

Stock code:2027

To consult information about meeting agenda, refer to the link below:

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TA CHEN STAINLESS PIPE CO., LTD.

Handbook for the 2022 Annual General Meeting of Shareholders

TIME: 9:00 a.m. June 20, 2022

**VENUE: 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 2022 Annual General Meeting of Shareholders

1. Call Meeting to Order (Report the shareholdings of the presented stockholders)
2. Reported Items
3. Matters for Ratification
4. Matters for Discussion
5. Extempore Motions
6. Meeting Adjournment

Ta Chen Stainless Pipe Co., Ltd.
2022 Annual General Shareholders' Meeting Agenda

Time: 9:00 a.m. June 20, 2022 (Monday)

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

3. Shareholders Meeting will be held by means of: physical shareholders meeting

4. Meeting as Read

5. Reported Items

Item 1: The Company's 2021 Business Report and Financial Statements.

Item 2: Audit Committee's Review Report on the 2021 Financial Statements.

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

Item 4: Report of Endorsements/Guarantees and Loaning Funds to Others.

6. Matters for Ratification

Item 1: Adoption of the 2021 Business Report and Financial Statements.

Item 2: Adoption of the Proposal for Distribution of 2021 Profits.

7. Matters for Discussion

Item 1: The issuance of new shares for capital increase through capitalization of earnings of the Company.

Item 2: Amendment to the "Articles of Incorporation" in part.

Item 3: Amendment to the "Regulations Governing the Acquisition and Disposal of Assets".

8. Extempore Motions

9. Meeting Adjournment

Reported Item

No. 1

Proposal: The Company's 2021 Business Report and Financial Statements.

Explanation: Please refer to Page 10 hereof for the “2021 Annual Business Report” (Attachment 1)

Reported Item

No. 2

Proposal: Audit Committee’s Review Report on the 2021 Financial Statements.

Explanation: Please refer to Page 13 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\$131,480,000)	NT\$29,415,126,000
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\$330,361,000)	
Yinrong (Shanghai) Investment Management Limited.	100% shareholding	RMB\$500,000 (NT\$2,172,000)	

Note 1: The Company’s collaboration amounted to NT\$49,025,210,000 till December 31, 2021. (At the exchange rate \$1USD : \$27.68NTD and \$1RMB : \$4.344NTD)

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, 2022 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.	140,125,000	US\$5,000,000	Financing Guarantee
2017.7	TA CHEN STAINLESS PIPE	EMPIRE RESOURCES, INC.	168,150,000	US\$6,000,000	Financing Guarantee
2019.12	TA CHEN STAINLESS PIPE	Ta Chen (Hong Kong) Limited	1,751,563,000	US\$62,500,000	Financing Guarantee
2021.3	TA CHEN STAINLESS PIPE	Ta Chen (B.V.I.) Holdings, Ltd.	98,088,000	US\$3,500,000	Financing Guarantee
2021.5	TA CHEN STAINLESS PIPE	TMCT PRODUCTS, INC.	176,558,000	US\$6,300,000	Financing Guarantee
2021.6	TA CHEN STAINLESS PIPE	Ta Chen (Hong Kong) Limited	98,088,000	US\$3,500,000	Financing Guarantee
2021.8	TA CHEN STAINLESS PIPE	Ta Chen (Hong Kong) Limited	140,125,000	US\$5,000,000	Financing Guarantee
2021.9	TA CHEN STAINLESS PIPE	Ta Chen (B.V.I.) Holdings, Ltd.	4,007,575,000	US\$143,000,000	Financing Guarantee
2021.9	TA CHEN STAINLESS PIPE	Ta Chen (Boye) Machinery Co., Ltd.	159,804,000	RMB\$36,000,000	Financing Guarantee
2021.11	TA CHEN STAINLESS PIPE	Ta Chen Lung Mei Home Life Co., Ltd.	20,000,000		Financing Guarantee

The total amounts of endorsements/guarantees as above are NT\$6,760,076,000 (at an exchange rate of US\$:NT\$ @28.025 and RMB:NT\$ @4.439 in February, 2022), 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 endorsement/guarantee made for a single enterprise in the current period shall not exceed 200% of the Company's net value. (Net Value NT\$49,025,210,000×200%=98,050,420,000 on December 31, 2021)

2. The Company loaning funds to others as of February 28, 2022 are as follows.

In Thousands of New Taiwan Dollars					
Lender	Borrower	Highest Balance for the Period	Ending Balance	Interest Rate (%)	Reasons for Short-term Financing
The Company	Wei Mei Roller Blind Co., Ltd.	60,000	60,000	-	Operating capital

The total loaned funds to others as above are NT\$60,000,000, it does not exceed the threshold referred to in the Article 5 of the Company's existing "Procedures for Loaning of Funds to Others Comparison Table of Amendments" providing that "loaned funds to others cannot exceed 40% of the Company's net value" and "the board of directors deems it necessary to provide short-term financing cannot exceed 10% of the Company's net value". The total loaned funds to others in the current period shall not exceed 40% of the Company's net value. (Net Value NT\$49,025,210,000×40%= 19,610,084,000 on December 31, 2021) ; The loaned funds made for a single enterprise in the current period shall not exceed 10% of the Company's net value. (Net Value NT\$49,025,210,000×10%=4,902,521,000 on December 31, 2021)

Matters for
Ratification

No. 1

(Proposed by the Board
of Directors)

Proposal: Adoption of the 2021 Business Report and Financial Statements.

- Explanation: 1. The 2021 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 Chi-Chen Lee , and Chao-Chin Yang, CPA of Deloitte & Touche.
2. Please refer to Page 14 hereof for said “Financial Statements and Independent Auditor Report” (Attachment 3).

Resolution:

Matters for
Ratification

No. 2

(Proposed by the Board
of Directors)

Proposal: Adoption of the Proposal for Distribution of 2021 Profits

Explanation: The Company's Distribution of 2021 Profits as following:

Ta Chen Stainless Pipe Co., Ltd.

Earnings Distribution Plan

2021

Unit: NT\$

	Amount
Initial Undistributed Retained Earnings	\$ -
Retained Earnings Adjusted by Equity	2,578,283
Re-measurement of Defined benefit plans of the net defined benefit of Retained Earnings	<u>(7,096,119)</u>
Retained Earnings After Adjustment	(4,517,836)
Net Profit	9,672,916,877
Less: 10% Legal Reserve	(966,839,904)
Less: Special reserve provided pursuant to laws	<u>(1,775,668,527)</u>
Retained Earnings of 2021	6,925,890,610
Distribution	
Cash dividends of Common Stocks-NT\$ 1.8 per share	(3,615,238,536)
Stock dividends of Common Stocks-NT\$ 0.1 per share	<u>(200,846,590)</u>
Unappropriated Retained Earnings	<u><u>\$ 3,109,805,484</u></u>

Chairman: Li-Yun Hsieh

CEO: Rung-Kun Shieh

Accounting Manager: Denny Wong

Note 1. Based on the calculation of 2,008,465,853 shares outstanding in February 28, 2022, the cash dividend is NT\$1.8 per share, rounding up to NT\$; less than NT\$ fractional share would be sorted in descending order which shall be a sum equal to the total amount of cash dividends.

Note 2. Prior to the ex-dividend date for the distribution, if the number of total shares outstanding has changed due to the repurchasing of shares by the Company, the transfer of treasury shares to employees, the cancellations of treasury shares or shares issuance form capital increase, etc., so that the dividend payout ratio is changed and need to be adjusted, the Board of Directors is authorized to make such adjustments.

Resolution:

Matters for Discussion

No. 1

(Proposed by the Board
of Directors)

Proposal : The issuance of new shares from retained earnings of the Company

- Explanation :
1. In consideration of the future business development, the Company will distribute NT\$ 0.1 stock dividend per share and issue 20,084,659 new shares with par value NT\$10 per share from the distributable retained earnings NT\$ 200,846,590 based on the outstanding shares 2,008,465,853 as of February 28, 2022.
 2. The issuance pro rata to the shareholders on the shareholder register as of dividend record date. The shareholders can compile fractional share into one share and register it with the Shareholders' Registrar within five days from the ex-dividend date, otherwise, pro rata cash payments shall be made for fractional shares not combined into one according to Article 240 of Company Act. Such fractional shares will be purchased by specific persons arranged by the Chairman as authorized by the Shareholders' Meeting.
 3. The shareholder's rights and obligations of the new shares are the same as those of existing shares.
 4. Once this proposal is resolved by Shareholders' Meeting, the Board of Directors is authorized to set the ex-dividend date and handle the dividend distribution matters accordingly.
 5. Prior to the ex-dividend date for the distribution, if the number of total shares outstanding has changed due to the repurchasing of shares by the Company, the transfer of treasury shares to employees, the cancellations of treasury shares or shares issuance from capital increase, etc., so that the dividend payout ratio is changed and need to be adjusted, the Board of Directors is authorized to make such adjustments.
 6. If the forementioned events should be changed due to the amendments of relevant laws or regulations, or the request from competent authorities, the Board of Directors is authorized to handle this matter.

Resolution:

Matters for Discussion

No. 2

(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 34 hereof for the cross reference table for the amended Articles of Incorporation (Attachment 4).

Resolution:

Proposal: Amendment to the “Regulations Governing the Acquisition and Disposal of Assets” .

Explanation: In accordance with the Company’s practical needs, the “Regulations Governing the Acquisition and Disposal of Assets” is amended and the amended comparison table please refer to Page 35 (Attachment 5).

Resolution:

Extempore Motions

Meeting Adjournment

2021 Annual 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 (2021 Fiscal Year – January 1, 2021 to December 31, 2021)

- (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, 2021 to December 31, 2021, please see Page 19 hereof.)

The turnover of the Company in 2021 is NT\$96,886,248,000, which is NT\$37,651,339,000 more than that in 2020, with an increase of 64%; profit before tax is NT\$15,414,494,000, which is NT\$15,494,906,000 more than that of 2020, with an increase of 19269%. The detailed reasons of which are as follows:

(1) Stainless Steel Department

Unit: NTD thousands / Tons

	2021	2020	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	36,155,259	24,006,829	12,148,430	51
Operating Cost	24,808,321	22,154,814	2,653,507	12
Operating Gross Profit	11,346,938	1,852,015	9,494,923	513
Sales Volume	236,203	181,906	54,297	30
Production Volume	245,462	131,635	113,827	86
Unit Price	153	132	21	16
Unit Cost	105	122	(17)	(14)

Due to the strong demand from stainless steel market in 2021, the sales volume was increased 30% of that in 2020. Moreover, the operating revenue and unit price benefited from the continually increasing price of nickel in 2021 and the Company possessed and sold the relative low-cost inventories, so that the operating gross profit increased NTD\$9,494,923,000 compared to that in 2020,

with an increase of approximately 513%.

(2) Fastener Department

Unit: NTD thousands / Tons

	2021	2020	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	19,514,802	13,434,991	6,079,811	45
Operating Cost	11,486,710	8,904,595	2,582,115	29
Operating Gross Profit	8,028,092	4,530,396	3,497,696	77
Sales Volume	190,723	148,181	42,542	29
Purchase Volume	176,080	134,670	41,410	31
Unit Price	102	91	11	12
Unit Cost	60	60	-	-

In 2021, it was mainly due to the continued strong market demand for basic industrial products under the conditions of economic recovery in the United States and easing of COVID-19, which led to an increase in the order intake for fastener products. In addition, during the second quarter of 2021, the US government announced the promotion projects of large-scale infrastructure construction and benefiting from the effect of the above-mentioned policy, the operating revenue of BBI-USA in 2021 increased by approximately NT\$5.5 billion compared with the year 2020(with an increase of approximately 43%). At the same time the Company increase the product price, then the gross profit of which increased NT\$3.5 billion compared to that in 2020.

(3) Aluminum Product Department

Unit: NTD thousands / Tons

	2021	2020	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	41,216,187	21,793,089	19,423,098	89
Operating Cost	31,520,520	19,240,760	12,279,760	64
Operating Gross Profit	9,695,667	2,552,329	7,143,338	280
Sales Volume	325,220	224,654	100,566	45
Purchase Volume/Production Volume	242,590	185,681	56,908	31

Unit Price	127	97	30	31
Unit Cost	97	86	11	13

Due to the strong market demand in 2021, the sales volume was increased 45% compared with the year 2020. Furthermore, the operating revenue and unit price benefited from the continually increasing price of aluminum in 2021, even though the average cost also increased, the operating gross profit increased NTD\$7,143,338,000 compared to that in 2020, with an increase of approximately 280%.

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

(3) Profitability Analysis:

	2021	2020
Return on Assets (%)	12.16	1.25
Return on Shareholders' Equity (%)	25.31	(0.28)
Ratio of Operating Profit in Paid-in Capital (%)	94.28	10.99
Ratio of Net Profit Before Tax in Paid-in Capital (%)	76.75	(0.48)
Net Profit Rate (%)	11.93	(0.17)
EPS (NTD) after tax	5.76	(0.44)

Every index of profitability of 2021 has raised compared to those of 2020 mainly due to the increased demand of market, the overall sales volume was increased. At the same time the Company increase the product price to correspond to the raised cost of raw materials, so that the gross profit was increased accordingly.

(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 2021 financial statements, earnings distribution 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:

2022 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, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is described as follows:

Assessment of Net Realizable Value and Write-downs of Inventories

As of December 31, 2021, inventories of the Group amounted to NT\$49,855,761 thousand, accounting for 46% of the Group's total assets.

Inventories are measured at the lower of cost or net realizable value. As the assessment of the net realizable value of inventories of screws and nuts, whose prices have fluctuated drastically, and which involved accounting estimates, has a significant impact on the inventories and operating costs, the assessment of the net realizable value and write-downs of inventories has been identified as a key audit matter. For the relevant accounting policies and other detailed information, refer to Notes 4(g), 5, and 11 to the consolidated financial statements.

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

1. We evaluated the appropriateness of the inventory valuation method of stainless steel and aluminum segment and screws and nuts segment applied by management and obtained an understanding of the design and implementation of the relevant internal controls related to inventory valuation.
2. We tested the table of net realizable value of stainless steel and aluminum inventory on a sample basis, including confirmation of the sales price and supporting documents. We also performed recalculations to evaluate the appropriateness of the net realizable value and the value written-off.
3. We considered the historical depletion and the future assessment of the depletion of screws and nuts, and evaluated the reasonableness of the amount of provision for valuation loss on screws and nuts.
4. We selected samples to test the accuracy of inventory aging in order to evaluate the appropriateness of a provision for write-downs of screws and nuts inventories.

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, 2021 and 2020 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Notice to Readers

The accompanying 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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,331,655	8	\$ 7,300,197	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	242,100	-	124,901	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	71,199	-	16,452	-
Financial assets at amortized cost - current (Notes 4, 9 and 33)	6,446,275	6	2,347,999	3
Notes receivable (Note 10)	3,879	-	7,741	-
Accounts receivable, net (Notes 4, 10, 32 and 33)	7,267,972	7	6,039,110	6
Other receivables (Note 32)	295,575	-	185,910	-
Current tax assets (Notes 4 and 25)	216	-	161,483	-
Inventories (Notes 4, 5, 11 and 33)	49,855,761	46	49,310,898	50
Prepayments (Notes 17 and 32)	2,798,190	3	1,160,787	1
Other current assets	30,689	-	29,819	-
Total current assets	<u>76,343,511</u>	<u>70</u>	<u>66,685,297</u>	<u>68</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)	672,702	1	157,952	-
Financial assets at amortized cost - non-current (Notes 4, 9, 32 and 33)	1,312,936	1	1,040,635	1
Derivative financial assets for hedging - non-current (Notes 4 and 31)	104,030	-	-	-
Investments accounted for using the equity method (Notes 4 and 13)	2,029	-	129,583	-
Property, plant and equipment (Notes 4, 14, 32 and 33)	13,894,593	13	14,168,485	15
Right-of-use assets (Notes 4, 15 and 33)	6,843,128	6	7,612,142	8
Goodwill (Notes 4 and 16)	3,691,035	3	3,787,355	4
Other intangible assets (Notes 4 and 16)	2,137,566	2	2,152,719	2
Deferred tax assets (Notes 4 and 25)	2,478,766	2	2,231,869	2
Prepayments for investments (Note 13)	623,653	1	-	-
Net defined benefit assets - non-current (Notes 4 and 21)	62,651	-	56,723	-
Other non-current assets (Note 17)	904,565	1	78,725	-
Total non-current assets	<u>32,727,654</u>	<u>30</u>	<u>31,446,188</u>	<u>32</u>
TOTAL	<u>\$ 109,071,165</u>	<u>100</u>	<u>\$ 98,131,485</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 33)	\$ 9,993,137	9	\$ 9,303,994	9
Short-term bills payable (Notes 18 and 33)	1,369,589	1	2,439,008	3
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	256,938	-	187,280	-
Financial liabilities for hedging - current (Notes 4 and 31)	34,971	-	51,779	-
Contract liabilities - current (Note 23)	49,206	-	-	-
Notes payable (Note 19)	94,655	-	62,645	-
Accounts payable (Notes 19 and 32)	2,265,908	2	2,013,575	2
Other payables (Notes 14 and 20)	2,355,859	2	1,297,936	1
Current tax liabilities (Notes 4 and 25)	973,502	1	80,165	-
Lease liabilities - current (Notes 4 and 15)	901,717	1	839,187	1
Current portion of long-term borrowings (Notes 18 and 33)	1,533,301	2	6,405,338	7
Other current liabilities	512,052	1	248,974	-
Total current liabilities	<u>20,340,835</u>	<u>19</u>	<u>22,929,881</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Financial liabilities for hedging - non-current (Notes 4 and 31)	279,545	-	871,577	1
Long-term borrowings (Notes 18 and 33)	26,020,571	24	28,595,827	29
Deferred tax liabilities (Notes 4 and 25)	1,200,619	1	1,256,819	1
Lease liabilities - non-current (Notes 4 and 15)	6,589,594	6	7,301,423	8
Long-term payables (Note 14)	59,591	-	88,002	-
Other non-current liabilities	154,294	-	131,000	-
Total non-current liabilities	<u>34,304,214</u>	<u>31</u>	<u>38,244,648</u>	<u>39</u>
Total liabilities	<u>54,645,049</u>	<u>50</u>	<u>61,174,529</u>	<u>62</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Ordinary shares	20,084,659	18	16,584,659	17
Capital surplus	22,993,816	21	12,354,362	13
Retained earnings				
Legal reserve	2,058,958	2	2,058,958	2
Special reserve	2,108,136	2	1,487,080	1
Unappropriated earnings	9,668,399	9	621,056	1
Total retained earnings	13,835,493	13	4,167,094	4
Other equity	(3,883,805)	(3)	(3,495,519)	(4)
Treasury shares	(4,004,953)	(4)	(1,132,861)	(1)
Total equity attributable to owners of the Company	<u>49,025,210</u>	<u>45</u>	<u>28,477,735</u>	<u>29</u>
NON-CONTROLLING INTERESTS (Note 22)				
Total equity	<u>54,426,116</u>	<u>50</u>	<u>36,956,956</u>	<u>38</u>
TOTAL	<u>\$ 109,071,165</u>	<u>100</u>	<u>\$ 98,131,485</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 32)	\$ 96,886,248	100	\$ 59,234,909	100
OPERATING COSTS (Notes 4, 5, 11, 21, 24 and 32)	<u>67,815,551</u>	<u>70</u>	<u>50,300,169</u>	<u>85</u>
GROSS PROFIT	<u>29,070,697</u>	<u>30</u>	<u>8,934,740</u>	<u>15</u>
OPERATING EXPENSES (Notes 10, 21, 24 and 32)				
Selling and marketing expenses	2,833,323	3	2,097,111	4
General and administrative expenses	7,308,257	7	5,402,872	9
Expected credit loss (gain)	<u>(8,721)</u>	<u>-</u>	<u>2,270</u>	<u>-</u>
Total operating expenses	<u>10,132,859</u>	<u>10</u>	<u>7,502,253</u>	<u>13</u>
OTHER OPERATING INCOME AND EXPENSES (Note 24)	<u>(1,227)</u>	<u>-</u>	<u>390,280</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>18,936,611</u>	<u>20</u>	<u>1,822,767</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 24 and 32)				
Interest income	14,768	-	18,737	-
Other income	155,761	-	195,289	1
Other gains and losses	(2,392,808)	(3)	(402,595)	(1)
Finance costs	(1,294,385)	(1)	(1,705,032)	(3)
Excepted credit loss	(16,928)	-	(12,869)	-
Share of profit of associates	<u>11,475</u>	<u>-</u>	<u>3,291</u>	<u>-</u>
Total non-operating expenses	<u>(3,522,117)</u>	<u>(4)</u>	<u>(1,903,179)</u>	<u>(3)</u>
PROFIT (LOSS) BEFORE INCOME TAX FOR THE YEAR	15,414,494	16	(80,412)	-
INCOME TAX EXPENSE (Notes 4 and 25)	<u>3,852,066</u>	<u>4</u>	<u>21,046</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>11,562,428</u>	<u>12</u>	<u>(101,458)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(4,716)	-	19,870	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	26,315	-	(8,260)	-

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

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

	2021		2020	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ 1,774	-	\$ (3,050)	-
	<u>23,373</u>	<u>-</u>	<u>8,560</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(1,290,007)	(2)	(1,776,603)	(3)
Loss on hedging instruments not subject to basis adjustment	667,955	1	(584,530)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(3,643)</u>	<u>-</u>	<u>3,694</u>	<u>-</u>
	<u>(625,695)</u>	<u>(1)</u>	<u>(2,357,439)</u>	<u>(4)</u>
Other comprehensive loss for the year, net of income tax	<u>(602,322)</u>	<u>(1)</u>	<u>(2,348,879)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	\$ <u>10,960,106</u>	<u>11</u>	\$ <u>(2,450,337)</u>	<u>(4)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 9,672,917	10	\$ (573,421)	(1)
Non-controlling interests	<u>1,889,511</u>	<u>2</u>	<u>471,963</u>	<u>1</u>
	\$ <u>11,562,428</u>	<u>12</u>	\$ <u>(101,458)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 9,281,689	9	\$ (2,698,520)	(4)
Non-controlling interests	<u>1,678,417</u>	<u>2</u>	<u>248,183</u>	<u>-</u>
	\$ <u>10,960,106</u>	<u>11</u>	\$ <u>(2,450,337)</u>	<u>(4)</u>
EARNINGS (LOSS) PER SHARE (New Taiwan Dollars; Note 26)				
Basic	\$ <u>5.76</u>		\$ <u>(0.44)</u>	
Diluted	\$ <u>5.74</u>		\$ <u>(0.44)</u>	

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

(Concluded)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

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

	Equity Attributable to Owners of the Company											Non-controlling Interest (Note 22)	Total Equity
	Retained Earnings					Other Equity							
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity	Treasury Shares	Total		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE AT JANUARY 1, 2020	12,337,901	9,523,679	1,876,880	186,470	3,980,588	(974,583)	515	(379,532)	(1,353,600)	(890,760)	25,661,158	9,854,067	35,515,225
Appropriation of 2019 earnings (Note 22)													
Legal reserve	-	-	182,078	-	(182,078)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	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 22)	-	-	-	-	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	36,120	58,465
Change in non-controlling interests (Note 29)	-	-	-	-	(46,390)	-	-	-	-	-	(46,390)	(176,359)	(222,749)
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(356,681)	(356,681)	(197,579)	(554,260)
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 (Note 22)	-	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
Appropriation of 2020 earnings (Note 22)													
Legal reserve	-	-	-	621,056	(621,056)	-	-	-	-	-	-	-	-
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(869,913)	(869,913)
Cash dividends distributed from capital surplus	-	(1,326,772)	-	-	-	-	-	-	-	-	(1,326,772)	-	(1,326,772)
Net profit for the year ended December 31, 2021	-	-	-	-	9,672,917	-	-	-	-	-	9,672,917	1,889,511	11,562,428
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax (Note 22)	-	-	-	-	(2,942)	(1,078,913)	26,315	664,312	(388,286)	-	(391,228)	(211,094)	(602,322)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	9,669,975	(1,078,913)	26,315	664,312	(388,286)	-	9,281,689	1,678,417	10,960,106
Issuance of ordinary shares for cash	3,500,000	11,550,000	-	-	-	-	-	-	-	-	15,050,000	-	15,050,000
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(2,961,803)	(2,961,803)	(4,428,951)	(7,390,754)
Disposal of the Company's shares by subsidiaries recognized as treasury share transactions	-	130,903	-	-	-	-	-	-	-	89,711	220,614	270,382	490,996
Cash dividends distributed by subsidiaries	-	22,051	-	-	-	-	-	-	-	-	22,051	34,497	56,548
Difference between consideration and carrying amount of subsidiaries acquired	-	(45,245)	-	-	-	-	-	-	-	-	(45,245)	(57,671)	(102,916)
Share of changes in equity of associates	-	33,480	-	-	(1,576)	-	-	-	-	-	31,904	-	31,904
Share-based payments (Note 22)	-	275,037	-	-	-	-	-	-	-	-	275,037	-	275,037
Change in non-controlling interests (Note 29)	-	-	-	-	-	-	-	-	-	-	-	294,924	294,924
BALANCE AT DECEMBER 31, 2021	20,084,659	22,993,816	2,058,958	2,108,136	9,668,399	(3,606,319)	18,570	(296,056)	(3,883,805)	(4,004,953)	49,025,210	5,400,906	54,426,116

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, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 15,414,494	\$ (80,412)
Adjustments for:		
Depreciation expenses	1,835,203	1,735,058
Amortization expenses	376,307	538,458
Expected credit loss recognized on accounts receivable	8,207	15,139
Net loss on financial assets and liabilities at fair value through profit or loss	(17,652)	51,955
Finance costs	1,294,385	1,705,032
Interest income	(14,768)	(18,737)
Dividend income	(836)	(302)
Compensation costs of employee share options	275,037	19,708
Share of profit of associates	(11,475)	(3,291)
Loss (gain) on disposal of property, plant and equipment	1,227	(198,633)
Gain on disposal of investment properties	-	(191,647)
Loss on disposal of associate	29,410	-
Impairment loss on non-financial assets	58,681	-
Net loss (gain) on foreign currency exchange	(737,601)	902,827
Gain on lease modifications	-	(459)
Changes in operating assets and liabilities		
Financial assets for hedging	(104,030)	20,030
Notes receivable	4,347	(4,379)
Accounts receivable	(1,544,262)	(1,214,725)
Other receivables	(126,451)	372,264
Inventories	(2,005,220)	2,139,047
Prepayments	(1,628,355)	513,432
Other current assets	(177)	(22,008)
Derivative financial liabilities for hedging	643,965	(496,109)
Contract liabilities	13,982	-
Notes payable	1,364	(3,965)
Accounts payable	272,735	(676,256)
Other payables	1,136,189	(676,789)
Other current liabilities	256,251	21,561
Net defined benefit obligation	(19,275)	(18,013)
Cash generated from operations	15,411,682	4,428,786
Income tax paid	(2,702,949)	(357,163)
Net cash generated from operating activities	<u>12,708,733</u>	<u>4,071,623</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(543,959)	(74,546)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	39,221
Acquisition of financial assets at amortized cost	(4,405,983)	-
Proceeds from sale of financial assets at amortized cost	19,150	196,165
Acquisition of financial assets at fair value through profit or loss	(112,092)	(79,081)
Proceeds from sale of financial assets at fair value through profit or loss	112,016	104,927
Acquisition of investments accounted for using the equity method	-	(28)
Increase in prepayments for investments	(623,653)	-
Acquisition of subsidiaries (net of cash received)	14,302	-

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

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

	2021	2020
Proceeds subsidiary net cash inflow	\$ 327,761	\$ -
Payments for property, plant and equipment	(743,861)	(1,490,616)
Proceeds from disposal of property, plant and equipment	5,926	1,385,816
Increase in refundable deposits	(120,080)	(18,190)
Decrease in refundable deposits	110,122	192,919
Acquisition of intangible assets	(341,967)	(3,031)
Proceeds from disposal of investment properties	-	239,269
Increase in other non-current assets	-	(5,759)
Decrease in other non-current assets	926	-
Increase in prepayments for equipment	(858,267)	(10,789)
Interest received	14,768	18,745
Dividends received	<u>836</u>	<u>302</u>
Net cash generated from (used in) investing activities	<u>(7,144,055)</u>	<u>495,324</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	40,541,704	44,863,994
Repayments of short-term borrowings	(39,886,551)	(47,934,119)
Proceeds from short-term bills payable	13,036,375	12,384,701
Repayments of short-term bills payable	(14,120,000)	(11,390,000)
Proceeds from long-term borrowings	14,385,723	10,912,160
Repayments of long-term borrowings	(21,461,097)	(16,692,155)
Increase in payables	-	221,035
Decrease in payables	(28,411)	(133,033)
Repayment of the principal portion of lease liabilities	(866,747)	(753,399)
Cash dividends distributed	(2,140,137)	(2,090,436)
Proceeds from issue of ordinary shares	15,050,000	7,200,000
Payments for buy-back of ordinary shares	(7,390,754)	(335,469)
Proceeds from sale of treasury shares	490,996	256,652
Acquisition of ownership interests in subsidiaries	(102,916)	(917,965)
Interest paid	(1,194,440)	(1,642,217)
Changes in non-controlling interests	222,749	(222,749)
Other financing activities	<u>37,552</u>	<u>(6,186)</u>
Net cash used in financing activities	<u>(3,425,954)</u>	<u>(6,279,186)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(107,266)</u>	<u>(102,455)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,031,458	(1,814,694)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,300,197</u>	<u>9,114,891</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 9,331,655</u>	<u>\$ 7,300,197</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, 2021 and 2020, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

Assessment of Net Realizable Value of Inventories

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

Notice to Readers

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

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

Ta Chen Stainless Pipe Co., Ltd.

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

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

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

Ta Chen Stainless Pipe Co., Ltd.

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

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

(Continued)

Ta Chen Stainless Pipe Co., Ltd.

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

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

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

(Concluded)

Ta Chen Stainless Pipe Co., Ltd.

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

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

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

Ta Chen Stainless Pipe Co., Ltd.

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

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

(Continued)

Ta Chen Stainless Pipe Co., Ltd.

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

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

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

(Concluded)

TA CHEN STAINLESS PIPE CO., LTD
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>30 billion</u> , which is further divided into <u>3 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 22 billion, which is further divided into 2.2 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 25	<p>This Articles of Incorporation was drawn up on the thirty-first of October 1986.</p> <p style="text-align: center;">•</p> <p style="text-align: center;">•</p> <p>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.)</p> <p>Thirty-first revision was made on June 22, 2015</p> <p>Thirty-second revision was made on June 21, 2016</p> <p>Thirty-third revision was made on June 19, 2017</p> <p>Thirty-fourth revision was made on June 8, 2018</p> <p>Thirty-fifth revision was made on June 18, 2019.</p> <p>Thirty-sixth amendment was effected on June 22, 2020</p> <p>Thirty-seventh amendment was effected on June 28, 2021.</p> <p><u>Thirty-eight amendment was effected on June 20, 2022.</u></p> <p>Implemented after being approved by the competent authority.</p>	Article 25	<p>This Articles of Incorporation was drawn up on the thirty-first of October 1986.</p> <p style="text-align: center;">•</p> <p style="text-align: center;">•</p> <p>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.)</p> <p>Thirty-first revision was made on June 22, 2015</p> <p>Thirty-second revision was made on June 21, 2016</p> <p>Thirty-third revision was made on June 19, 2017</p> <p>Thirty-fourth revision was made on June 8, 2018</p> <p>Thirty-fifth revision was made on June 18, 2019.</p> <p>Thirty-sixth amendment was effected on June 22, 2020</p> <p>Thirty-seventh amendment was effected on June 28, 2021.</p> <p>Implemented after being approved by the competent authority.</p>	Change in time of amendment and added date of revision

TA CHEN STAINLESS PIPE CO., LTD.
**Comparison table for the “Procedures for Acquisition or Disposal of Assets”
before and after Revision**

Amended Articles	Current Articles	NOTE
<p>Article 5.</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable and accurate, and that they have complied with applicable laws and regulations. 	<p>Article 5.</p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <ol style="list-style-type: none"> 1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received. 2. May not be a related party or de facto related party of any party to the transaction. 3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other. <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations. 	<p>In accordance with Regulations to amend this Article</p>
<p>Article 8.</p> <p>Assessment of and operating procedures for acquisition or disposal of securities</p> <p>1 (Omitted)</p> <p>2.Hire the experts to issue opinions:</p> <p>If the acquisition or disposal of securities corresponds to the following statements and transaction amount over 20% of the Company's paid-in capital or NTS 300 million dollars, it is required to contact with accountants to express opinions based on the reasonability of prices of transactions before the fact occurs.</p>	<p>Article 8</p> <p>Assessment of and operating procedures for acquisition or disposal of securities</p> <p>1 (Omitted)</p> <p>2.Hire the experts to issue opinions:</p> <p>If the acquisition or disposal of securities corresponds to the following statements and transaction amount over 20% of the Company's paid-in capital or NTS 300 million dollars, it is required to contact with accountants to express opinions based on the reasonability of prices of transactions before the fact occurs.</p>	<p>In accordance with Regulations to amend this Article</p>

<p>(1) Acquisition and disposal of securities traded on a centralized securities exchange or the premise of securities brokers.</p> <p>(2) Acquisition and disposal of private equities.</p> <p>For an acquisition or disposal of assets through the court auction procedure, the certificate issued by the court may replace the appraisal report or CPA's opinion.</p> <p>3~5 (Omitted)</p>	<p><u>If accountants need to adopt reports from experts, they should be in accordance with the No. 20 regulation of Statements of Auditing Stands issued by Accounting Research and Development Foundation("ARDF").</u></p> <p>(1) Acquisition and disposal of securities traded on a centralized securities exchange or the premise of securities brokers.</p> <p>(2) Acquisition and disposal of private equities.</p> <p>For an acquisition or disposal of assets through the court auction procedure, the certificate issued by the court may replace the CPA's opinion.</p> <p>3~5 (Omitted)</p>	
<p>Article 9. The evaluation and handling process of the procedures for acquisition or disposal of real estate, equipment or Right-of-use asset.</p> <p>1 (Omitted)</p> <p>2. An appraisal report issued by a Professional Appraiser shall be obtained</p> <p>Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment or Right-of-use asset for operation purpose, for acquisition or disposal of real estate, equipment or Right-of-use asset by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>(1) If for any special reason, restricted price, specific price, or special price shall be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above same procedures shall also be followed in case the transaction terms are changed subsequently.</p> <p>(2) If the transaction price is over NT\$1 billion, the Company should retain at least two Professional Appraisers to perform the appraisal.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>The Company for acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.</p> <p>3~5 (Omitted)</p>	<p>Article 9. The evaluation and handling process of the procedures for acquisition or disposal of real estate, equipment or Right-of-use asset.</p> <p>1 (Omitted)</p> <p>2. An appraisal report issued by a Professional Appraiser shall be obtained</p> <p>Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment or Right-of-use asset for operation purpose, for acquisition or disposal of real estate, equipment or Right-of-use asset by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with:</p> <p>(1) If for any special reason, restricted price, specific price, or special price shall be used as a reference for the transaction price, the transaction shall be approved by the Board in advance. The above same procedures shall also be followed in case the transaction terms are changed subsequently.</p> <p>(2) If the transaction price is over NT\$1 billion, the Company should retain at least two Professional Appraisers to perform the appraisal.</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation ("ARDF")</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <ol style="list-style-type: none"> 1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount. 2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount. <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>The Company for acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued</p>	<p>In accordance with Regulations to amend this Article</p>

	<p>by the courts.</p> <p>3~5 (Omitted)</p>	
<p>Article 10. Evaluation and handling. procedure in acquisition or disposal of tractions from or to a Related Party</p> <p>The acquisition or disposal of real property or Right-of-use asset from a related party, shall in accordance with the provision of above Article and evaluate the reasonableness of the transaction terms and other relevant matters are carried out in compliance with the following, where the transaction amount is 10% or more of the aggregate assets of the Company, in addition to compliance with the procedures set forth above, shall obtain a valuation report issued by a professional valuation agency or a CPA opinion. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>1、The acquisition or disposal of real property or Right-of-use asset from a related party, or to acquire or dispose any property other than real property or Right-of-use asset from a related party and the transaction amount of which is 20% or more of the paid-in capital of the Company, or 10% or more of the aggregate amount of assets of the Company, or Three Hundred Million New Taiwan Dollar or more, shall be submitted for approval firstly by the Audit Committee before resolution is further approved by the Board before any transaction agreement shall be signed or any payment shall be made:</p> <p>(1) The purpose, necessity and anticipated benefit of the property acquisition or disposal.</p> <p>(2) The reason for choosing the Related Party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real estate or Right-of-use asset from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with this Articles 1(2) and 3.</p> <p>(4) The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The acquisition or disposal of business-use of real property, equipment or Right-of-use asset between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board may pursuant to Subparagraph 3, Article 9, delegate the Board Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board meeting.</p> <p><u>If the company or its subsidiaries that are not domestic public companies have the Paragraph 1 transaction, and the transaction amount is more than 10% of the company's total assets, the company shall submit the materials listed in the first paragraph to the shareholders' meeting for approval, Before signing the transaction contract and making payment. However, the transaction between the</u></p>	<p>Article 10. Evaluation and handling. procedure in acquisition or disposal of tractions from or to a Related Party</p> <p>The acquisition or disposal of real property or Right-of-use asset from a related party, shall in accordance with the provision of above Article and evaluate the reasonableness of the transaction terms and other relevant matters are carried out in compliance with the following, where the transaction amount is 10% or more of the aggregate assets of the Company, in addition to compliance with the procedures set forth above, shall obtain a valuation report issued by a professional valuation agency or a CPA opinion. When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>1、The acquisition or disposal of real property or Right-of-use asset from a related party, or to acquire or dispose any property other than real property or Right-of-use asset from a related party and the transaction amount of which is 20% or more of the paid-in capital of the Company, or 10% or more of the aggregate amount of assets of the Company, or Three Hundred Million New Taiwan Dollar or more, shall be submitted for approval firstly by the Audit Committee before resolution is further approved by the Board before any transaction agreement shall be signed or any payment shall be made:</p> <p>(1) The purpose, necessity and anticipated benefit of the property acquisition or disposal.</p> <p>(2) The reason for choosing the Related Party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real estate or Right-of-use asset from a Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with this Articles 1(2) and 3.</p> <p>(4) The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Subparagraph 2, Paragraph 1, Article 14 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and recognized by the Board need not be counted toward the transaction amount.</u></p> <p>The acquisition or disposal of business-use of real property, equipment or Right-of-use asset between the Company and its parent or subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's Board may pursuant to Subparagraph 3, Article 9, delegate the Board Chairperson to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next Board</p>	<p>In accordance with Regulations to amend this Article</p>

<p><u>company and its subsidiaries, or its subsidiaries, are not subject to this limitation.</u></p> <p><u>The calculation of the transaction amount in Paragraph 1 and the preceding Paragraph shall be carried out in accordance with the provisions of Article 15, and the term within one year shall be based on the date of the actual occurrence of the transaction, retroactively calculated for one year, and submitted in accordance with the provisions of this procedure. The shareholders meeting or the audit committee agrees and submits it to the board of directors for approval.</u></p> <p>2~5 (Omitted)</p>	<p>meeting.</p> <p>2~5 (Omitted)</p>	
<p>Article 11. Evaluation and handling procedures in acquisition or disposal of Intangible Assets or Right-of-use asset or Memberships</p> <p>1 (Omitted)</p> <p>2 · Expert Opinions</p> <p>The acquisition or disposal of Intangible Assets or Right-of-use asset or Memberships with the transaction amount reaching 20% of the company's paid-in capital or NT\$300 Million or above, except in transactions with a domestic government authority, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event.</p> <p>3~5 (Omitted)</p>	<p>Article 11. Evaluation and handling procedures in acquisition or disposal of Intangible Assets or Right-of-use asset or Memberships</p> <p>1 (Omitted)</p> <p>2 · Expert Opinions</p> <p>The acquisition or disposal of Intangible Assets or Right-of-use asset or Memberships with the transaction amount reaching 20% of the company's paid-in capital or NT\$300 Million or above, except in transactions with a domestic government authority, an accountant shall be engaged to provide an opinion about the reasonableness of the transaction price prior to the date of occurrence of the event. <u>The accountant shall proceed in accordance with Audit Standard No. 20 published by the Accounting Research and Development Foundation.</u></p> <p>3~5 (Omitted)</p>	<p>In accordance with Regulations to amend this Article</p>
<p>Article 15. Public disclosure of information procedure (Preparagraphs of 1 to 6 of paragraph 1 omitted.)</p> <p>Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds <u>or foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan.</u> 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of <u>foreign government bonds, or of</u> ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds , <u>or subscription or redemption of exchange traded notes,</u> or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> (1) The amount of any individual transaction. (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same 	<p>Article 15. Public disclosure of information procedure (Preparagraphs of 1 to 6 of paragraph 1 omitted.)</p> <p>Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <ol style="list-style-type: none"> 1. Trading of domestic government bonds. 2. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange. 3. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises. <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> (1) The amount of any individual transaction. (2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year. (3) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year. (4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same 	<p>In accordance with Regulations to amend this Article</p>

<p>development project within the preceding year.</p> <p>(4)The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2~7 (Omitted)</p>	<p>security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>2~7 (Omitted)</p>	
<p>Article 20. Amendment Dates</p> <p>These Procedures were approved on Shareholders' meeting held on June 18, 2003.</p> <p>The first amendment was made on May 17, 1995.</p> <p>The second amendment was made on April 18, 2000.</p> <p>The third amendment was made on June 18, 2003.</p> <p>The fourth amendment was made on June 15, 2006.</p> <p>The fifth amendment was made on June 21, 2007.</p> <p>The sixth amendment was made on June 15, 2010.</p> <p>The seventh amendment was made on June 13, 2012.</p> <p>The eighth amendment was made on June 12, 2014.</p> <p>The ninth amendment was made on June 22, 2015.</p> <p>The tenth amendment was made on June 19, 2017.</p> <p>The eleventh amendment was made on June 8, 2018.</p> <p>The twelfth amendment was made on June 18, 2019.</p> <p><u>The thirteen amendment was made on June 20, 2022.</u></p>	<p>Article 20. Amendment Dates</p> <p>These Procedures were approved on Shareholders' meeting held on June 18, 2003.</p> <p>The first amendment was made on May 17, 1995.</p> <p>The second amendment was made on April 18, 2000.</p> <p>The third amendment was made on June 18, 2003.</p> <p>The fourth amendment was made on June 15, 2006.</p> <p>The fifth amendment was made on June 21, 2007.</p> <p>The sixth amendment was made on June 15, 2010.</p> <p>The seventh amendment was made on June 13, 2012.</p> <p>The eighth amendment was made on June 12, 2014.</p> <p>The ninth amendment was made on June 22, 2015.</p> <p>The tenth amendment was made on June 19, 2017.</p> <p>The eleventh amendment was made on June 8, 2018.</p> <p>The twelfth amendment was made on June 18, 2019.</p>	

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 22 billion, which is further divided into 2.2 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 the director representing the company 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's 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.

Thirty-seventh amendment was effected on June 28, 2021.

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 60,253,976 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 22, 2022, the shareholdings of individual and all directors as well as supervisors listed in the shareholder list are as follows:

April 22, 2022

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	3.91%
Director	Rung-Kun, Shieh	33,522,820	1.67%
Director	Yong-Yu, Tsai	699,356	0.03%
Director	Shi-Hsien, Tu	6,345,927	0.32%
Director	Jung-Huei, Hsieh	3,523,347	0.18%
Director	Chao-Chin, Tsai	3,380,512	0.17%
Director	I-Lan, Ou	2,870,975	0.14%
Director	Linfangjin Charitable Foundation Representative : Mei-Feng, Lin	2,303,760	0.11%
Independent Director	Chun-An, Sheu	-	-
Independent Director	Ming-Chang, Shen	-	-
Independent Director	Kuang-Hsiang, Wang	796	-

Note: As of the date of the shareholder's transfers, the total number of shares held by all directors was 131,114,332 shares, which conform to the provisions of Article 26 of Securities and Exchange Act.

The impact of bonus shares issuance on the Company's operating performance, earnings per share and return on investment of shareholders

Items		Year	2022(Pro-Forma)
Beginning paid-in capital (Include preferred share)			NTD 20,084,658,530
Stock dividend and cash dividend issued this year(Note 1)	Cash dividend per share		NTD 1.8
	Stock dividend per share appropriate from a capitalization of retained earnings		0.01 shares
	Stock dividend per shares appropriate from a capitalization of capital reserve		-
Change in business performance	Operating income		(Note 2)
	Ratio of increase (decrease) in operating income as compared to the previous year		
	Net income after tax		
	Ratio of increase (decrease) in net income after tax as compared to the previous year		
	Earnings per share		
	Ratio of increase (decrease) in EPS as compared to the previous year		
	Average annual ROE ratio (Average annual PE/ratio)		
Pro-forma EPS and P/E Ratio	In case that cash dividends would be paid in lieu of stock dividend by a Capitalization of retained earnings	Pro-forma EPS	
		Pro-forma average annual ROE ratio	
	In case that there would be no stock dividend appropriated from a capitalization of capita; reserve	Pro-forma EPS	
		Pro-forma average annual ROE ratio	
	In case that there would be no stock dividend appropriated from a capitalization of capital reserve and cash dividends would be paid in lieu of stock dividends by a capitalization of retained earnings	Pro-forma EPS	
		Pro-forma average annual ROE ratio	

Note 1 : Stock dividend and cash dividend issued this year is shown according to the profit distribution proposal resolved by the Board on March 25, 2022.

Note 2 : According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company does not disclose complete financial forecast and therefore does not need to disclose the 2022 forecast information.

Chairman: Li-Yun, Hsieh

CEO: Robert Shieh

Financial Manager: Denny Wong