LTD
Articles of Incorporation Comparison Table of Amendments

After the Revision		Before the Revision		Purpose of Revision
Article	Content	Article	Content	
Article 4	The total amount of this Corporation's capital is NTD <u>22 billion</u> , which is further divided into <u>2.2 billion</u> shares, with the value per share NTD 10, and the Board is authorized to issue shares in installments.	Article 4	The total amount of this Corporation's capital is NTD 18 billion, which is further divided into 1.8 billion shares, with the value per share NTD 10, and the Board is authorized to issue shares in installments.	Revised in response to adjustments in the future operations needs of this Company
Article 5	The Company's shares are registered with names. The shares are issued after being signed and sealed by <u>the director representing the company</u> and approved by the competent authority or the approved issuing agency. The registered stock issued by the Company may be issued without printing out the shares.	Article 5	The Company's shares are registered with names. The shares are issued after being signed and sealed by more than three directors and approved by the competent authority or the approved issuing agency. The registered stock issued by the Company may be issued without printing out the shares.	Amendment of the regulations
Article 25	This Articles of Incorporation was drawn up on the thirty-first of October 1986. • • Thirtieth revision was made on June 12, 2014 (Article 11 of the provisions about the nomination system for candidates has been applicable since the election of directors of the eleventh term.) Thirty-first revision was made on June 22, 2015 Thirty-second revision was made on June 21, 2016 Thirty-third revision was made on June 19, 2017 Thirty-fourth revision was made on June 8, 2018 Thirty-fifth revision was made on June 18, 2019. Thirty-sixth amendment was effected on June 22, 2020 <u>Thirty-seventh amendment was effected on June 28, 2021.</u> Implemented after being approved by the competent authority.	Article 25	Articles of Incorporation was drawn up on the thirty-first of October 1986. • • Thirtieth revision was made on June 12, 2014 (Article 11 of the provisions about the nomination system for candidates has been applicable since the election of directors of the eleventh term.) Thirty-first revision was made on June 22, 2015 Thirty-second revision was made on June 21, 2016 Thirty-third revision was made on June 19, 2017 Thirty-fourth revision was made on June 8, 2018 Thirty-fifth revision was made on June 18, 2019. Thirty-sixth amendment was effected on June 22, 2020 Implemented after being approved by the competent authority.	Change in time of amendment and added date of revision

TA CHEN STAINLESS PIPE CO., LTD.
Rules and Procedure of Shareholders' Meeting

- A. Ta Chen Stainless Pipe Co., Ltd. (hereinafter referred to as the Company) shareholders' meeting shall be carried out in accordance with these Rules unless otherwise specified.
- B. The term "shareholders" as used in these Rules refers to the shareholders themselves or the representatives entrusted to attend the meeting.
- C. At the the shareholders' meeting, the attending shareholders shall hand in the sign-in card instead of signing in, and the number of attending shares will be calculated according to the sign-in card.
- D. when the meeting time comes, the chairman shall announce the meeting begins. However, if the total shares of the present shareholders are less than half of total issued shares , the chairman may announce the postponement of the meeting. The number of delays shall be less than two times, and the total time of the delay shall not exceed one hour. If the shares held by the present shareholders are still insufficient after the 2 delays, but there are more than one-third of the total issued shares represented, they may make a false resolution in accordance with the provisions of Article of the Company Act.
Before the end of the meeting, if the number of shares represented by the shareholders has reached more than half of the total issued shares, the chairman may propose the vote on the false resolution in the meeting in accordance with the provisions of Article 174 of the Company Act.
- E. If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors. The meeting shall be held according to the scheduled agenda and may not be changed without the resolution of the shareholders' meeting.
If the shareholders' meeting is convened by other convening rights holders other than the board of directors, the provisions of the preceding paragraph shall apply. Before the first two scheduled proposals are finalized (including motions of any other business), the chairman may not announce the meeting adjourned without a resolution. After the meeting is adjourned by the resolution, the shareholders may not choose another chairman to continue the meeting at the original site or another place.
- F. During the meeting, the chairman may announce the rest time. If a meeting fails to complete the issue, it may be decided by the shareholders' meeting to postpone or renew the meeting within five days and be exempt from notice and announcement.
- G. Before the shareholder's speech, the speech notes must be filled out with keynote, shareholder number (or attendance card number) and the name. The chairman will arrange the speaking order. Shareholders who only fill out a speech note but do not speak are considered to have not spoken. If the content of the speech is inconsistent with the speech note, it shall go by the confirmed speech. When a shareholder speaks, the other shareholders shall not interfere with the speech except with the consent of the chairman and the speaking shareholder, or the chairman may stop the violators.
- H. Each shareholder shall not speak more than two times in the same resolution without the consent of the chairman, and each time may not exceed five minutes. If the attending shareholders' speech violates the provisions of the preceding paragraph, exceeds the scope of the issue, or disturb the order of the meeting, the chairman may stop or suspend his speech. Other shareholders may also request that the chairman do so.
- I. The voting of the proposals, unless otherwise specified by Company Act or Articles of Incorporation of the Company, is passed by the approval of more than half of the voting rights of attending shareholders. At the time of voting, if there is no objection after the chairman requests opinions, it shall be look upon as passed, and its validity shall be the same as the voting. When the chairman violates the rules of procedure and announces the meeting adjourned, a new chairman may be elected by more than half of the voting rights of the present shareholders, and the meeting may continues.
- J. The voting of the proposals, unless otherwise specified by Company Act or Articles of Incorporation of the Company, is passed by the approval of more than half of the voting rights of attend-

ing shareholders. At the time of voting, if there is no objection after the chairman requests opinions, it shall be look upon as passed, and its validity shall be the same as the voting. When the chairman violates the rules of procedure and announces the meeting adjourned, a new chairman may be elected by more than half of the voting rights of the present shareholders, and the meeting may continues.

- K. Shareholders have one vote per share, while shareholders who are restricted or do have voting rights according to the Article 179 of Company Act are not subject to this rule. If a shareholder is entrusted by two or more shareholders at the same time, the voting rights of the representative shall not exceed 3 percent of the voting rights of the total issued shares. If it exceeds, the excess shall not be counted. The voting of the shareholders' meeting shall be based on the shares. Shareholders shall not vote in the event that has their personal interests and is harmful to the interests of the Company. And they may not exercise the voting rights on behalf of other shareholders as well.
- L. The place of the shareholders' meeting shall be at where the headquarters is or a place convenient to shareholders as well as suitable for the shareholders' meeting. The beginning time of the meeting shall not be earlier than 9:00 am or later than 3:00 pm.
- M. If the shareholders' meeting is convened by the board of directors, the chairman of the board shall be the chairman of the meeting. If the chairman of the board is taking leaves or fails to exercise his authority, he shall be represented by the vice chairman. If there is no vice chairman or the vice chairman is absent or unable to exercise his functions as well, the chairman of the board shall designate one of the managing directors to substitute; if there is no managing director, one of the directors shall be designated. If the chairman does not appoint a representative, the managing directors or the directors shall select one from one another other.
If the shareholders' meeting is convened by other person that has the convening right other than the board of directors, the chairman of the meeting shall be the person having the convening right. When there are more than two convening right holders, one shall be the chairman chose by each other.
- N. The company may appoint attorneys, accountants or related personnel to attend the shareholders' meeting. The attending staff of the shareholders' meeting should wear an identification badge or armband.
- O. During the shareholders' meeting, the Company will record or videotape the whole process and keep it for at least one year.
- P. In addition to the proposals listed in the agenda, shareholders' amendments to the original proposals, alternatives or other motions as any other business shall be seconded by two or more shareholders. So shall the changes to the agenda and the motion for the adjournment of the meeting.
- Q. When there is an amendment or an alternative to the same proposal, the chairman shall decide the order of voting along with the original case. If one of the cases has been passed, the other motions are regarded as vetoed and no further votes are required.
- R. When a legal person is entrusted to attend the shareholder meeting, the legal person can only assign one representative to attend the meeting. When a corporate shareholder appoints two or more representatives to attend the meeting, only one of them may speak on the same motion.
- S. The chairman may personally or designate the relevant personnel to reply the speaking of the attending shareholders.
- T. The staff members in charge of the scrutiny or counting of the proposal votes shall be designated by the chairman and approved by the attending shareholders; the scrutineers shall have the identities of shareholder. The results of the voting shall be reported on the spot and minuted.
- U. The chairman may direct the pickets (or security officers) to help maintain the order of the venue. When the pickets (or security officers) is assisting in maintaining order, they shall wear the badges that read "picket."
- V. When the meeting is in progress, if there are major disasters such as air raid alarms, earthquakes, fires, etc., it should be announced that the meeting suspended at the time of evacuation. One hour after the situation is relieved, the chairman will announce the meeting time.
- W. Items not covered by these rules shall be handled in accordance with the provisions of Company

Act, other relevant regulations and the Articles of Incorporation of the Company.

X. These rules shall be implemented after the shareholders' meeting passes the resolution, which also applies to the amendments.

Y. This operation procedure was approved by the shareholders' meeting on June 25, 2002

First revision was made on March 28, 1996

Second revision was made on April 15, 1998

Third revision was made on June 25, 2002

Fourth revision was made on June 15, 2006

Fifth revision was made on June 22, 2015

TA CHEN STAINLESS PIPE CO., LTD.

Articles of Incorporation

Chapter 1 General Provisions

Article 1 : This Company is incorporated in accordance with the Company Act and registered under the business name of 大成不銹鋼工業股份有限公司, with the English business name of Ta Chen Stainless Pipe Co., Ltd.

Article 2 : The Company's business is as follows:

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 : The Headquarters of the Company is located in Tainan City.

Chapter 2 Shares

Article 4 : The total amount of this Corporation's capital is NTD 18 billion, which is further divided into 1.8 billion shares, with the value per share NTD 10, and the Board is authorized to issue shares in installments.

Article 5 : The Company's shares are registered with names. The shares are issued after being signed and sealed by more than three directors and approved by the competent authority or the approved issuing agency.

The registered stock issued by the Company may be issued without printing out the shares.

Article 6 : Changes in the register of shareholders' names shall not be made within 60 days before the annual general meeting, within 30 days before the extraordinary general meeting, or within five days before the base date on which the dividends or other benefits are given by the Company

Chapter 3 Shareholders' Meeting

Article 7 : The shares of the company shall be registered with names. The shareholders' names and addresses shall be listed in the shareholder's list, with the shareholder's seal cards deposited to the Company. The same requirement applies to the change. The management of the Company's shareholder services is handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public

Companies” issued by the competent authority.

Article 8 : There are two types of shareholders's meeting, which are annual general meeting and extraordinary general meeting. The annual general meeting is held once a year within 6 months after the end of each fiscal year, while the extraordinary general meeting is held according to relevant regulations if necessary.

Article 9 : Shareholders of the company have one vote per share, except for those restricted by Company Act or other regulations. Shareholders may show the proxy issued by the Company at each shareholder meeting, indicating the limits of authorization, and entrusting an agent to attend the shareholders' meeting. The operations of entrusting others to attend the shareholders' meeting shall be handled in accordance with the provisions of the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the competent authority, in addition to Company Act.

The resolutions of the shareholders' meeting, unless otherwise stipulated by the Company Act, shall be approved by more than half of the shareholders' voting, with the attending shareholders holding more than half of the total shares.

According to the regulations of the competent authority, the Company may exercise its voting rights by electronic means. Shareholders who exercise their voting rights by electronic means are deemed to be present in person, and the related matters are handled in accordance with the regulations.

Article 10 : The shareholders' meeting is chaired by the chairman of the board of directors. If the chairman is on business, he may appoint one of the directors as an agent. If the chairman has not appointed the agent, the chairman of the meeting shall be selected among the directors by one another.

Chapter 4 Directors and Supervisors

Article 11 : This Corporation shall appoint 9 to 15 directors (including 3 independent directors) with legal capacity, and the term of the director is three years and may be re-elected after the term. The board of directors is empowered to resolve the number of directors. For the nomination system of director nominees, the directors' election is taken in shareholders' meeting adopting cumulative voting system in accordance with Article 198 of the Company Act. The total amount of registered shares held by all directors of this Company is handled following “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”.

However, when the number of vacancies in the board of directors of a company equals

to one third of the total number of directors, the board of directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies, and their term of office shall be extended until the time new directors have been elected and assumed their office.

This Company establishes an audit committee composed of all independent directors which shall not be less than 3 people, including 1 convener and at least 1 person with accounting or finance expertise. Organic regulations of audit committee is otherwise regulated by the board of directors.

This Company's board of directors meeting is called by the chairman. The reasons for calling a board of directors meeting shall be notified to each director and supervisor before the expiration date as set forth by competent securities authorities. In emergency circumstances, however, a meeting may be called on shorter notice. The above notice in respect of convening the meeting shall be done in writing, by electronic email, or by facsimile.

The resolution of the board of directors, unless as otherwise set forth in the Company Act, shall be attended by a majority of all the directors and be approved by a majority of the attending directors. Upon absence of the chairperson, the chairperson shall appoint one of the directors to act as chair, or where the chairperson does not make such a delegation, the directors shall select from among themselves one person to serve as chair. When the chairperson of the board is unable to exercise the powers of chairperson, the chairperson shall appoint one of the managing directors to act.

Article 12 : The board of directors of the Company shall be elected by more than two-thirds of the attending directors and approved by more than half of the directors. Internally, the chairman of the board chairs the shareholders' meeting and the board of directors, while externally the chairman represents the Company.

Article 13 : The board of directors of the Company is convened by the chairman of the board. The convening of board of directors shall list clearly the reasons for the convening and notify all the directors seven days before. However, if there is an emergency, it can be convened at any time. The directors of the Company can be notified of the convening by writing, email or fax.

Unless otherwise specified by the Company Act, the resolutions shall be approved by more than half of the attending directors, and the attending directors shall be more than half of the total directors. If the chairman of the board is unable to attend the board of directors, he may appoint one of the directors as the agent. If the chairman of the board does not appoint an agent, one of the directors will be elected to be the chairman of the

meeting by one another. If the director is unable to attend the board of directors for any reason, the director may entrust other directors to be the agent.

Article 14 : The authority of board of directors is as follows:

1. Approval of business and financial policies.
2. Approval budget and final accounts.
3. Approval important contracts.
4. Approval important articles.
5. Review of the proposals and report of the shareholders' meeting.
6. Disposition of net earnings.
7. Appointment, dismissal and remuneration of accountants.
8. Appointment and dismissal of managers.
9. Implementation of the resolutions of the shareholders' meeting.
10. Other important matters that should be decided by the board of directors.

Article 15 : (Deleted)

Article 16 : The resolution of directors' remuneration is authorized to the board of directors and is made based on the level of the industry.

Chapter 5 Managers

Article 17 : The company has one general manager, adhering to the resolution of the board of directors, a number of vice general managers and managers, who assist the general manager in managing business. The appointment, dismissal and remuneration are handled in accordance with Article 29 of the Company Act.

Chapter 6 Accounting

Article 18 : The company shall, at the end of the annual fiscal year, submit the following forms to the Audit Committee and the Board of Directors for approval, and forward them to the annual shareholders' meeting for recognition:

1. business report
2. financial statements
3. surplus earnings distribution or loss make-up proposal

Article 18-1 : 3% of the Company's annual net profit before deduction of employee compensation and directors' remuneration shall be allocated to the employee's remuneration,

while no more than 1.5% shall be director's remuneration. However, if the company still has accumulated losses (including adjustment of retained earnings amount), the amount of compensation should be retained in advance.

The employee's remuneration mentioned in the preceding paragraph can be given by shares or cash, and the objects of payment may include the employees of the subordinate companies that meet the conditions set by the board of directors.

Nevertheless, the directors' remuneration can only be paid in cash. The resolution of the previous two items shall be passed by the board of directors and reported to the shareholders' meeting.

Article 19 : If the company's annual final accounts have a net profit after tax, the accumulated losses should be compensated first (including the adjustment of the retained earnings amount), and 10% of the net profit will be allocated to be legal reserve according to the law. except that the legal reserve has reached the Company's paid-in capital. Secondly, special reserve will be allocated according to the law or regulations of competent authority. If there are earnings remained, the resolution of the earnings along with the retained earnings at the beginning of the period (including the adjustment of the retained earnings amount) will be drawn up and forwarded to the shareholders' meeting for distribution of dividends.

The company's dividend policy is based on current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc.. No less than 50 % of the annual distributable earnings are allocated as dividends to shareholders; when dividends are distributed to shareholders, they can be cash or shares, with cash dividends are no less than 20% of the total dividends.

Article 20 : The transportation allowances of the Company's directors shall be determined by the board of directors. The salary standard for ordinary employees shall be approved by the general manager and shall be paid regardless of the Company's operating gain or loss.

Chapter 7 Supplementary Provisions

Article 21 : The items not listed in the Articles of Incorporation of the Company shall be handled in accordance with the provisions of the Company Act and other relevant regulations.

Article 22 : Based on the regulations, the Company may give endorsement to third parties.

Article 23 : When the Company is a shareholder with limited liabilities of another company, the

total investment amount is not subject to Article 13 of Company Act.

Article 24 : If the company buys back the shares and plans to transfers the shares to the employees at an price lower than the average price of the purchase, it shall be approved by more than two-thirds of the shareholders' voting, with the attending shareholders holding more than half of the total shares at the latest shareholders' meeting.

Article 25 : The Articles was laid down on October 31, 1986

First revision was made on December 25, 1986

Second revision was made on May 20, 1987

Third revision was made on September 1, 1988

Fourth revision was made on January 7, 1989

Fifth revision was made on April 16, 1989

Sixth revision was made on October 4, 1989

Seventh revision was made on January 24, 1990

Eighth revision was made on April 20, 1991

Ninth revision was made on February 15, 1992

Tenth revision was made on August 11, 1992

Eleventh revision was made on April 20, 1994

Twelfth revision was made on March 17, 1995

Thirteenth revision was made on March 28, 1996

Fourteenth revision was made on October 18, 1996

Fifteenth revision was made on April 15, 1998

Sixteenth revision was made on April 7, 1999

Seventeenth revision was made on April 18, 2000

Eighteenth revision was made on October 20, 2000

Nineteenth revision was made on June 25, 2002

Twentieth revision was made on June 15, 2004

Twenty-first revision was made on June 14, 2005

Twenty-second revision was made on June 15, 2006

Twenty-third revision was made on June 21, 2007

Twenty-fourth revision was made on June 19, 2008

Twenty-fifth revision was made on June 10, 2009

Twenty-sixth revision was made on June 15, 2010

Twenty-seventh revision was made on June 10, 2011

Twenty-eighth revision was made on June 13, 2012

Twenty-ninth revision was made on June 28, 2013

Thirtieth revision was made on June 12, 2014

(Article 11 of the provisions about the nomination system for candidates has been applicable since the election of directors of the eleventh term.)

Thirty-first revision was made on June 22, 2015

Thirty-second revision was made on June 21, 2016

Thirty-third revision was made on June 19, 2017

Thirty-fourth revision was made on June 8, 2018

Thirty-fifth revision was made on June 18, 2019.

Thirty-sixth amendment was effected on June 22, 2020.

Implemented after being approved by the competent authority.

Shareholdings of All Directors

1. Based on the provisions of Article 26 of Securities and Exchange Act, the Company's directors altogether shall hold a minimum of 49,753,976 shares (3%).
2. The Company has established an audit committee, thus there is no requirement for the number of shares that the supervisors should legally hold.
3. As of April 30, 2021, the shareholdings of individual and all directors as well as supervisors listed in the shareholder list are as follows:

April 30, 2021

Title	Name	Shares Held at Present	
		Number of Shares	Shareholding Ratio
Chairman	Ta Ying Cheng Investment Co., Ltd. Representative : Li-Yun, Hsieh	78,466,839	4.73%
Director	Rung-Kun, Shieh	33,522,820	2.02%
Director	Yong-Yu, Tsai	603,789	0.04%
Director	Shi-Hsien, Tu	7,345,927	0.44%
Director	Jung-Huei, Hsieh	3,473,557	0.21%
Director	Chao-Chin, Tsai	3,380,512	0.20%
Director	I-Lan, Ou	3,508,839	0.21%
Director	Linfangjin Charitable Foundation Representative : Mei-Feng, Lin	2,328,760	0.14%
Independent Director	Chun-An, Sheu	-	-
Independent Director	Ming-Chang, Shen	-	-
Independent Director	Kuang-Hsiang, Wang	688	-

Note: As of the date of the shareholder's transfers, the total number of shares held by all directors was 132,631,731 shares, which conform to the provisions of Article 26 of Securities and Exchange Act.

(Appendix 4)

The effect of the proposed issuance of bonus shares on the company's performance, earnings per share and return on shareholders' investment :

The company's shareholder meeting has not proposed issuance of bonus shares and therefore does not apply.