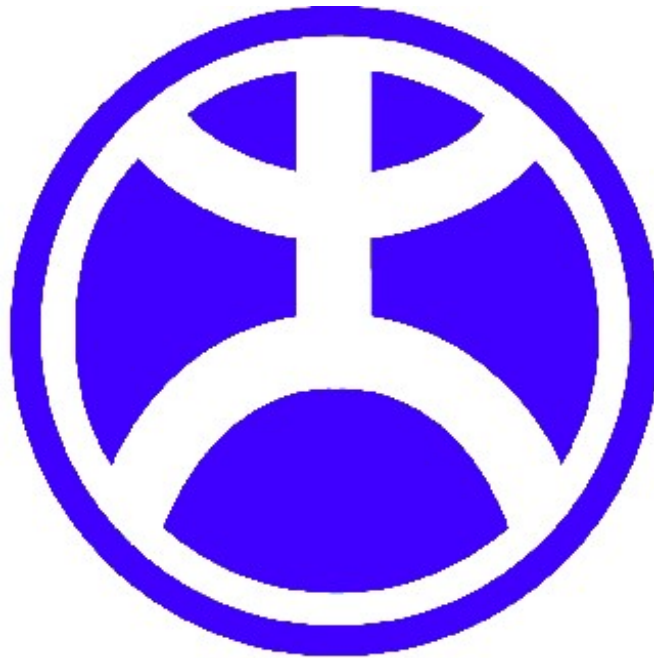


Stock Symbol: 2027

TA CHEN STAINLESS PIPE CO., LTD



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

Company Website: www.tachen.com.tw

Year 2021 (January 1st, 2021 to December 31st, 2021) Annual Report

Published on: May 16nd, 2022

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

Content

	<u>Page</u>
1. Report to Shareholders	1
1.1 Business Report of the Previous Fiscal Year	1
1.2 Business Summary of the Current Fiscal Year	5
2. Company Introduction	6
2.1 Establishing Date	6
2.2 Company History	6
3. Corporate Governance Report	11
3.1 System of Organization	11
3.2 Information of Directors, Supervisors, CEO, Deputy CEO, Assistant Manager, Head of Departments and Branch Organizations	13
3.3 Remuneration of Directors, independent directors, supervisors, general managers and deputy general managers in the recent fiscal year	23
3.4 Operation of Company Governance	27
3.5 Auditor Reimbursement Information	46
3.6 Information on Change of Auditors	46
3.7 If Company Directors, CEO, Managers of Financial or Accounting Affairs Have Worked For an Auditing Office or Affiliates in The Previous Year	47
3.8 Changes in Equity Transfer and Pledge for Directors, Supervisors, Managers and Major Shareholders	48
3.9 Shareholding Ratio Accounts for the Relationship Between the Top Ten Shareholders	49
3.10 Comprehensive Shareholding Ratio	50
4. Fundraising	51
4.1 Source of Equity	51

	<u>Page</u>
4.2 Shareholder Structure	52
4.3 Decentralized Number of Shares	52
4.4 Major Shareholders.....	53
4.5 Price Per Share, Net Worth, Surplus, Dividends and Related Information for The Previous Two Years	54
4.6 Company Dividend Policy and Implementation	55
4.7 Impact of The Current Free Placement of the Company’s Operating Performance and Earnings Per Share.....	55
4.8 Salary of Employees, Directors and Supervisors	55
4.9 Shares Bought Back of The Company	56
4.10 Corporate Debt Processing	56
4.11 Special Stock Processing.....	56
4.12 Overseas Depositary Receipt Processing	56
4.13 Employee Stock Option Certificate Processing	56
4.14 Limitation of Employees’ Rights for New Shares	56
4.15 Merging, Acquisition or Transfer of Shares of The Company to Issue New Shares	56
4.16 Execution of Funding Plans	56
 5. Operation Overview	 57
5.1 Business Item	57
5.2 Market, Production and Sales Overview	66
5.3 Employee Information of The Recent Two Years Until Publishing Date of This Annual Report	72
5.4 Information of Environmentally Friendly Expense.....	72
5.5 Labor Relationships	73
5.6 Cyber Security Management.....	74
5.7 Important Contracts	74
 6. Financial Overview	 75

	<u>Page</u>
6.1 Concise Balance Sheet, Consolidated Income Statement, Auditors' Name and Comment of The Recent Five Fiscal Years	75
6.2 Financial Analysis of The Recent Five Fiscal Years	79
6.3 Audit Committee Review Report for The Recent Financial Report	83
6.4 Recent Annual Financial Report	84
6.5 Recent Accountant Audited Individual Financial Report	84
6.6 Financial Turnover Difficulties of The Company and Affiliates	84
7. Review Analysis and Risk Matters of Financial Status and Financial Performance	85
7.1 Comparative Analysis of Financial Status of Recent Two Years	85
7.2 Comparative Analysis of Financial Performance of Recent Two Years	86
7.3 Review and Analysis of Cash Flow	87
7.4 Impact of Major Capital Expenditures on Financial Operations in The Recent Fiscal Year	88
7.5 Major Reasons for the Recent Annual Investment Policy, Profit or Loss, Improvement Plan and Investment Plan for The Upcoming Fiscal Year	88
7.6 Evaluative Analysis of Risk Matters of the Recent Fiscal Year Until Publishing Date of This Annual Report	89
7.7 Other Important Items	90
8. Special Items	91
8.1 Related Information of Affiliates	91
8.2 Private Equity Securities of the Recent Fiscal Year Until Publishing Date of This Annual Report	102
8.3 Subsidiary Holding or Disposing of The Company's Stock	102
8.4 Other Necessary Supplementary Items	102
8.5 If There Is Any Significant Impact On Shareholders' Equity or Securities Prices in Article 36, Paragraph 2, Section 2 of the Securities Exchange Act in the Recent Fiscal Year Until Publishing Date of This Annual Report	102

1. Report to Shareholders

1.1 Business Report of the Previous Fiscal Year (2021 Fiscal Year – January 1st, 2021 to December 31st, 2021)

(I) Implementation of the Business Report of the Previous Fiscal Year:

1. Implementation of the Business Report of the Previous Fiscal Year: (For the Financial Report of January 1st, 2021 to December 31st, 2021, please see Page 103)

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 thousand / Ton

	2021	2020	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	36,155,259	24,006,829	12,148,430	51
Operating Income	24,808,321	22,154,814	2,653,507	12
Operating Gross Revenue	11,346,938	1,852,015	9,494,923	513
Number of Sales	236,203	181,906	54,297	30
Number of Production	245,462	131,635	113,827	86
Unit Sales	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 thousand / Ton

	2021	2020	Increase (Decrease)	Increase (Decrease)%
Operating Revenue	19,514,802	13,434,991	6,079,811	45
Operating Income	11,486,710	8,904,595	2,582,115	29
Operating Gross Revenue	8,028,092	4,530,396	3,497,696	77
Number of Sales	190,723	148,181	42,542	29
Number of Purchase	176,080	134,670	41,410	31
Unit Sales	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) Aluminium Product Department

Unit: NTD thousand / Ton

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

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

(III) Financial Income and Expenses:

Unit: NTD thousand

Item	2021	2020	Amount Increased / Decreased
Net Cash Inflow from Operating Activities	12,708,733	4,071,623	8,637,110
Net Cash Inflow (Outflow) from Investing Activities	(7,144,055)	495,324	7,639,379
Net Cash Inflow (Outflow) of Fundraising Activities	(3,425,954)	(6,279,186)	2,853,232

1. Due to the strong market demand in 2021, the sales volume was increased. Benefit from rising raw material prices, at the same time the Company increase the product price, then the gross profit was increased.
2. Mainly because the bank facility requested to meet the business needs, which resulted in the increase in pledged time deposits and balance of the reserve account.
3. Mainly due to repay the bank loan this year, and Brighton-Best International (Taiwan), Inc.'s increase in the stocks of its parent company, Ta Chen Stainless Pipe Co., Ltd., held by it.

(IV) Analysis of Profitability:

	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)
Earnings per Share (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.

(V) Research Development:

For the goal 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 also actively reaches out to the plastic and wooden curtain boards, and have achieved good results of its work.

1.2 Business Summary of the Current Fiscal Year (January 1st, 2022 to December 31st, 2022)

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

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

(II) The Company's expected number of sales and basis of which in 2022 are as follows:

Unit: Ton		
Major Products	Annual Expected Number of Sales (Ton)	Basis
Stainless Steel Products	240,000	Past sales performance and expected supply and demand situation of the current fiscal year
Screws and Screw-Nuts	195,000	
Aluminium Products	330,000	
Total	760,000	

(III) Important Production and Marketing Policy

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

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

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

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

Chairman: Li-Yun, Hsieh

CEO: Robert Shieh

2. Company Introduction

2.1 Establishing Date: November 27th, 1986

2.2 Company History:

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

- ▲ On October 24th, 1996, the Company's stock was officially listed under the second-class category of stocks for purchase and selling at the centered market of the Taiwan Stock Exchange.
- 1997 ▲ Investment to Ta Chen International, Inc. was increased to US\$7,750,000.
- 1998 ▲ Stainless-steel square pipe factory started operation.
- ▲ Investment to Ta Chen International, Inc. was increased to US\$25,000,000.
- 1999 ▲ Transfer for investment of Ta Chen (Baoding) Precision Casting Co., Ltd. (100% shareholding).
- 2001 ▲ Large stainless-steel pipe factory started trial production.
- 2002 ▲ Re-election of directors and supervisors. The original five seats of directors were reduced to three, the number of supervisors remained two.
- 2003 ▲ Added two production lines of stainless-steel square pipes and one production line for flat iron pipes.
- ▲ Plastic curtain board factory started commercial operation.
- 2004 ▲ Expansion of the stainless-steel automobile accessories factory completed.
- ▲ Paid-in capital was increased to NT\$2,863,373,950.
- ▲ Started construction for the transfer invested Ta Chen (Changsu) Machinery Co., Ltd.
- 2005 ▲ Ta Chen (Changsu) Machinery Co., Ltd. started commercial operation.
- ▲ Establishment of transfer investment of Ta Ying Chen (Shanghai) Consultant Co. (100% shareholding).
- ▲ Investment to Ta Chen International, Inc. was increased to US\$80,000,000.
- 2006 ▲ Cash increase completed. Paid-in capital increased to NT\$3,463,373,950.
- ▲ Investment to Ta Chen International, Inc. was increased to US\$100,000,000.
- ▲ Added and re-elected two seats of directors, increasing the number of directors from three to five.
- 2007 ▲ Cash increase completed. Paid-in capital increased to NT\$4,000,373,950.
- ▲ Investment to Ta Chen International, Inc. was increased to US\$166,000,000.
- ▲ Constructions of flat iron factory and cutting factory completed.
- ▲ Transfer invested Ta Chen (Boye) Machinery Co., Ltd. (100% shareholding).
- ▲ Transfer invested Shanxi Ta Han Stainless Steel Co., Ltd. (100% shareholding).
- ▲ Transfer invested Brighton-Best International (Taiwan) Inc. (35.3% direct and indirect shareholding).
- ▲ Cash increase completed. Paid-in capital increased to NT\$4,600,373,950.
- ▲ Investment to Ta Chen International, Inc. was increased to US\$201,000,000.
- 2008 ▲ Paid-in capital increased to NT\$4,678,315,110.
- ▲ Construction of valve new factory completed.
- 2009 ▲ Investment to Ta Chen International, Inc. was increased to US\$246,000,000.
- ▲ Paid-in capital increased to NT\$5,378,315,110.
- ▲ Investment to Ta Chen International, Inc. was increased to US\$266,000,000.
- ▲ Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$1,503,643,355.

- 2010 ▲ Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$1,597,057,655.
- ▲ Paid-in capital increased to NT\$6,509,042,620.
- 2011 ▲ Paid-in capital increased to NT\$7,089,672,880.
- 2012 ▲ Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$1,707,389,117.
- ▲ Cancelled 787 stocks bought back, paid-in capital increased to NT\$7,081,802,880.
- 2013 ▲ Paid-in capital increased to NT\$7,770,970,160.
- ▲ Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$2,873,686,856.
- 2014 ▲ Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$3,053,863,982.
- ▲ Taoyuan factory started operation.
- 2015 ▲ Investment to Ta Chen International, Inc. was increased to US\$278,000,000.
- ▲ Paid-in capital increased to NT\$8,081,808,910.
- ▲ Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$3,184,211,187.
- 2016 ▲ Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$3,326,263,959.
- ▲ Invested Yinrong (Shanghai) Investment Management Limited. (100% shareholding).
- ▲ Invested NT\$70,000,000 to Pyramid Stainless Steel Co. ,Ltd.
- ▲ Increase paid-in capital to NT\$8,311,412,740.
- 2017 ▲ Investment to Brighton-Best International (Taiwan) Inc. increased to NT\$3,426,833,529.
- ▲ Invested US\$60,000,000 to Ta Chen Investment Corporation.
- ▲ Completion of Ta Chen Investment Corporation's public takeover of Empire Resources, Inc. The two companies merged later on, and was renamed Empire Resources, Inc.
- ▲ The Company transferred the original investment of US\$60,000,000 to Empire Resources, Inc. to investment of another Company's American subsidiary, Ta Chen International, Inc. Empire Resources, Inc. will become Ta Chen International, Inc., a 100% shareholding subsidiary.
- ▲ Ta Chen International, Inc. made a new cash investment of US\$29,000,000 in July 2017 to Primus Pipe and Tube Holdings, Inc. In August, Primus Pipe and Tube Holdings, Inc. purchased 100% shares of the American stainless-steel pipe manufacturer, Outokumpu Stainless Pipe, Inc. The Company was renamed Primus Pipe and Tube, Inc. after purchase.
- ▲ With the price of NT\$10 per share, the Company bought back the 30% of shares of Brighton-Best Inc. from Pyramid Metal Technology Co., Ltd. for a total amount of NT\$30,000,000.
- ▲ Investment to Ta Chen International, Inc. was increased to US\$353,906,070.51.
- ▲ Increased paid-in capital to NT\$9,459,519,730.

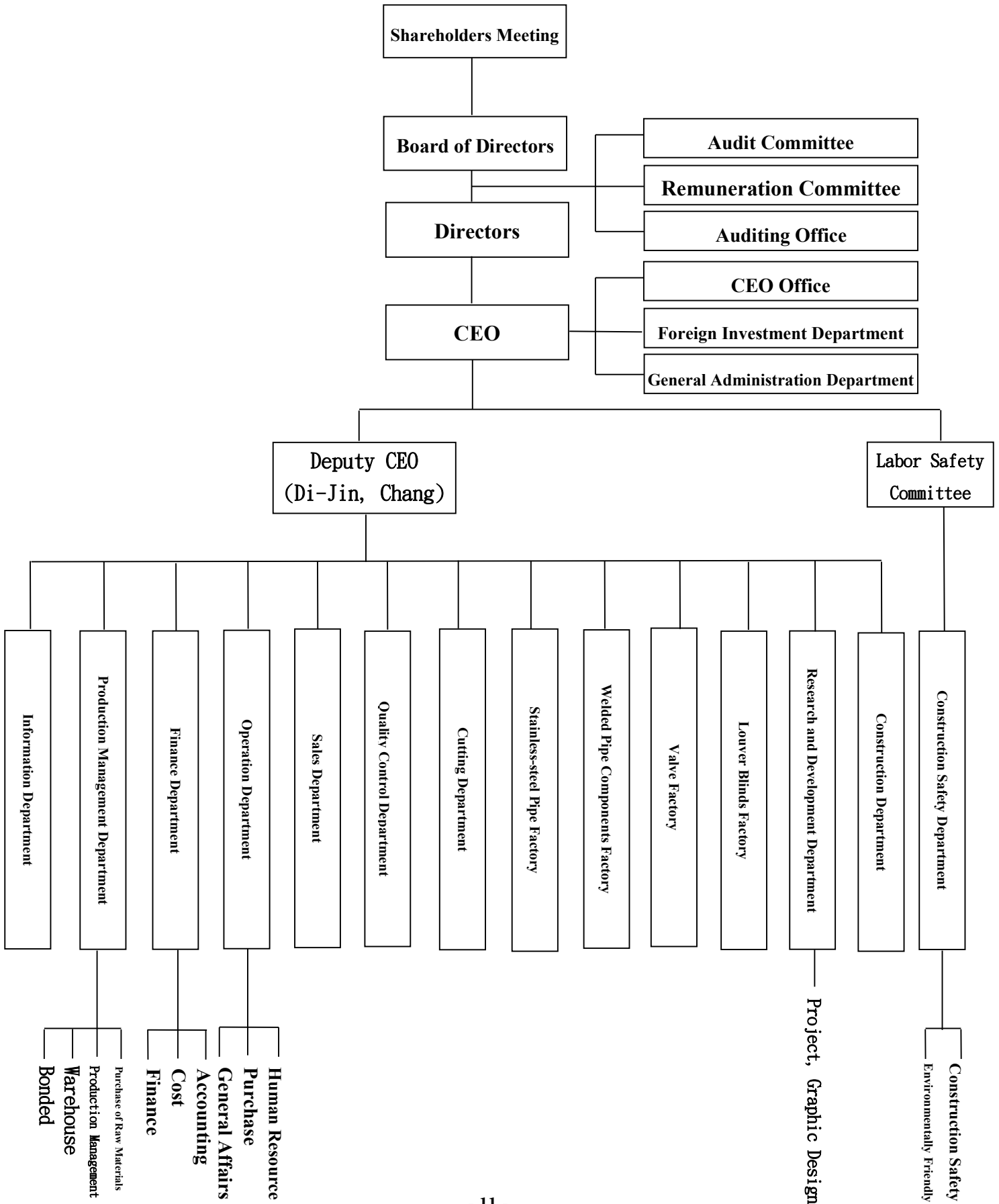
- 2018
- ▲ To expand businesses in aluminium products, Ta Chen Empire Aluminium Co., Ltd. is set up (“TEA” in abbreviation) by Brighton-Best International (Taiwan) Inc.
 - ▲ Investment to Brighton-Best International (Taiwan) Inc. was increased to NT\$4,480,759,000.
 - ▲ Investment to Ta Chen International, Inc. was increased to US\$682,906,070.51.
 - ▲ Increased paid-in capital to NT\$12,337,900,520.
 - ▲ Ta Chen International, Inc. set up TCI Texarkana, Inc. with US\$ 300,000,000 in October 2018. TCI Texarkana, in October 2018, acquired by cash all tangible assets (including land, plants, and equipment) and intangible assets of ALUMAX MILL PRODUCTS, INC., a wholly owned subsidiary of ARCONIC INC.
- 2019
- ▲ Investment to LUNG MEI CLOTH CO., LTD. (shareholding 48.75%)
 - ▲ Set up Ta Chen (Hong Kong) Limited (shareholding 100%)
 - ▲ Set up TMCT Products, Inc. under the investment of TA CHEN(B.V.I.)HOLDINGS LTD, (shareholding 100%)
 - ▲ Renamed Ta Chen Empire Aluminium Co., Ltd., a subsidiary of Brighton-Best International (Taiwan) Inc., as TA CHEN EMPIRE CO., LTD. (TA CHEN EMPIRE)
 - ▲ Brighton-Best International (Taiwan) Inc. set up Brighton-Best (Hong Kong) Inc. and Brighton-Best (Hong Kong) Holding Limited
 - ▲ BBI-SAMOA, a subsidiary of Brighton-Best International (Taiwan) Inc., was approved by Samoa International Finance Authority for registration cancellation
 - ▲ Investment to Brighton-Best International (Taiwan) Inc. was increased to NT\$6,181,424,000.
- 2020
- ▲ The capital invested in Brighton-Best International (Taiwan) Inc. increased by NT\$7,099,391,000.
 - ▲ The capital invested in TCI Investment Group, Inc. increased by US\$742,906,070.51.
 - ▲ Ta Chen B.V.I. invested capital to incorporate Clarke St. Property Holding, LLC (wholly owned).
 - ▲ Ta Chen B.V.I. invested capital to incorporate Los Osos Holding, Inc. (wholly owned).
 - ▲ The paid-in capital increased to NT\$16,584,658,530.
- 2021
- ▲ Disposal of the 100% equity in the investee of Ta Chen (Changshu) Co., Ltd.
 - ▲ The capital invested in LUNG MEI CLOTH CO., LTD. increased by NT\$206,468,000. (shareholding 69.17%)
 - ▲ Ta Chen B.V.I. invested capital to TMCT Products, Inc. increased by US\$4,500,000.
 - ▲ TMCT Products, Inc., a subsidiary of Ta Chen B.V.I. was invested capital to Amerinox Texarkana, LLC. (shareholding 49%)
 - ▲ Los Osos Holding, Inc. , a subsidiary of Ta Chen B.V.I. was invested capital to Procurmore Trading, Inc. (shareholding 100%)
 - ▲ Ta Chen B.V.I. invested capital to Los Osos Holding, Inc. increased by US\$3,903,876.

- ▲ Pyramid Stainless Steel Co., Ltd. (“PSS”) changed its name to WEI MEI ROLLER BLIND CO., LTD., and upon the increase in its investment capital by capital reduction, the investment capital contributed by it became NT\$30,600,000.
 - ▲ The paid-in capital increased to NT\$20,084,658,530.
 - ▲ Set up Tachen Interior Design Co., Ltd. (shareholding 100%)
 - ▲ The capital invested in Brighton-Best International (Taiwan) Inc. increased by NT\$7,202,307,000.
 - ▲ To increase the operation scale and market share of the products, the subsidiary of Brighton-Best International (Taiwan) Inc., BBI-USA, acquired the major assets of the U.S. stainless fastener distributor, PFI, LLC, with the consideration of NT\$807,300,000.
 - ▲ Ta Chen Empire Co., Ltd., a subsidiary of Brighton-Best International (Taiwan) Inc., investment to the company was increased to NT\$4,400,644,000.
 - ▲ Brighton-Best International (Taiwan) Inc. investment to the company was increased to NT\$5,844,810,000.
 - ▲ Brighton-Best International (Taiwan) Inc. investment to Tung Mung Development Co., Ltd. was increased to NT\$219,450,000.
 - ▲ Brighton-Best International (Taiwan) Inc. subscribed for the common shares of Right Way Industrial Co., Ltd. (“Right Way”) in the private placement of common shares for 2021 first cash capital increase, for 16,000,000 shares, at the subscription price of NT\$9.24 per share. The total investment amount is NT\$147,840,000.
- 2022
- ▲ Investment to TY Steel Co., Ltd. (shareholding 38.43%)
 - ▲ Renamed “Lung Mei Cloth Co., Ltd.” as “Ta Chen Lung Mei Home Life Co., Ltd.”
 - ▲ Set up Ta Chen green system Co., Ltd. (shareholding 50%)
 - ▲ The capital invested in Brighton-Best International (Taiwan) Inc. increased by NT\$7,263,829,000.
 - ▲ Brighton-Best International (Taiwan) Inc. to exert the group’s management synergies and increase the operation efficiency, the subsidiary BBI-USA acquired the major assets of the fellow subsidiary in the U.S., TCI Investment Group, Inc. (“TIG”) with the consideration of NT\$80,594,000.
 - ▲ Brighton-Best International (Taiwan) Inc. subscribed the common shares of Right Way in the private placement of common shares for 2021 second cash capital increase, for 21,540,000 shares, at the subscription price of NT\$11.32 per share. The total investment amount is NT\$243,833,000.
 - ▲ Brighton-Best International (Taiwan) Inc. acquired 16,000,000 privately placed common shares of Right Way held by non-related parties, at the subscription price of NT\$14 per share. The total investment amount is NT\$224,000,000.

3. Corporate Governance Report

3.1 System of Organization:

(I) Organization structure



(II) Operated business of the different departments:

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

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

(I) Directors and Supervisors:

April 22th, 2022

Post	Nationality or Country of Registration	Name	Gender Age / Distribution	Date of Inauguration	Duration (year)	Date of Initial Inauguration	Sharehold by Time of Election		Current Sharehold		Current Sharehold of Partner, Underaged Children		Sharehold in The Name of Others		Main History of Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
							Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio			Post	Name	Relationship	
Chairman	Taiwan (R.O.C.)	Li-Yun, Hsieh	Female/61-70	June 22 th , 2020	3	June 19 th , 2017	81,130	0.01%	118,698	0.01%	382,639	0.02%	—	—	Graduated from Tatung Institute of Commerce and Technology, Banking Finance Manager, Director of Ta Chen Stainless Pipe Co., Ltd. Chairman of Ta Chen (Changsu) Machinery Co., Ltd.,	Note 1	Director	Jung-Huei, Hsieh	Elder Brother	
		Company Representative: Ta Ying Cheng Investment Co., Ltd.	—				76,928,274	6.24%	78,466,839	3.91%	—	—	—	—			—	—	—	
Director	Taiwan (R.O.C.)	I-Lan, Ou	Female/51-60	June 22 th , 2020	3	June 19 th , 2017	3,444,941	0.28%	2,870,975	0.14%	—	—	—	—	Graduated from National Taiwan University, Civil Engineering Graduated from North Carolina State University, MSc Civil, Construction, Environment Engineering China Engineering Consultants, Inc.	Person in charge of Rigid Industrial Co., Ltd. Director of Tri-Treasure Co., Ltd. Director of Hapag-Lloyd Taiwan Ltd. Director of Brighton-Best International (Taiwan) Inc. Supervisor of TA CHEN EMPIRE CO., LTD.. Person in charge of Li Zhi Investment Co., Ltd.	—	—	—	
Director	Taiwan (R.O.C.)	Shi-Hsien, Tu	Male/51-60	June 22 th , 2020	3	June 19 th , 2017	6,809,733	0.55%	6,345,927	0.32%	7,280	—	—	—	Graduated from University of California, Berkeley, Double Major in Economics and Biochemistry Vice President of Ta Chen International, Inc.	Vice President of Ta Chen International, Inc.	—	—	—	
Director	Taiwan (R.O.C.)	Rung-Kun, Shieh	Male/61-70	June 22 th , 2020	3	January 17 th , 1999	32,865,510	2.66%	33,522,820	1.67%	24,556,279	1.22%	—	—	Graduated from Fu Jen University, Business Management. Sales manager of San Shing Fastech Corp. Director and CEO of Ta Chen (Changsu) Machinery Co., Ltd.,	Note 2	Director Chairman Director	Jung-Huei, Hsieh Li-Yun, Hsieh	Elder Brother Elder Sister	

Post	Nationality or Country of Registration	Name	Gender Age / Distribution	Date of Inauguration	Duration (year)	Date of Initial Inauguration	Sharehold by Time of Election		Current Sharehold		Current Sharehold of Partner, Underaged Children		Sharehold in The Name of Others		Main History of Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
							Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio			Post	Name	Relationship	
Director	Taiwan (R.O.C.)	Chao-Jin, Tsai	Male/61-70	June 22 th , 2020	3	June 10 th , 2011	3,314,228	0.27%	3,380,512	0.17%	379	—	—	—	Graduated from Kaohsiung Municipal Lujhu Junior High School Director and CEO of Fang Sheng Screw Co., Ltd.	Note 3	—	—	—	
Director	Taiwan (R.O.C.)	Yong-Yu, Tsai	Male/61-70	June 22 th , 2020	3	June 22 th , 2020	3,000	—	699,356	0.03%	2,896,430	0.14%	—	—	National Open University, Department of Financial Management Supervisor, Kaohsiung Bank Director, Hwa Fong Rubber Ind, Co. Ltd.	Note 4	—	—	—	
Director	Taiwan (R.O.C.)	Jung-Huei, Hsieh	Male/71-80	June 22 th , 2020	3	June 19 th , 2017	3,327,829	0.27%	3,523,347	0.18%	904,354	0.05%	—	—	Graduated from Nan Ying Vocation High School Director of Ta Chen (Changsu) Machinery Co., Ltd. Supervisor of Ta Chen Stainless Pipe Co., Ltd. Director of Ta Chen Stainless Pipe Co., Ltd.	—	Director Chairman Director	Rung-Kun, Shieh Li-Yun, Hsieh	Younger Brother Younger Sister	
Director	Taiwan (R.O.C.)	Mei-Feng, Lin	Female/61-70	June 22 th , 2020	3	June 19 th , 2017	141,140	0.01%	206,497	0.01%	—	—	—	—	Graduated from Chihlee University of Technology Supervisor of Ta Chen Stainless Pipe Co., Ltd. CFO of Linfangjin Charitable Foundation	CFO of Linfangjin Charitable Foundation Supervisor of Huajin Corp.	—	—	—	
		Company Representative: Linfangjin Charitable Foundation	—				2,288,000	0.18%	2,303,760	0.11%	—	—	—	—	—	—	—	—	—	—
Independent Director	Taiwan (R.O.C.)	Chun-An, Hsu	Male/71-80	June 22 th , 2020	3	June 19 th , 2017	—	—	—	—	28,717	—	—	—	Note 5	Compensation Committee member and Audit Committee member of the Company; Independent Director, Compensation Committee member, and Audit Committee member of Asustek	—	—	—	

Post	Nationality or Country of Registration	Name	Gender Age / Distribution	Date of Inauguration	Duration (year)	Date of Initial Inauguration	Sharehold by Time of Election		Current Sharehold		Current Sharehold of Partner, Underaged Children		Sharehold in The Name of Others		Main History of Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
							Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio	Number of Shares	Sharehold Ratio			Post	Name	Relationship	
																Computer Inc.; Independent Director, Compensation Committee member, and Audit Committee member of Brighton-Best International (Taiwan) Inc.				
Independent Director	Taiwan (R.O.C.)	Ming-Chang, Shen	Male	June 22 th , 2020	3	June 19 th , 2017	—	—	—	—	—	—	—	—	Graduated from Fu Jen University, Business Management Member of Compensation Committee of Ta Chen Stainless Pipe Co., Ltd. Senior Associate General Manager of Yuanta Core Pacific Securities Co., Ltd. Bonds and Finance Manager of Union Bank of Taiwan Director of Entie Securities Finance Co.	Compensation Committee member and Audit Committee member of the Company; Independent Director, Compensation Committee member and Audit Committee member of Brighton-Best International (Taiwan) Inc	—	—	—	
Independent Director	Taiwan (R.O.C.)	Guang-Hsiang, Wang	Male	June 22 th , 2020	3	June 19 th , 2017	546	—	796	—	2,865	—	—	—	University of Taiwan, MSc Administrative Leadership (Studied for 3 years, with 40 credits) Department of General Affairs Manager	Compensation Committee member and Audit Committee member of the Company	—	—	—	

Note 1: Chairman of Brighton-Best International (Taiwan) Inc., Chairman of Ta Chen (B.V.I.) Holdings, Ltd., Chairman of Shijiazhuang Yi Tai Precision Casting Co., Ltd., Chairman of Ta Chen (Boye) Machinery Co., Ltd., Director of Brighton-Best International (UK), Limited., Chairman and General Manager of Brighton-Best International (Canada), Inc., Director of Brighton-Best International (AU), Pty Ltd., Director of Brighton-Best International (NZ), Limited, Chairman of WEI MEI ROLLER BLIND CO., LTD., Director of Brighton-Best International Inc. (Cayman), Director of Chengrong (Shanghai) International Trade Co., Ltd., Chairman of Ta Chen Empire Co. Ltd., Director of Brighton-Best (Hong Kong) Corp. Limited, Director of Brighton-Best (Hong Kong) Holding Limited, Chairman of Yinrong (Shanghai) Investment Management Corp. Ltd., Chairman of Ta Chen (Hong Kong) Corp. Limited, Director of TA CHEN LUNG MEI HOME LIFE CO., LTD. and Chairman of Tachen Interior Design Co., Ltd.

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

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

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

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

1. Main corporate shareholder of the Company:

April 22th, 2022

Name of Corporate Shareholder	Main Shareholders of Corporate Shareholder
Ta Ying Cheng Investment Co., Ltd.	Tainan City Private Kun Hua Yong Cheng Social Welfare Charity Foundation (49.5%), Wei-Yi Investment Co., Ltd.(0.6%)
Linfangjin Charitable Foundation	Sheng Xian, Lin (50.9%)、 You Mei, Lin (37.6%)、 Fan-Gjin, Lin(11.5%)

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

April 22th, 2022

Name of Corporate Shareholder	Main Shareholders of Corporate Shareholder
Tainan City Private Kun Hua Yong Cheng Social Welfare Charity Foundation	Rung-Kun, Shieh (50.35%), Ling-Hwa, Wang (29.34%), Hsieh, Li-Yun(5.75%), Bing-Shan, Cheng (3.01%), Chao-Mei, Hung (2.85%), Ta Chen Stainless Pipe Co., Ltd. (2.74%), Ta Ying Cheng Investment Co., Ltd. (2.63%), Ya-Hua, Yang (2.38%), Ying-Rui, Lu (0.95%)

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

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

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

Name	Conditions	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
Independent director Chun-An, Hsu	The Company's current Independent Director, and a member of the Company's Remuneration Committee and Audit Committee; once serving as Section Chief/Deputy Director-General of National Taxation Bureau of Taipei, MOF; Deputy Director-General of National Taxation Bureau of the Northern Area, MOF; Deputy Director-General of Taxation Administration, MOF; Director-General of National Taxation Bureau of the Southern Area, MOF; Supervisor of Taiwan Tobacco & Liquor Corp.; Supervisor of Taiwan Financial Holding Co., Ltd.; Independent Director/Remuneration Committee member and Audit Committee member of Voltronic Power Technology Corp.; Director of Hungkuo Delin University of Technology; Independent Director/Remuneration Committee member and Audit Committee member of AAEON Technology Inc. With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.	<p>of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer in the preceding subparagraph (1) or any of the persons in the preceding subparagraphs (2) and (3).</p> <p>(5) Not a director, supervisor, or employee of any juristic-person shareholder that has 5% or more of the total shares issued by the Company, or of top-5 juristic-person shareholders of the Company, or of the juristic-person shareholders who appoint their representatives to serve as the director or supervisor the Company in accordance with Paragraph 1 or Paragraph 2, Article 27 of the Company Act.</p> <p>(6) Not a director, supervisor or employee of any company</p>	2	

Name	Conditions	Professional qualifications and experience	Independence status	Number of companies to which also serving as independent directors
Independent director Guang-Hsiang, Wang		<p>The Company's current Independent Director, and a member of the Company's Remuneration Committee and Audit Committee. Chief of Department of General Affairs, MOF; Supervisor of Financial Information Service Co., Ltd.; Director of BankTaiwan Securities Co., Ltd.; Director of Taiwan Business Bank; Standing Supervisor of Small and Medium Business Credit Guarantee Fund; Supervisor of Farmers Bank of China; Director of the General Affairs Department, Directorate General of Budget, Accounting and Statistics, Executive Yuan; Inspector/Director/Section Chief/Senior Executive Officer/Chief Secretary of Department of Finance, Taipei City Government; Assistant Revenue Officer/Revenue Officer/Subsection Chief/Revenue Assessor of Taipei City Revenue Service. With more than five years experience in commerce, legal, finance, accounting or work experience required by the Company's business. And none of the circumstances set forth in Article 30 of the Company Act.</p>	<p>controlled by the same person that holds a majority of the directors or voting shares of the Company.</p> <p>(7) Not a director, supervisor or employee of any company who is the same person as, or the spouse of, Chairman and President or equivalent of the Company.</p> <p>(8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliated company of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliated company of the Company for which the provider in the past 2 years has received cumulative compensation not exceeding NT\$500,000, or a spouse thereof.</p>	-

4. The Board of Directors' diversity and independence:

(1) The Board of Directors' diversity

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

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

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

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

There are currently 11 directors in the Board of Directors, including three independent directors and two directors who also concurrently serve as the employees of the Company (accounting 27.27% and 18.18% of the all directors, respectively). The seniority of the independent directors are between three to nine years. Two directors aged 51 to 60 years old only; six aged 61-70 years old, and three aged 71-80 years old. They possess abundant experience, industrial knowledge, and rich experience in the professional areas such as operation and management. Other than the aforesaid, the Company also emphasizes the gender equality of the Board's composition. There are three female directors in the Board, as much as 27.27%.

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

(1) Basic composition:

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

(2) Professional knowledge and skills:

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

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

A. Concrete management target:

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

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

(2) The Board of Directors' independence:

Among 11 directors of the Company, there are three independent directors, accounting for 27%. Other than the Chairman, Li-Yun Hsieh, and Director Rung-Kun Shieh and Director Jung-Huei Hsieh are relatives within 2nd degree of kinship with each other; the other 8 directors are not spouses or relatives within 2nd degree of kinship with each other, in conformity with Paragraph 3, Article 26-3 of the Securities and Exchange Act.

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

April 22th, 2022

Post	Nationality	Name	Sex	Date of Inauguration	Shareholding		Shareholding of Partner, Underaged Children		Shareholding In the Name of Others		Main Education	Other Posts in This Company or Other Companies	Partner or Close Relatives in The Posts of Other Managers, Directors or Supervisors			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Post	Name	Relationship	
CEO	Taiwan (R.O.C.)	Rung-Kun, Shieh	Male	January 17 th , 1990	33,522,820	1.67%	24,556,279	1.22%	—	—	Graduated from Fu Jen University, Business Management Sales manager of San Shing Fastech Corp.	Note 1	Assistant Manager	Rui-Cai, Guo	Brother-in-law	None
Senior Vice CEO	Taiwan (R.O.C.)	Di-Jin, Chang	Male	April 24 th , 1994	270,340	0.01%	35,443	—	—	—	Chung Yuan Christian University, Mechanical Engineering Head of San Shing Hardware Technology Screw Set Factory Director of Shijiazhuang Yi Tai Precision Casting Co., Ltd. Director /CEO of Ta Chen (Changsu) Machinery Co., Ltd.	Director/Vice CEO of Brighton-Best International (Taiwan) Inc. Supervisor of Wei Mei Roller Blind Co., Ltd. Director of TA CHEN EMPIRE CO., LTD. Supervisor of Ta Chen Lung Mei Home Life Co., Ltd.	—	—	—	
Assistant Manager of Production Department	Taiwan (R.O.C.)	Huai-Yi, Yang	Male	October 1 st , 1996	836,920	0.04%	40	—	—	—	National Cheng Kung University, Mechanical Engineering Taiwan Mechanics engineer	None	—	—	—	
Assistant Manager of Sales Department	Taiwan (R.O.C.)	Rui-Cai, Guo	Male	July 1 st , 2002	382,639	0.02%	118,698	0.01%	—	—	Tatung Institute of Commerce and Technology Person in charge of Sichuan Huiyuan Optical Communications Co., Ltd. Director of Ta Chen (Changsu) Machinery Co., Ltd.	None	CEO	Rung-Kun, Shieh	Brother of Wife	
Assistant Manager of Foreign Investment Department	Taiwan (R.O.C.)	Man-Ting, Chen	Female	July 1 st , 2002	543,336	0.03%	—	—	—	—	Shih Chien Institute of Commerce and Technology Manager of En Lin Enterprise	None	—	—	—	
Assistant Manager of Research and Development Department	Taiwan (R.O.C.)	Song-Mao, Chen	Male	July 1 st , 2002	449,076	0.02%	702	—	—	—	National Tung-Shih Senior High School Head of Yu-Nion Machinery Factory	None	—	—	—	
Manager of Finance Department	Taiwan (R.O.C.)	Denny Wong	Male	October 24 th , 2007	888,533	0.04%	94,461	—	—	—	Tunghai University, Accounting Manager of Deloitte Touche Tohmatsu Limited	Director of Wei Mei Roller Blind Co., Ltd.	—	—	—	

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

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

(I) Remuneration of Directors and Independent Directors

December 31st, 2021 Unit: NT\$

Post	Name	Director Remuneration								Gross profit ratio of A, B, C and D in the total remuneration		Relevant Remuneration for Part-time Employees				Gross profit ratio of A, B, C, D, E, F and G in the total remuneration		Compensation paid by an reinvested company other than the subsidiary or the parent company					
		Remuneration (A)		Retirement Pension (B)		Director Remuneration (C)		Business Execution Expense (D)				Salary, Bonus and Special Allowance (E)		Retirement Pension (F)					Employee Remuneration (G)				
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus		The Company	All Companies included in the Financial Report			
Chairman	Ta Ying Cheng Investment Co., Ltd.	-	-	-	-	6,000,000	6,000,000	-	-	6,000,000	6,000,000	-	-	-	-	-	-	-	-	6,000,000	6,000,000	None	
																				0.06%	0.06%		
	Company Representative: Li-Yun, Hsieh	-	-	-	-	-	-	40,000	40,000	40,000	40,000	-	-	-	-	-	-	-	-	40,000	40,000		
Director	I-Lan, Ou	-	-	-	-	6,000,000	6,100,000	40,000	40,000	6,040,000	6,140,000	-	-	-	-	-	-	-	-	-	-	6,040,000	6,140,000
										0.06%	0.06%											0.06%	0.06%
Director	Shih-Hsien, Tu	-	-	-	-	6,000,000	6,000,000	40,000	40,000	6,040,000	6,040,000	-	12,651,239	-	-	-	-	-	-	-	-	6,040,000	18,691,239
										0.06%	0.06%											0.06%	0.19%
Director	Rung-Kun, Shieh	-	-	-	-	6,000,000	6,000,000	-	-	6,000,000	6,000,000	24,040,275	24,040,275	108,000	108,000	-	-	-	-	-	-	30,148,275	30,147,275
										0.06%	0.06%											0.31%	0.31%
Director	Chao-Jin, Tsai	-	-	-	-	6,000,000	6,000,000	40,000	40,000	6,040,000	6,040,000	-	-	-	-	-	-	-	-	-	-	6,040,000	6,040,000
										0.06%	0.06%											0.06%	0.06%
Director	Yong-Yu, Tsai	-	-	-	-	6,000,000	6,000,000	100,000	100,000	6,100,000	6,100,000	-	-	-	-	-	-	-	-	-	-	6,100,000	6,100,000
										0.06%	0.06%											0.06%	0.06%
Director	Jung-Huei, Hsieh	-	-	-	-	6,000,000	6,000,000	-	-	6,000,000	6,000,000	-	-	-	-	-	-	-	-	-	-	6,000,000	6,000,000
										0.06%	0.06%											0.06%	0.06%
Director	Linfangjin Charitable Foundation	-	-	-	-	6,000,000	6,000,000	40,000	40,000	6,040,000	6,040,000	-	-	-	-	-	-	-	-	-	-	6,040,000	6,040,000
										0.06%	0.06%											0.06%	0.06%
	Company Representative: Mei-Feng, Lin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	Chun-An, Hsu	960,000	1,920,000	-	-	-	-	-	9,000	960,000	1,929,000	-	-	-	-	-	-	-	-	-	-	960,000	1,929,000
										0.01%	0.02%											0.01%	0.02%
Independent Director	Ming-Chang, Shen	1,100,000	2,200,000	-	-	-	-	-	24,000	1,100,000	2,224,000	-	-	-	-	-	-	-	-	-	-	1,100,000	2,224,000
										0.01%	0.02%											0.01%	0.02%

Post	Name	Director Remuneration								Gross profit ratio of A, B, C and D in the total remuneration		Relevant Remuneration for Part-time Employees				Gross profit ratio of A, B, C, D, E, F and G in the total remuneration		Compensation paid by an reinvested company other than the subsidiary or the parent company					
		Remuneration (A)		Retirement Pension (B)		Director Remuneration (C)		Business Execution Expense (D)				Salary, Bonus and Special Allowance (E)		Retirement Pension (F)					Employee Remuneration (G)				
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus		The Company	All Companies included in the Financial Report			
Independent Director	Guang-Hsiang, Wang	960,000	960,000	-	-	-	-	-	-	960,000	960,000	-	-	-	-	-	-	-	-	960,000	960,000	-	-
										0.01%	0.01%									0.01%	0.01%		

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

Note: 1. The Company adopts the method of independent disclosure, thus, there is no need to complete the remuneration level chart.

2. The remuneration of Company directors is based on the regulations of the Company Act Article 18-1, limiting the year's director remuneration to not exceed 1% of the profit gained within the current fiscal year, in consideration of the Company's operation performance. According to the Company Act Article 16, the Board of Directors is authorized to decide which according to the same industry standard.

3. Apart from the fixed remuneration such as transportation or attendance, change compensation were not distributed for the year.

(II) Supervisor Remuneration: In 2017, Audit Committee replaces the role of supervisors. Therefore, supervisor remuneration was not distributed in 2021.

(III) CEO and vice CEO remuneration

December 31st, 2021 Unit: NT\$

Post	Name	Remuneration (A)		Retirement Pension (B)		Bonus and Special Allowance (C)		Employee Remuneration (D)				Gross profit ratio of A, B, C and D in the total remuneration (%)		Received transfer investment remuneration from companies other than that of subsidiaries or the company
		The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company	All Companies included in the Financial Report	The Company		All Companies included in the Financial Report		The Company	All Companies included in the Financial Report	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
CEO	Rung-Kun, Shieh	14,040,275	14,040,275	108,000	108,000	10,000,000	10,000,000	-	-	-	-	24,148,275	24,148,275	None
												0.25%	0.25%	
Vice CEO	Di-Jin, Chang	1,944,275	1,944,275	91,002	91,002	15,150,000	15,150,000	1,105,714	-	1,105,714	-	18,290,991	18,290,991	
												0.19%	0.19%	
Vice CEO	Liang-Cheng, Hsi	239,945	239,945	11,377	11,377	1,480,000	1,480,000	-	-	-	-	1,731,322	1,731,322	
												0.02%	0.02%	

Note: Vice President Liang-Cheng Hsi has retired on May 12, 2021.

(IV) The remuneration of the top five paid managers of listed companies

Title	Name	Salary (A)		Severance Payment (B)		Bonus and Special Fees (C)		Employee Remuneration (D)				The sum of A, B, C and D as a percentage of after-tax net profit (%)		Remuneration from reinvested businesses other than the subsidiaries or parent company
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
CEO	Rung-Kun, Shieh	14,040,275	14,040,275	108,000	108,000	10,000,000	10,000,000	-	-	-	-	24,148,275	24,148,275	none
												0.25%	0.25%	
Assistant Manager	Rui-Cai, Guo	1,944,275	1,944,275	91,002	91,002	15,150,000	15,150,000	1,105,714	-	1,105,714	-	18,290,991	18,290,991	none
												0.19%	0.19%	
Vice CEO	Di-Jin, Chang	2,228,379	2,228,379	104,558	104,558	2,097,812	2,097,812	184,286	-	184,286	-	4,615,991	4,615,991	none
												0.05%	0.05%	
Assistant Manager	Shu-Mei, Chen	1,727,027	1,727,027	80,709	80,709	2,051,974	2,051,974	184,286	-	184,286	-	4,043,996	4,043,996	none
												0.04%	0.04%	
Assistant Manager	Huai-Yi, Yang	1,755,827	1,755,827	82,073	82,073	1,969,174	1,969,174	184,286	-	184,286	-	3,991,360	3,991,360	none
												0.04%	0.04%	

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

December 31st, 2021 Unit: NT\$

	Post (Note)	Name (Note)	Stock Bonus	Cash Bonus	Total	Gross profit ratio in total remuneration (%)
Manager	CEO	Rung-Kun, Shieh	-	2,848,572	2,848,572	0.03%
	Vice CEO	Di-Jin, Chang				
	Vice CEO	Liang-Cheng, Hsi				
	Assistant Manager	Song-Mao, Chen				
	Assistant Manager	Huai-Yi, Yang				
	Assistant Manager	Rui-Cai, Guo				
	Assistant Manager	Man-Ting, Chen				
	Finance Manager	Denny Wong				

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

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

Post	2021		2020	
	The Company	All Companies included in the Consolidated Report	The Company	All Companies included in the Consolidated Report
Director	0.78%	0.78%	(2.92%)	(4.66%)
CEO and Vice CEO	0.46%	0.46%	(2.95%)	(3.35%)

2. Relevance between distributed remuneration policy, standards, operation performance and future risks

- (1) Director remuneration policy is clearly stated in the Company Act. CEO and vice CEO remuneration standards were both approved by the Chairman and passed at the Board of Directors.
- (2) In consideration of the advantages and disadvantages of operation performance, as well as future industry risks, the distribution of manager end-of-year bonus has been influenced.

3.4 Operation of Company Governance

(I) Operation of the Board of Directors

In 2021, the Board of Directors meeting was held for 9(A) times. Attendance of directors, supervisors are as follows:

Post	Name (Note 1)	Number of actual attendance (B)	Number of entrusted attendance	Ratio of actual attendance (%) [B/A] (Note 2)	Remarks
Chairman	Li-Yun Hsieh Company representative: Ta Ying Cheng Investment Co., Ltd.	9	0	100%	
Director	I-Lan, Ou	9	0	100%	
Director	Shih-Hsien, Tu	0	9	0%	
Director	Rung-Kun, Shieh	9	0	100%	
Director	Chao-Jin, Tsai	9	0	100%	
Director	Yong-Yu, Tsai	9	0	100%	
Director	Jung-Huei, Hsieh	9	0	100%	
Director	Mei-Feng, Lin Company representative: Linfangjin Charitable Foundation	9	0	100%	
Independent Director	Chun-An, Hsu	8	1	89%	
Independent Director	Ming-Chang, Shen	9	0	100%	
Independent Director	Guang-Hsiang, Wang	9	0	100%	

Other important items:

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

(I) Regulations stated in Article 14-3 of the Securities and Exchange Act:

Refer to page 29-31 of the current annual report for the operation of the Audit Committee and other information to note Item 1-1.

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

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

Date of Board of Directors Meeting	Name of Directors	Content of Motion	Reason for Interests to be Evaded	Participation in Voting
March 25 th , 2021	Rung-Kun, Shieh	Bonus remuneration of the Company's directors, supervisors and managers shall reference to the usual condition of companies of the industry, and in consideration of personal performance, in order to decide the bonus remuneration of the Company's directors, supervisors and managers. Such decision shall be passed by the Compensation and Remuneration Committee.	Based on the regulations set by the Board of Directors, the interests of stakeholders shall be evaded.	Passed without Objection
May 12 th , 2021	Ming-Chang, Shen	Independent Director Ming-Chang Shen served as the Chairman of both Audit Committed and Remuneration Committee, required to help the Chief Corporate Governance Officer communicate with other independent directors about the motions related to the Board of Directors and Remuneration Committee. As a result, the Remuneration Committee resolved that as of June 2021, the fixed monthly remuneration payable to him should be raised from NT\$80,000 to NT\$100,000 and he should recuse himself from participation in distribution of earnings.	Based on the regulations set by the Board of Directors, the interests of stakeholders shall be evaded.	Passed without Objection
November 11 th , 2021	Rung-Kun, Shieh	Bonus remuneration of the Company's directors, supervisors and managers shall reference to the usual condition of companies of the industry, and in consideration of personal performance, in order to decide the bonus remuneration of the Company's directors, supervisors and managers. Such decision shall be passed by the Compensation and Remuneration Committee.	Based on the regulations set by the Board of Directors, the interests of stakeholders shall be evaded.	Passed without Objection

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

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Contents of Evaluation
Internal evaluation conducted per year	2021.01.01-2021.12.31	Board of Directors, Board Members and Board's Functional Committees	Directors' Self-Evaluation	<p>(1) Performance evaluation on the Board of Directors: Degree of engagement in the Company's operation, quality of the Board of Directors' decision making, formation and structure of the Board of Directors, election and continuing education of directors, and internal control.</p> <p>(2) Performance evaluation on Board members: Alignment with the Company's goals and mission, awareness toward directors' responsibilities and duties, degree of engagement in the Company's operation, management of internal relations and communication, expertise and continuing education of directors, and internal control.</p> <p>(3) "Performance evaluation on functional committees: Degree of engagement in the Company's operation, awareness toward functional committees' responsibilities and duties, enhancement of quality of the functional committees' decision making, formation of the functional committees and election of the committee members, and internal control.</p>

IV. Evaluation on the goal (such as the establishment of Audit Committee, improve information transparency, etc.) and execution of strengthening the role of the Board of Directors for the recent years:

- (i) The Company has already established the method of proceedings for its Board of Directors, which shall be followed for the operation of the BOD.
- (ii) All major motions passed by the Company's Board of Directors shall be announced according to set regulations.
- (iii) The Company elected independent directors on June 19th, 2017 and established the audit committee to replace the role of supervisors.

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

Note 2:

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

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

1. Audit Committee

On June 19th, 2017, the Board of Directors elected independent directors, and established the audit committee to replace the role of supervisors. In 2021, 9 audit committee meetings were held in total (A). Attendance of independent directors are as follows:

Post	Name (Note 1)	Number of Actual Attendance (B)	Number of Entrusted Attendance	Ratio of Actual Attendance (%) [B/A] (Note 2)	Remarks
Independent Director	Chun-An, Hsu	8	1	89%	None
Independent Director	Ming-Chang, Shen	9	0	100%	
Independent Director	Guang-Hsiang, Wang	9	0	100%	

Other important items:

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

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

Date of Board of Directors Meeting	Period	Content of Motion	Resolution of Audit Committee	Resolution of Board of Directors
March 25 th , 2021	10 st meeting, 12th Session	Internal control statement for 2020 is complete.	Passed without Objection	Passed without Objection
		Proposal of business report and financial statements for 2020.	Passed without Objection	Passed without Objection
		The proposal for amendment to "Articles of Incorporation." submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for Deficit Compensation 2020 submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to provide a guarantee/endorsement of US\$3,500,000 to its wholly owned subsidiary, Ta Chen (B.V.I.) Holdings Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company's expected acquisition of the equity of Lung Mei Cloth Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company's wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of RMB32,000,000 to Ta Chen (Boye) submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to lend funds of NTS\$4,000,000 to its wholly owned subsidiary, Pyramid Stainless Steel Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
May 12 th , 2021	11 st meeting, 12th Session	The proposal for the Company's wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of US\$1,000,000 to Ta Chen (Boye) submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to provide a guarantee/endorsement of US\$6,300,000 to TMCT PRODUCTS, INC.(TMCT) submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company's wholly owned reinvestment subsidiary, Ta Chen (B.V.I.) Holdings Ltd. is proposed to invest US\$3,000,000 to TMCT submitted by the Audit Committee.	Passed without Objection	Passed without Objection
June 15 th , 2021	12 st meeting, 12th	The proposal for the Company's wholly owned reinvestment subsidiary, Ta Chen (B.V.I.) Holdings Ltd. is proposed to invest US\$1,000,000 to the TMCT submitted by the Audit Committee.	Passed without Objection	Passed without Objection

	Session	The proposal for the Company's sub-subsidiary, Los Osos Holdings, Inc. is proposed to invest US\$20,000 to the new company submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to provide a guarantee/endorsement of US\$3,500,000 to its wholly owned subsidiary, Ta Chen (Hong Kong) Limited submitted by the Audit Committee.	Passed without Objection	Passed without Objection
July 2 th , 2021	13 st meeting,	The proposal for the Company's wholly owned reinvestment subsidiary, Ta Chen (B.V.I.) Holdings Ltd. is proposed to invest US\$1,500,000 to Los Osos Holdings, Inc. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
	12 th Session	The proposal for the Company's wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of US\$1,000,000 to Ta Chen (Boye) submitted by the Audit Committee.	Passed without Objection	Passed without Objection
July 23 th , 2021	14 st meeting, 12 th Session	The proposal for the investment and renamed "Pyramid Stainless Steel Co., Ltd." submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for issuance of new shares upon capital increase in cash submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company's wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of RMB32,000,000 to Ta Chen (Boye) Machinery Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
August 12 th , 2021	15 st meeting, 12 th Session	The proposal for the Company to provide a guarantee/endorsement of US\$5,000,000 to its wholly owned subsidiary, Ta Chen (Hong Kong) Limited submitted by the Audit Committee.	Passed without Objection	Passed without Objection
September 24 th , 2021	16 st meeting, 12 th Session	The proposal for the Company to provide a guarantee/endorsement to its wholly owned subsidiary, TA CHEN (B.V.I.) HOLDINGS LTD. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the amendment to "Procedures for Lending Funds to Others" for Ta Chen (Hong Kong) Limited submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to provide a guarantee/endorsement of RMB36,000,000 to Ta Chen (Boye) Machinery Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the establishment of new company wholly owned by the Company submitted by the Audit Committee.	Passed without Objection	Passed without Objection
November 11 th , 2021	17 st meeting, 12 th Session	The proposal for the change CPA submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company's wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of US\$1,000,000 to Ta Chen (Boye) submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to lend funds of NT\$60,000,000 to Wei Mei Roller Blind Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the Company to provide a guarantee/endorsement of NT\$200,000,000 to Lung Mei Cloth Co., Ltd. submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for transfer invested in Taiwan's companies submitted by the Audit Committee.	Passed without Objection	Passed without Objection
December 17 th , 2021	18 st meeting, 12 th Session	The proposal for foreign invested submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for Brighton-Best International (Taiwan) Inc.(TCI) to provide a guarantee/endorsement of US\$85,000,000 to TCI	Passed without	Passed without

		TEXARKANA, INC.(TKA) submitted by the Audit Committee.	Objection	Objection
		The proposal for the Company’s wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of US\$25,000,000 to the Company submitted by the Audit Committee.	Passed without Objection	Passed without Objection
		The proposal for the amendment to “Procedures for Lending Funds to Others” for subsidiary submitted by the Audit Committee.	Passed without Objection	Passed without Objection
Procedures for adopting Audit Committee’s opinions: All proposals must be approved by a majority vote of all Audit Committee members and by resolution of the Board of Directors.				
(II) Apart from the above-mentioned items, other motions not approved by the Audit Committee or resolved by more than two-third of all directors: None.				
II. For execution of independent directors’ evasion of interest motions, the name of the independent directors, content of motion, reason for interests to be evaded and participation in voting shall be stated in detail: None				
III. Communication between independent directors, internal audit manager and accountants (including method and results of communication of major events such as corporate finance, business performance).				
(i) Audit manager shall present audit reports to independent directors regularly, and present audit reports to the Board of Directors on a regular basis, allowing corporate governance unit to fully understand the Company’s risk assessment and control status.				
(ii) Where the CPAs has communicated with the Company’s corporate governance unit under the Statement of Auditing Standards No. 62, and also communicated with the corporate governance unit about the key audit matters identified in the audit report pursuant to the Statement of Auditing Standards No. 58.				

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

Item for Evaluation	Operation		Differences and reasons of which with code of practice of listed and OTC corporate governance	
	Yes	No		Summary
I. Did the Company follow regulations stated in “Corporate Governance Best Practice Principles for Listed and OTC Companies” and disclose corporate governance guidelines?		√	The Company has yet to formulate a code of practice for the Company’s corporate governance.	Will be processed according to the related regulations according to actual needs.
II. Structure of Company shareholding and shareholder equity				
(i) Did the Company establish internal operating procedures to deal with shareholder recommendations, doubts, disputes and litigation matters, and implement which according to procedures.	√		(i) Although the Company has yet to establish internal operating procedures, the matter has been addressed by the spokesperson for shareholders’ doubts and disputes.	No major differences found.
(ii) Does the Company possess the name list of main shareholders in control of the Company, and the name list of major shareholders with the ultimate control?	√		(ii) The Company entrusted a professional stock agency for handling the related matters, so as to acquire the name list of major shareholders in actual control of the Company.	No major differences found.
(iii) Did the Company establish, execute risk control and firewall mechanism between the Company and its affiliates submitted the performance evaluation result to the Board and applied the same as reference for remuneration to individual directors and nomination?	√		(iii) Responsibilities of assets and finance control are carefully detailed according to that of internal control, forming a single department to handle risk evaluation and design of firewalls.	No major differences found.
(iv) Did the Company establish internal regulations, and prohibit insiders from using unpublished information to buy and sell securities?	√		(iv) Although the Company has yet to establish the related regulations, propaganda is prohibited; and Company insiders are familiar with regulations of the Company Act.	No major differences found.
III. Formation of Board of Directors and its responsibilities				
(i) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?	√		(i) The Company’s Board of Directors is composed of 11 members, including 3 independent directors. Each director specializes in their own area of expertise, including business management, finance, civil engineering, professional abilities. The Company has also implemented a diversified approach in its formation of the Board of Directors. For details, please refer to Page 19 (4. The Board of Directors’ diversity and independence).	No major differences found.
(ii) Apart from establishing the reimbursement and salary committee and audit committee, did the Company voluntarily formulate committees of other functions?		√	(ii) The Company has established a remuneration and salary committee according to legal regulations; in the future, the Company will formulate committees of other functions according to needs for which.	Will be processed according to the related regulations according to actual needs.

Item for Evaluation	Operation			Differences and reasons of which with code of practice of listed and OTC corporate governance
	Yes	No	Summary	
(iii) Did the Company set methods for evaluation for performance of the Board of Directors? Would such performance evaluation be conducted yearly on a regular basis?		√	(iii) The Company's Board of Directors resolved on December 21, 2020 to adopt the "Regulations Governing the Board of Directors' Performance Evaluation." The performance evaluation was conducted at the end of 2020 and the evaluation results were also reported to the Board of Directors.	No major differences found.
(iv) Does the Company evaluate the independency of accountants on a regular basis?	√		(iv) The Company evaluates the independence and competency of the CPAs once a year and submits the evaluation results to the Board of Directors for resolution. The 2021 annual evaluation results were reviewed and approved by the Board of Directors on March 25, 2022, and they all met the Company's criteria of independence and competency, and sufficient to serve as the Company's CPAs.	No major differences found.
IV. Has the Company established adequate and competent corporate governance personnel, and assigned a corporate governance manager in charge of corporate governance affairs (including but not limited to provision of information required by directors and supervisors for business execution, by laws for matters relating to board meetings and Shareholder's meetings, and information on corporate registration and amendment registration, as well as record minutes of board meetings and shareholders meetings, etc.)?	√		The Finance Dept. of the Company is the concurrent unit in charge of the corporate governance, which also assigns the concurrent personnel responsible for the corporate governance related affairs.	No major differences found.
V. Did the Company establish channels for communication with stakeholders (including but not limited to shareholders, employees, clients and suppliers, etc.), setup stakeholder areas on the Company website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders?	√		The Company has established the post of a spokesperson and acting spokesperson, as a channel for communication with stakeholders. If necessary, please contact the Company at all times by telephone, letter, fax or email.	No major differences found.
VI. Did the Company entrust professional stock personnel(s) to handle relevant affairs regarding the hosting of shareholders' meetings?	√		The Company has entrusted professional stock personnel(s) from President Securities Corp. to handle relevant affairs regarding the hosting of shareholders' meetings.	No major differences found.
VII. Information disclosure				
(i) Did the Company establish a Company website to disclose financial and corporate governance information?	√		(i) The Company website is managed and maintained by professional personnel(s). Changes of information are updated at once for referencing by shareholders and stakeholders.	No major differences found.
(ii) Did the Company adopt other methods of information disclosure (such as constructing an English website, appoint professional personnel for collection and disclosure of the Company's information, establish the spokesperson system, including legal corporates meetings in the Company website, etc.)?	√		(ii) The Company adopts other methods of information disclosure: 1. Appoint professional personnel responsible for regularly and irregularly report financial and business information on information disclosure channels. 2. Apart from having established the spokesperson system, the Company also respond to legal corporate incoming calls or receive legal organizations to the Company for visits at all times, and discloses such information on the Company website.	No major differences found.
(iii) Did the company announce and file its annual financial reports within 2 months from the end of the fiscal year? Does the company announce and file the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date?	√		(iii) It follows the applicable laws and regulations.	It will be subject to the provisions of applicable laws and regulations based on the actual condition.
VIII. Are there any other important information of the Company that are useful for understanding the operation of corporate governance (including but not limited to employee equity, employee care, relationship with investors, relationship with suppliers, rights of stakeholders, training of directors and supervisors, execution of risk management policies and standards of risk evaluation, execution of customer policies, insurance the Company purchased for directors and supervisors, etc.)?	√		(i) Protection of employee equity of the Company is executed in full according to legal regulations. (ii) Apart from encouraging department managers to proactively care for their employees, employee care is also executed through the proper functioning of Employees' Welfare Committee. (iii) The Company sustains communication between professionals and investors, publish instant self-closing profit and loss and Company's major information, so as to protect the rightful equity of investors. (iv) Maintain and sustain long-term cooperation with suppliers, ensuring easiness in cooperation. (v) Interested rights: Under legal regulations of which, the Company protects the rights of	No major differences found.

Item for Evaluation	Operation			Differences and reasons of which with code of practice of listed and OTC corporate governance
	Yes	No	Summary	
			<p>stakeholders, ensures all motions with possible interest conflict for directors have been evaded.</p> <p>(vi) Training for directors and supervisors: The Company irregularly provides relevant information according to amendments of the Securities Law. The related training of which also complies with the regulations of governing agencies.</p> <p>(vii) Execution of risk management policy and risk evaluation standards: The Company produced its internal management manual according to legal regulations, and conducts the different risk management and evaluation according to which.</p> <p>(viii) Execution of customer policy: The Company maintains smooth channels of communication with customers, execution of which is good.</p> <p>(ix) Insurance the Company purchased for directors and supervisors: Yet to be implemented. In the future, the Company will execute which according to actual needs and relevant legal regulations.</p>	
<p>IX. According to the recent publication of corporate governance evaluation report by Taiwan Stock Exchange Corporate Governance Center, improvements made and areas to be improved (with priorities to be strengthened and ways of improvement stated) have been explained in detail.</p> <ol style="list-style-type: none"> 1. According to the results of the 6th Company Corporate Governance Report, improvements made are as follows: The annual financial report in English language will be uploaded onto the MOPS within 7 days prior to the annual general meeting. 2. In 2022, the relevant items of corporate governance will be disclosed in priority according to the 9th Company Corporate Governance Evaluation System Handbook. 				

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

(1) Information about the Remuneration Committee members: All are the Company's independent directors. Please refer to Pages 16-19 for the information disclosure of director's professional qualifications and independence of the independent directors.

(2) Operation of Reimbursement and Salary Committee

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

II. The current tenure of members is from June 22th, 2020 to June 21th, 2023. The recent (2021) Reimbursement and Salary Committee held a total of 3 meetings (A). Qualifications of members and attendance of which are as follows:

Post	Name	Number of actual attendance (B)	Number of entrusted attendance	Ratio of actual attendance (%) [B/A]	Remarks
Convener	Ming-Chang, Shen	3	0	100	None
Member	Chun-An, Hsu	2	1	67	None
Member	Guang-Hsiang, Wang	3	0	100	None

Other important items:

- I. If the Board of Directors does not adopt or modify according to suggestions of the reimbursement and salary committee, the date and period of BoD meeting, content of motion, BoD decision and the Company's processing of suggestions of the reimbursement and salary committee shall be listed (if the reimbursement and salary passed by the BoD is higher than the suggested reimbursement and salary by the reimbursement and salary committee, the difference and reason of which shall be stated): None.
- II. For decisions made by the reimbursement and salary committee, if members with opposing or reserved opinions presents records or written statements, he or she shall state the date and period of the reimbursement and salary committee meeting, content of motion, opinions of all members as well as processing of members' opinions:

Date of Reimbursement and Salary Committee Meeting & Period	Content of Motion	Resolution
June 30 th , 2021 4 st meeting, 4th Session	Review on the salary, bonus and remuneration to the Company's managers.	Passed without Objection
May 12 th , 2021 5 st meeting, 4th Session	Review on the salary, bonus and remuneration to the Company's managers.	Passed without Objection
November 11 th , 2021 6 st meeting, 4th Session	Review on the salary, bonus and remuneration to the Company's managers.	Passed without Objection

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

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does the Company implement a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the Board of Directors and run by senior management, and how does the Board supervise progress?		√	The Company doesn't designate a unit that specializes (or is involved) in the promotion of sustainable development. Notwithstanding, for the time being, the President is in charge of the overall planning about the sustainability issues, and has each department use the best effort to perform the corporate social responsibility ex officio, in order to ensure that the sustainable development strategies are precisely practiced in the Company's routine operation.	Will be processed according to the related regulations according to actual needs.
II. Has the Company conducted risk evaluation for the environmental, social and corporate governance issues related to the operations of the Company based on the materiality principle, and formulated related risk management policies or strategies?(Note)		√	<p>(I) Corporate governance:</p> <ol style="list-style-type: none"> 1. Financial performance: Through the channel advantages of the e-commerce platform, the Company expands various product lines meeting the needs of customers with one-stop shopping, and builds a competitive advantage in global positioning. 2. Business ethics: The Company has established related procedures, such as the Procedures for Ethical Management and Guidelines for Conduct. By complying with the requirements of external regulations and internal procedures, the goal is zero violations; thus, the Company continues to conduct promotions and communication with all directors and employees, and holds regular education and trainings, while establishing the complaint mechanism with protection for whistleblower; the complaints are received by the officer in the President's Office and reported to the President. <p>(II) Environmental issues:</p> <ol style="list-style-type: none"> 1. Climate change: The Company plans to promote the greenhouse gas inventory, in order to understand the Company's greenhouse gas emissions as an entity, and will promote the greenhouse gas inventory policy to each operating base year by year. Additionally, it will also promote the climate change risk management and countermeasure projects, to assess the Company's climate change risks and 	Will be processed according to the related regulations according to actual needs.

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			<p>opportunities, formulate countermeasure strategies, and set carbon reduction goals, for implementation and continuous tracking, and improvement accordingly.</p> <p>(III) Social issues:</p> <p>1. Sustainable supply chain: The Company partners with high-quality supply chain partners to distribute to various locations around the world for sales. In 2022, the Company will promote suppliers' environmental and social self-commitment and supplier self-assessment, to lead the sustainable promotion among suppliers, to reduce the impact and risk that the Company is exposed to in the supply chain management.</p> <p>2. Talent attraction and retention/ diversity, inclusion and equality The Company holds the principle of equality and openness, and does not discriminate based on gender, religion, race and political preference. Health checks are scheduled regularly, and related health courses are arranged to promote the health of employees.</p>	
III. Does the Company have a special (concurrent) unit to promote CSR initiatives, supervised by a Board-appointed member of the management team, who reports to the Board?		√	<p>3. Information security: The Company implements various information security management mechanisms, conducts various information security education, training and promotion from time to time; the regular backup mechanisms are in place for key systems and databases, and various information security events are simulated and tested, to ensure the security control over the information systems and user.</p>	No major differences found.
III. Environmental issues: (1) Does the Company establish proper environmental management systems based on the characteristics of its businesses?	√		(1) The industrial water of the factory is recycled and reused, and the sewage and wastewater are treated and discharged after it is confirmed to have no adverse impact on the environment.	No major differences found.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	√		(2) All departments strictly implement the resource classification and recycling system, and regularly assign personnel to assist the recycling of resources in the local villages and towns every week.	No major differences found.

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
<p>(3) Does the Company evaluate the current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues?</p> <p>(4) Does the company calculate the greenhouse gases (GHG) emission, water consumption and total weight of wastes for the past two years, and formulated the strategies for energy conservation, carbon reduction, GHG emission reduction, water saving and management of other wastes?</p>	√		<p>As for (3), and (4), the Company always pays attention to the temperature control of the air conditioners in the operating premises and offices to effectively utilize energy and achieve energy saving and carbon reduction goals. According to the “Sustainable Development Roadmap for TWSE/TPEX-Listed Companies” promulgated by FSC in March 2022, the Company will continue to control the green house gas inventory and verify the completion of the disclosure schedule. The Company’s 2021 green house gas inventory and investigation results have been reviewed and approved by the Board of Directors on March 25, 2022.</p>	No major differences found.
<p>IV. Social issues</p> <p>(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?</p> <p>(3) Does the Company create a safe and healthy working environment and provide safety and health education for employees regularly?</p> <p>(4) Does the Company provide employees with opportunities for career development and training?</p>	√		<p>(1) The Company formulates relevant corporate social responsibility policies and procedures in accordance with the relevant regulations of the Corporate Social Responsibility Code of Practice announced by the competent authority. Moreover, the Company's protection of labor rights is superior to labor laws and regulations, and the labor relations are extremely harmonious.</p> <p>(2) The employees are paid based on the position level and work experience, and the salary raise or promotion is announced randomly. The bonus is distributed randomly based on the performance of employees. Moreover, the employee remuneration is appropriated based on the Articles of Association.</p> <p>(3) The Company perform health check-ups for employees every three years. Moreover, it adequately provides boots, uniforms and ear and eye protection wears required for the working environment, and requires the employees to wear.</p> <p>(4) In addition to arranging the necessary trainings for new recruits based on the duties of the target position, the Company also encourages the training courses to enhance the competencies of</p>	<p>The Company hasn’t established related management policies and procedures directly based on the International Bill of Rights.</p> <p>No major differences found.</p> <p>No major differences found.</p> <p>No major differences found.</p>

Promotional items	Implementation status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance
	Yes	No	Summary	
(5) Does the Company follow regulations and international standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set policies and appeal procedures for protection of consumer's rights and interests?	√		the employees. In case of courses suitable for further study or training, it will also assign personnel to participate in, so as to improve the working efficiency. (5) Due to the characteristics of the industry, the Company's related products and services are in compliance with relevant laws and regulations, and provide warranty. Moreover, it has fully established channels for consumer complaints.	No major differences found.
(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on environmental protection, occupational safety and health, or labor's human rights, and disclose the implementation?	√		(6) At present, the contract with the main suppliers has not yet stipulated the terms of termination or cancellation of the contract if the supplier is involved in violation of the corporate social responsibility norms.	It will evaluate the formulation based on the Corporate Governance Best Practice Principles for Listed Companies.
V. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?		√	The Company has prepared the corporate social responsibility report based on the internationally recognized guidelines, but has not obtained a third-party verification or assurance for such reports.	Will be processed according to the related regulations according to actual needs.
VI. If the Company has established its own sustainability policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies," please describe the current practices and any deviations thereof from such principles: The Company is yet to establish its own corporate social responsibility guidelines according to "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". For the corporate social responsibilities guidelines stated in "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", the Company has considered the current operation of the Company and the legal regulations. The Company will implement which gradually, with no major differences found.				
VII. Other important information beneficial for understanding the operation of corporate social responsibility: (i) Environmental protection: The waste generated by the Company is processed by competent units according to environmental protection regulations. General waste is concentrated for management and sorted before processing; all in compliance with the relevant environmental protection act proposed by the government, so as to protect the environment and save resources. (ii) Social participation, social contribution, social service and social welfare: The Company respond to the activities of socially disadvantaged charities and actively participate in related activities such as neighbors and neighbors on an irregular basis. (iii) Consumer equity: The Company values product quality and safety, instantly handle class complaints and provide customers with complete product information to protect consumer rights. (iv) Human rights: 1. The relevant human resource guidelines of the Company complies with regulations of the Labor Standards Act. The employee-related matters are handled by professional personnel(s) so as to protect the basic rights of employees. 2. Recruitment, interview, promotion, performance evaluation or changes in post for job-seekers and employees of the Company shall not be different by sex; relevant regulations have been set to protect the implementation of which. (v) Safety and hygiene: The Company provides safety and hygiene education, and disaster prevention training according to the content of work of employees, so as to ensure the safety of working environments.				

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

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

Item for Evaluation	Operation			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons
	Yes	No	Summary	
<p>I. Establish ethical management policy and procedure</p> <p>(i) Does the Company have bylaws and external documents approved by the Board that uphold its policy and business integrity, and are the Board and top management team committed to implementing such policy?</p> <p>(ii) Does the company establish the evaluation mechanism for the risk of unethical conducts, so as to regularly analyze and evaluate the operating activities associated with high risk of unethical conduct, and establish appropriate preventive measures at least for the business activities prescribed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>(iii) Has the Company established relevant programs which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, penalties and grievance channels? Does the Company implement and regularly review to revise them?</p>	√	√	<p>(i) The Company has stipulated "Guidelines for ethical management operations and behaviors.</p> <p>(ii) Aside from prohibition of unethical behaviors by "Guidelines for ethical management operations and behaviors", the followed decree and policy is also disclosed."</p> <p>(iii) "Guidelines for ethical management operations and behaviors" stated clearly the range of protected programs and the responsible unit</p>	No major differences found.
<p>II. Implementation of ethical corporate management</p> <p>(i) Does the Company evaluate the ethical record of transacting bodies, and clarify ethical behavior terms in the contracts with transacting bodies?</p> <p>(ii) Has the company set up a special (concurrent) unit under the direct supervision of the Board, to handle the implementation of the Company's ethical standards and report the ethical policies and unethical conduct prevention program to the BoD periodically (at least annually)?</p> <p>(iii) Did the Company establish anti-interest conflict policy, provide suitable channels for statements, and implement the execution of which?</p> <p>(iv) To implement relevant policies on ethical conduct, does the Company establish effective accounting and internal control systems? Does the internal audit unit make related audit plans based on the evaluation results of the unethical conduct prevention</p>	√	√	<p>(i) The Company adopts credit operation for transacting bodies. When cooperating with the enterprise, the Company will fulfill the stated content of signed contracts, in order to implement the concept of ethical business management.</p> <p>(ii) The Company has not yet set up any (concurrent) unit under the direct supervision of the Board to handle the implementation of the Company's ethical management. Notwithstanding, upon discovery or awareness of any personnel involved in unethical conduct, the Company will verify the truth immediately and take appropriate actions therefor.</p> <p>(iii) The Company's "Procedure for Ethical Management and Guidelines for Conduct" has expressly stated the requirements about avoidance of conflict of interest. Anyone shall recuse themselves from the motion with which he/she has a conflict of interest at the time of resolution. The Company provides employees with uninterrupted grievance channels. Any employee may file a complaint with his/her immediate supervisor via such channels, directly or indirectly.</p> <p>(iv) Internal audit of the Company is implemented according to set audit plans, so as to ensure that the Company's internal operation follows the different legal regulations and policies.</p>	No major differences found.

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

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

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

(VIII) Other important information that can increase understanding to the Company's corporate governance: None.

(IX) Execution of the internal control system:

1. Internal control statement

Ta Chen Stainless Pipe Co., Ltd
Internal Control Statement

Date: March 25th, 2022

Regarding the Company's internal control system in the year 2021, according to the results of self-check, statements are made as follows:

- I. The Company is aware of the construction, implementation and maintenance of the internal control system is the responsibility of the Company's Board of Directors and managers, and has established the system of which. The goal is to achieve the goals in operation performance and efficiency (including profit gained, performance and protection of asset safety, etc.), reliability of financial reports and compliance with the relevant legal regulations, thereby providing reasonable guarantee.
- II. The internal control system has its own natural limitations, regardless of how complete its design is, effective internal control system can only provide reasonable guarantee to achieving of the above-mentioned three goals; moreover, due to changes in environment and situations, the effectiveness of the internal control system may be due to change. The Company's internal control system is designed with a self-supervision mechanism. If problems are identified, the Company will take immediate correction.
- III. The Company determines whether the design and implementation of the internal control system is effective according to the items of determination for the effectiveness of an internal control system as stated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"). The items of determination for the effectiveness of an internal control system adopted by the "Governing Regulations" divides an internal control system to its five main key components according to the management control process: 1. Control environment, 2. Risk evaluation, 3. Control operation, 4. Information and communication, and 5. Supervision. Each component includes various sub-items. For details of which, please see the regulations of the "Governing Regulations".
- IV. The Company has adopted the above-mentioned the items of determination for the effectiveness of an internal control system, in order to check the design of the internal control system and the effectiveness of its implementation.
- V. Based on the results of the previous check, the Company believes that the design of the Company's internal control system (including supervision and management to subsidiaries) on December 31st, 2021 (including the operation performance and achievement of effectiveness goals, reliability of financial reports and compliance to the relevant legal regulations) and the implementation of which are effective. Therefore, the system can reasonably ensure the achievement of the above-mentioned goals.
- VI. This Statement will be the main content of the Company's annual report and public explanatory report and made available to external parties. If the above-mentioned public content is found to be false, concealing, or any other unlawful condition, the Company fall liable to the legal responsibilities stated in Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This statement is accepted by the Company's Board of Directors on March 25th, 2022. Amongst the 11 listed directors, 0 opposed to the statement, the remaining attendance agreed to the content of this statement, thereby issued this statement officially.

Ta Chen Stainless Pipe Co., Ltd

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

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

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

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

1. The contents of important resolution made by 2021 annual general meeting, and implementation status thereof:

(1) Ratification of 2020 business report and financial statements.

Implementation status: The motion has been passed unanimously.

(2) Ratification of the 2020 Deficit Compensation Plan, distribution of cash out of capital reserve.

Implementation status: August 15, 2021 was set as the record date. All have been distributed in full per the resolution made by the shareholders' meeting on August 9, 2021. (The cash dividend was distributed at NT\$0.8 per share out of it was distributed from capital reserve)

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

Implementation status: The motion has been passed unanimously.

2. Important resolutions of the Board of Directors:

Date of Meeting	Session	Important resolutions
March 25, 2021	10th meeting of 12th Board	<ol style="list-style-type: none"> 1. Approval of the Company's 2020 Declaration of Internal Control. 2. Approval of the proposal for suspension of repatriation of various overseas subsidiaries' accumulated earnings to the parent company. 3. Approval of the 2020 business report and financial statements. 4. Approval of the amendments to the Company's Articles of Incorporation. 5. Approval of the Company's 2020 Deficit Compensation Plan. 6. Approval of the Company's distribution of cash dividends out of capital reserve. 7. Set the date, time, place and agenda of the Company's 2021 annual general meeting. 8. Approval of the proposal for review on the salary, bonus and remuneration to the Company's directors, supervisors and managers by the Remuneration Committee meeting. 9. Approval of the endorsement/guarantee, US\$3,500,000 made by the Company for the wholly-owned subsidiary, Ta Chen (B.V.I.). 10. Approval of the proposal for the Company's acquisition of the equity of Lungmei Curtain Inc. in part. 11. Approval of the proposal for loaning of the fund RMB32,000,000, to Ta Chen (Boye) Machinery Co., Ltd. by the Company's wholly-owned subsidiary, Ta Chen (Hong Kong) Limited. 12. Approval of the proposal for the Company's plan to loan the fund, NT\$4,000,000, to PYRAMID STAINLESS STEEL CO., LTD. (Hereinafter referred to as "PYRAMID"), a company wholly owned by the Company.

May 12, 2021	11th meeting of 12th Board	<ol style="list-style-type: none"> 1. Add the reports to the Company's 2021 annual general meeting. 2. Approval of the proposal for loaning of the fund, US\$1,000,000, to Ta Chen (Boye) Machinery Co., Ltd. by the Company's wholly-owned subsidiary, Ta Chen (Hong Kong) Limited. 3. Approval of the proposal for adjustment on the remuneration to independent directors. 4. Approval of the Company's plan to make endorsement/guarantee, US\$63,000,000, for TMCT PRODUCTS, INC. (hereinafter referred to as "TMCT"). 5. Approval of the investment of capital in TMCT, US\$3,000,000, by the Company's wholly-owned subsidiary, Ta Chen (B.V.I.) Holdings Ltd.
June 15, 2021	12th meeting of 12th Board	<ol style="list-style-type: none"> 1. The proposal for postponement and rescheduled date & time and venue of the Company's 2021 annual general meeting, in response to the FSC's letter under Jin-Guan-Zheng-Jiao-Zi No. 11003621372 dated May 20, 2021. 2. Approval of the investment in TMCT US\$1,000,000, by Ta Chen B.V.I., a subsidiary wholly owned by the Company. 3. Approval of the investment in the establishment of a company in the USA and contribution of capital, US\$20,000, by Los Osos Holdings, a sub-subsidiary owned by the Company. 4. Approval of the endorsement/guarantee, US\$3,500,000 made by the Company for the wholly-owned subsidiary, Ta Chen (Hong Kong) Limited.
July 2, 2021	13th meeting of 12th Board	<ol style="list-style-type: none"> 1. The proposal for change of the venue for the shareholders' meeting. 2. Approval of the investment of capital in Los Osos Holdings, Inc, US\$1,500,000, by the Company's wholly-owned subsidiary, Ta Chen (B.V.I.) Holdings Ltd. 3. Approval of the proposal for loaning of the fund, US\$1,000,000, to Ta Chen (Boye) Machinery Co., Ltd. by the Company's wholly-owned subsidiary, Ta Chen (Hong Kong) Limited. 4. Approval of the amendments to the Company's Donation Management.
July 23, 2021	14th meeting of 12th Board	<ol style="list-style-type: none"> 1. Set the ex-dividend dates. 2. Approval of the proposal for the investment and renamed by the Company's wholly-owned subsidiary, Pyramid Stainless Steel Co., Ltd. 3. Approval of the proposal for issuance of new shares upon capital increase in cash. 4. Approval of the proposal for loaning of the fund, RMB32,000,000, to Ta Chen (Boye) Machinery Co., Ltd. by the Company's wholly-owned subsidiary, Ta Chen (Hong Kong) Limited.
August 12, 2021	15th meeting of 12th Board	Approval of the endorsement/guarantee, US\$5,000,000 made by the Company for the wholly-owned subsidiary, Ta Chen (Hong Kong) Limited.
September 24, 2021	16th meeting of 12th Board	1. Approval of the endorsement/guarantee made by the Company for the wholly-owned subsidiary, TA CHEN (B.V.I.) HOLDINGS LTD.

		<ol style="list-style-type: none"> 2. Approval of the proposal for the amendment to “Procedures for Lending Funds to Others” for Ta Chen (Hong Kong) Limited. 3. Approval of the proposal for the Company to provide a guarantee/endorsement of RMB36,000,000 to Ta Chen (Boye) Machinery Co., Ltd. 4. Approval of the proposal for the establishment of new company wholly owned by the Company.
November 11, 2021	17th meeting of 12th Board	<ol style="list-style-type: none"> 1. Approval of the proposal for the change CPA. 2. Approval of the proposal for the Company’s wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of US\$1,000,000 to Ta Chen (Boye). 3. Approval of the proposal for the Company to lend funds of NT\$60,000,000 to Wei Mei Roller Blind Co., Ltd.
		<ol style="list-style-type: none"> 4. Approval of the proposal for the Company to provide a guarantee/endorsement of NT\$200,000,000 to Lung Mei Cloth Co., Ltd. 5. Approval of the Company's 2022 audit plan. 6. Approval of the Company's 2022 business plan. 7. Approval of the proposal for transfer invested in Taiwan’s companies. 8. Approval of the proposal for the salary, bonus and remuneration to the Company's managers.
December 17, 2021	18th meeting of 12th Board	<ol style="list-style-type: none"> 1. Approval of The proposal for foreign invested. 2. Approval of the proposal for Brighton-Best International (Taiwan) Inc.(TCI) to provide a guarantee/endorsement of US\$85,000,000 to TCI TEXARKANA, INC.(TKA) 3. Approval of the proposal for the Company’s wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of US\$25,000,000 to the Company. 4. Approval of the proposal for the amendment to “Procedures for Lending Funds to Others” for subsidiary.
March 15, 2022	19th meeting of 12th Board	<ol style="list-style-type: none"> 1. Approval of the Company's 2021 self-settled financial information. 2. Approval of the endorsement/guarantee, US\$3,500,000 made by the Company for the wholly-owned subsidiary, Ta Chen (B.V.I.). 3. Approval of the endorsement/guarantee, US\$3,500,000 made by the Company for the wholly-owned subsidiary, Ta Chen (Hong Kong) Limited. 4. Approval of the proposal for the Company to provide a guarantee/endorsement of NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. 5. Approval of the proposal for the establishment of new company in Taiwan’s companies. 6. Approval of the proposal for the establishment of new company in Taiwan’s companies. 7. Approval of the proposal for the establishment of new company in Taiwan’s companies. 8. Approval of the proposal for the Company’s wholly owned investment subsidiary, Ta Chen (Hong Kong) Limited, to lend funds of US\$1,000,000 to Ta Chen (Boye). 9. Approval of the proposal for the Company’s plan to loan the fund, NT\$200,000,000 to Lung Mei.

<p>March 25, 2022</p>	<p>20th meeting of 12th Board</p>	<ol style="list-style-type: none"> 1. Approval of the Company's 2021 Declaration of Internal Control. 2. Approval of the proposal for suspension of repatriation of various overseas subsidiaries' accumulated earnings to the parent company. 3. Approval of the 2021 business report and financial statements. 4. Approval of distribution of directors' remuneration and employees' remuneration. 5. Approval of the 2021 earning distribution table. 6. Approval of the proposal for issuance of new shares upon capital increase out of earnings 2021. 7. Approval of the amendments to the Company's Articles of Incorporation. 8. Approval of the amendment to the Company's "Operational Procedures for the Acquisition and Disposal of Assets." 9. Set the date, time, place and agenda of the Company's 2022 annual general meeting. 10. Approval of the proposal for review on the salary, bonus and remuneration to the Company's directors, supervisors and managers by the Remuneration Committee meeting. 11. Approval of the proposal for "evaluation on the independence of the Company's external auditors."
<p>May 10, 2022</p>	<p>21th meeting of 12th Board</p>	<ol style="list-style-type: none"> 1. Approval of the proposal for the subsidiary, Wei Mei Roller Blind Co., Ltd. expected acquisition of the equity of Wei Mei Hsin Shu Interior Decoration Co., Ltd. 2. Approval of the proposal for the Company's plan to loan the fund, NT\$200,000,000 to Wei Mei Roller Blind Co., Ltd. 3. Approval of the proposal for the Company's plan to loan the fund, NT\$200,000,000 to Ta Chen Lung Mei Home Life Co., Ltd. 4. Approval of the proposal for foreign invested. 5. Approval of the amendment to the subsidiary's "Operating Procedure for Making of Endorsements/Guarantees." 6. Passed the proposal for the Company's green house gas inventory and investigation schedule. 7. Approval of the appointment of the Chief Information Security Officer.

(XII) In the recent fiscal year, until the date of the publication of this annual report, opposing opinion of directors or supervisors on the passing of major decisions with records or written statements, the major content of which: Not applicable to the Company.

(XIII) In the recent fiscal year, until the date of the publication of this annual report, the Company's chairman, CEO, accounting manager, financial manager, internal audit manager, corporate governance manager, research and development manager, etc.): Not applicable to the Company.

3.5 Auditor Reimbursement Information

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

Units: NT\$ Thousand

Name of the CPA's firm	The CPA name	The audit period	Audit fee	Non-audit fee					Total	Remarks
				System design	Business registration	Human resources	Others (Note)	Sum		
Deloitte & Touche	Hung-Ju, Liao Chao-Chin, Yang	January 1st, 2021 ~ June 30st, 2021	14,553	-	200	-	2,373	2,573	17,126	Replaced in response to the internal job rotation of the CPA Firm.
	Chi-Chen Lee Chao-Chin, Yang	July 1st, 2021 ~ December 31st, 2021								

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

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

3.6 Information on Change of Auditors:

(1) Regarding the Former CPA

Replacement Date	Approved by the Board of Directors on November 11, 2021		
Replacement Reasons and Explanations	Since the internal adjustment of the CPA's firm, the Company's financial statement has been transferred from the accountant Hung-Ju, Liao and Chao-Chin, Yang, to accountant Chi-Chen Lee and Chao-Chin, Yang from 3th season, 2021.		
Describe whether the Company Terminated or the CPA Did Not Accept the Appointment	Status	Parties	CPA / The Company
	Termination of appointment		Not applicable
	No longer accepted (continued)appointment		
Other Issues (Except for Unqualified Issues) in the Audit Reports within the Last Two Years	Not applicable		

Differences with the Company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None		
	Remarks	Not applicable	
Other Disclosed Matters	None		

(2) Regarding the Successor CPA

Name of Accounting Firm	Deloitte Taiwan
Name of CPA	Chi-Chen Lee 、Chao-Chin, Yang
Date of Appointment	Approved by the Board of Directors on November 11, 2021
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	Not applicable
Successor CPA's written opinion of disagreement toward the former CPA	Not applicable

(3)The reply letter from the former CPA regarding matters specified in Item 1 and Item 2-3, Subparagraph 6, Article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

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

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

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

Post	Name	2020		2021 until April 30 th		Remarks
		Increased (decreased) number of shares hold	Increased (decreased) number of pledged shares	Increased (decreased) number of shares hold	Increased (decreased) number of pledged shares	
Chairman	Li-Yun, Hsieh	16,220	—	—	—	—
Company Representative	Ta Ying Cheng Investment Co., Ltd.	—	(28,470,000)	—	—	—
Director	I-Lan, Ou	82,136	—	(730,000)	—	—
Director	Shih-Hsien, Tu	(1,000,000)	(2,299,000)	—	—	—
Director and CEO	Rung-Kun, Shieh	—	(11,400,000)	—	—	—
Director	Chao-Chin, Tsai	—	—	—	—	—
Director	Yong-Yu, Tsai	95,567	—	—	—	—
Director	Jung-Huei, Hsieh	49,790	—	—	—	—
Director	Mei-Feng, Lin	28,217	—	—	—	—
Company Representative	Linfangjin Charitable Foundation	(30,000)	—	—	—	—
Independent Director	Chun-An, Hsu	—	—	—	—	—
Independent Director	Ming-Chang, Shen	—	—	—	—	—
Independent Director	Guang-Hsiang, Wang	108	—	—	—	—
Vice CEO	Di-Jin, Chang	50,000	—	—	—	—
Assistant Manager	Huai-Yi, Yang	(157,151)	—	(21,000)	—	—
Assistant Manager	Man-Ting, Chen	36,414	—	—	—	—
Assistant Manager	Rui-Cai, Guo	145,207	—	—	—	—
Assistant Manager	Song-Mao, Chen	(29,753)	—	—	—	—
Finance (accounting) Department Manager	Denny Wong	170,000	130,000	—	—	—

(II) Information of rights transfer: None.

(III) Information of pledged rights: None.

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

April 22th, 2022

Name	Stocks hold by the person		Stocks hold by the partner, underaged children		Stocks hold by the name of others		For top 10 shareholders that are the 6 th related party, partner, close relative of another according to Financial and Accounting Standards, the name and relationship of which		Remarks
	Numbers of shares	Ratio of shares hold	Numbers of shares	Ratio of shares hold	Numbers of shares	Ratio of shares hold	Name	Relationship	
Brighton-Best International Inc. (Taiwan)	137,954,000	6.87%	—	—	—	—	—	—	
Person in charge: Li-Yun, Hsieh	118,698	0.01%	382,639	0.02%	—	—	Jung-Huei, Hsieh Rung-Kun, Shieh Ling-Hwa, Wang	Brother Sister Sister in law	
Ta Chen Empire Co., Ltd.	101,607,568	5.06%	—	—	—	—			
Person in charge: Li-Yun, Hsieh	118,698	0.01%	382,639	0.02%	—	—	Jung-Huei, Hsieh Rung-Kun, Shieh Ling-Hwa, Wang	Brother Sister Sister in law	
Ta Ying Cheng Investment Co., Ltd.	78,466,839	3.91%	—	—	—	—			
Representative: Bing-Shan, Cheng	463	—	222,906	0.01%	—	—			
Han-Yin, Hsieh	62,179,247	3.10%	—	—	—	—	Rung-Kun, Shieh Ling-Hwa, Wang Pei-Rong, Hsieh	Father Mother Sister	
Pei-Rong, Hsieh	54,268,777	2.70%	—	—	—	—	Rung-Kun, Shieh Ling-Hwa, Wang Han-Yin, Hsieh	Father Mother Brother	
Rung-Kun, Shieh	33,522,820	1.67%	24,556,279	1.22%	—	—	Ling-Hwa, Wang Li-Yun, Hsieh Han-Yin, Hsieh Pei-Rong, Hsieh	Spouse Sister Father Father	
Tong Yi Investment Co., Ltd.	32,960,184	1.64%	—	—	—	—			
Person in charge: Su-Gan, Tai Chen	—	—	—	—	—	—			
Jinn Her Enterprise Co., Ltd.	30,873,703	1.54%	—	—	—	—			
Representative: Yong-Yu, Tsai	699,356	0.03%	2,896,430	0.14%	—	—			
Divine Pacific Enterprise Limited	29,736,733	1.48%	—	—	—	—			
Ling-Hwa, Wang	24,556,279	1.22%	33,522,820	1.67%	—	—	Rung-Kun, Shieh Li-Yun, Hsieh Han-Yin, Hsieh Pei-Rong, Hsieh	Spouse Sister in law Mother Mother	

3.10 Comprehensive Shareholding Ratio

Unit: Share; % April 22th, 2022

Transfer investment business (Note)	The Company's investment		Investment by directors, supervisors, managers and direct or indirect controlled businesses		Comprehensive investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Ta Chen International Inc	734,836	100.00%	—	—	734,836	100.00%
Ta Chen (B.V.I.) Holdings, Ltd.	32,625,300	100.00%	—	—	32,625,300	100.00%
Brighton-Best International (Taiwan) Inc.	403,258,040	39.09%	13,515,886	1.31%	416,773,926	40.40%
WEI MEI ROLLER BLIND CO., LTD.	10,000,000	100.00%	—	—	10,000,000	100.00%
TA CHEN LUNG MEI HOME LIFE CO., LTD.	13,833,414	69.17%	—	—	13,833,414	69.17%
Ta Chen (Hong Kong) Limited	10,000,000	100.00%	—	—	10,000,000	100.00%
Yinrong (Shanghai) Investment Management Co., Ltd.	—	100.00%	—	—	—	100.00%
Tachen Interior Design Co., Ltd.	5,000,000	100.00%	—	—	5,000,000	100.00%
TY Steel Co., Ltd.	74,840,000	38.43%	—	—	74,840,000	38.43%

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

4. Fundraising

4.1 Source of Equity:

Unit: NTD

April 22th, 2022

Date	Publishing price (NTD)	Authorized share capital		Paid-in share capital		Remarks		
		Number of shares	Value	Number of shares	Value	Source of shares	Shares paid by assets other than cash	Others
August, 2017	-	950,000,000	9,500,000,000	855,951,973	8,559,519,730	Surplus 24,810,699 shares	None	Note 1
December, 2017	18	950,000,000	9,500,000,000	945,951,973	9,459,519,730	Seasoned public offerings 90,000,000 shares	None	Note 2
September, 2018	-	950,000,000	9,500,000,000	983,790,052	9,837,900,520	Surplus 37,838,079 shares	None	Note 3
October, 2018	42	1,500,000,000	15,000,000,000	1,233,790,052	12,337,900,520	Seasoned public offerings 250,000,000 shares	None	Note 4
October, 2019	-	1,800,000,000	18,000,000,000	1,233,790,052	12,337,900,520	Authorized share capital offerings 300,000,000 shares	None	Note 5
August, 2020	-	1,800,000,000	18,000,000,000	1,258,465,853	12,584,658,530	Surplus 24,765,801 shares	None	Note 6
October, 2020	18	1,800,000,000	18,000,000,000	1,658,465,853	16,584,658,530	Seasoned public offerings 400,000,000 shares	None	Note 7
October, 2021	43	2,200,000,000	22,000,000,000	2,008,465,853	20,084,658,530	Seasoned public offerings 350,000,000 shares	None	Note 8

Note 1: Approved by Ministry of Economic Affairs on August 11, 2017 economic attribute No. 10601114520

Note 2: Approved by Ministry of Economic Affairs on January 5, 2018 economic attribute No. 10601174520

Note 3: Approved by Ministry of Economic Affairs on September 18, 2018 economic attribute No. 10701115690

Note 4: Approved by Ministry of Economic Affairs on October 29, 2018 economic attribute No. 10701133230

Note 5: Approved by Ministry of Economic Affairs on October 29, 2019 economic attribute No. 10801077700

Note 6: Approved by Ministry of Economic Affairs on September 4, 2020 economic attribute No. 10901140830

Note 7: Approved by Ministry of Economic Affairs on November 5, 2020 economic attribute No. 10901205840

Note 8: Approved by Ministry of Economic Affairs on November 15, 2021 economic attribute No. 11001205380

Type of stocks	Authorized share capital			Remarks
	Circulating shares	Unissued shares	Total	
Registered common stock	2,008,465,853	191,534,147	2,200,000,000	-

4.2 Shareholder Structure

April 22th, 2022

Shareholder structure	Government agency	Finance agency	Other legal bodies	Personal	Foreign organization and foreigners	Total
Number						
Number of people	-	-	413	146,917	334	147,664
Shares hold	-	-	640,101,019	969,717,860	398,646,974	2,008,465,853
Shareholding ratio (%)	-	-	31.87	48.28	19.85	100.00

4.3 Decentralized Number of Shares

NT\$10 per share

April 22th, 2022

Level of shares hold	Number of shareholders	Number of shares hold	Shareholding ratio (%)
1 to 999	25,630	5,828,336	0.290
1,000 to 5,000	96,340	192,750,739	9.597
5,001 to 10,000	13,110	103,388,917	5.148
10,001 to 15,000	3,890	49,206,530	2.450
15,001 to 20,000	2,650	49,228,276	2.451
20,001 to 30,000	2,156	54,715,161	2.724
30,001 to 40,000	996	35,668,702	1.776
40,001 to 50,000	609	28,274,970	1.408
50,001 to 100,000	1,264	90,118,530	4.487
100,001 to 200,000	506	71,996,932	3.585
200,001 to 400,000	212	58,872,508	2.931
400,001 to 600,000	87	42,977,282	2.140
600,001 to 800,000	37	25,027,124	1.246
800,001 to 1,000,000	23	21,578,620	1.074
1,000,001 and above	154	1,178,833,226	58.693
Total	147,664	2,008,465,853	100.00

4.4 Major Shareholders

April 22th, 2022

Name of major shareholders	Shares	Numbers of shares hold	Shareholding ratio (%)
Brighton-Best International (Taiwan) Inc.		137,954,000	6.86%
Ta Chen Empire Co., Ltd.		101,607,568	5.05%
Ta Ying Cheng Investment Co., Ltd.		78,466,839	3.91%
Han-Yin, Hsieh		62,179,247	3.10%
Pei-Rong, Hsieh		54,268,777	2.70%
Rung-Kun, Shieh		33,522,820	1.67%
Tong Yi Investment Co., Ltd.		32,960,184	1.64%
Jinn Her Enterprise Co., Ltd.		30,873,703	1.54%
Divine Pacific Enterprise Limited		29,736,733	1.48%
Ling-Hwa, Wang		24,556,279	1.22%

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

Item		Year			
		2020	2021	The current year until March 31 st , 2022 (Note 8)	
Market price per share (Note 1)	Highest	33.9	63.7	56.3	
	Lowest	18.7	24.8	43.55	
	Average	26.96	47.86	50.27	
Net value per share (Note 2)	Before allocation	17.17	24.41	27.73	
	After allocation	16.37	24.41	27.73	
Earnings per share	Weighted average shares (1,000 shares)		1,306,681	1,679,072	1,914,822
	Earnings per share (Note 3)	Before adjustment	(0.44)	5.76	2.24
		After adjustment	(0.44)	5.76	2.24
Dividend per share	Cash dividend		0.8	—	—
	Bonus shares	—	—	—	—
		—	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Investment	Price-earnings ratio (Note 5)		(61.27)	8.31	—
Reimbursement	Price-dividend ratio (Note 6)		33.7	—	—
Analysis	Cash dividend yield (Note 7)		2.97	—	—

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

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

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

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

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

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

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

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

4.6 Company Dividend Policy and Implementation:

(I) Company's dividend policy:

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

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

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

	Amount distributed per share	Source
Cash dividend	NT\$1.80	Capital reserve
Stock dividend	NT\$0.10	Capital reserve

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

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

4.8 Salary of Employees, Directors and Supervisors:

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

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

The above-listed employee remuneration can be delivered in stocks or cash. The subject of payment shall include the employees of the subordinate company that meet the conditions set by the Board of Directors. The above-listed director remuneration can only be delivered by cash.

The above two items shall be decided by the Board of Directors, and reported in shareholders' meeting.

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

1. Compensation for employees: NT\$310,525,497 distributed in the form of cash
2. Compensation for directors: NT\$48,000,000 distributed in the form of cash
3. Amount of dividend to be delivered to employees and ratio of which in the total of the current net profit after tax and employee dividend: Not applicable.

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

In consideration of the loss after tax in 2020, no employee and director bonus would be distributed.

4.9 Shares Bought Back of The Company:

(I) Repurchases already completed: None.

(II) Repurchases Still in execution: None.

4.10 Corporate Bonds Processing:

(I) Corporate bond processing: None.

(II) Information of transferred corporate bond : None.

(III) Issued of exchanged corporate bond : None.

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

(V) Issued recognized dividend corporate bond : None.

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

4.11 Special Stock Processing: None.

4.12 Overseas Depositary Receipt Processing: None.

4.13 Employee Stock Option Certificate Processing: None.

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

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

4.16 Execution of Funding Plans: Not applicable.

5. Operation Overview

5.1 Business Item

(I) Business scope

1. Major content of operating business:

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

2. Current major product and ratio in operation:

Name of product	Percentage %
Stainless steel product	37%
Screws, screw-nuts	20%
Aluminum product	43%

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

(II) Industry overview

1. Current industry and development

(1) Stainless steel manufacturing industry:

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

markets. As stainless steels can replace carbon steels, the use of which can be wider in the more industrialized countries. Therefore, the production of stainless steels and the level of consumption of a country can reflect the level of industrial development and national living standard of the country itself. In 2021, the epidemic became sluggish in the USA and the economic recovery was accelerated therefor, driving the booming demand for stainless steels. Besides, the factors, such as soaring steel and iron raw materials and supplies and port congestion, caused the severe imbalance in supply and demand and the steel product price was rising drastically. Therefore, the steel market outlook remains optimistic in 1H of 2022.

(2) Screw and screw-nut industry:

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

Additionally, the usage of fastener products is positively correlated with the industrial development level of a country, the market of fastener is mainly centralized highly industrialized countries, the top two markets are the United States and EU. For import demand of a single country in 2020, the highest country was the US of US\$4,805 million, and in recent years, Mainland China has been the country of fastest growth in the import price, which kept up with the US becoming the second largest import country. According to the Fastener World, Issue No. 185, the global industry has been disrupted by the sudden outbreak of COVID-19 in 2020. To date, the epidemic development still remains unpredictable, and there could be a second epidemic peak. As a result, all walks of life are disrupted by it badly. Notwithstanding, the statistic data gathered from September to October 2020 indicate that the supply and demand in the fastener industry appear to be recovering. Considering that inventories in many industrial markets are bottoming out, suppliers are working hard to replenish the goods to cover various raw materials and spare parts needed for activation of the supply chain. For the time being, the most high-profile project is inevitably the 8-Year Plan to Rebuild Infrastructure released by US President Biden at the end of March 2021. The infrastructure plan amounting to US\$2 trillion is intended for the hardware facility construction extending to highway, railway, bridge and power supply system. Said hardware facility construction is expected to drive the demand for raw materials including plastics, steel and cement needed by the bridge and road construction project. Accordingly, we may reasonably expect the performance of fastener for construction optimistically in 2021.

Under the influence of gradual recovery in the global economy, continuous rise in durable goods, and the manufacturing activities in Asia-Pacific countries which are on consistent demand for refined construction parts are expected to stimulate the growth in demand of industrial fasteners, Asia-Pacific region has become the fastest growing market, mostly

from the continuing growth of durable goods manufacturing industry in Mainland China and India, and the ceaseless demand of new and old parts in the infrastructure where they will stimulate the growth of industrial fasteners. However as for the developed countries like the US, Japan, and West Europe, the growth on demand of the fasteners is far slower than the developing countries, mainly due to the reason that these areas' production in durable goods is relatively mature, nonetheless the revival of automobile production and the cost of architecture after the recession will speed up the growth of the fastener market.

Total Procurement of Main Fastener Importing Country in 2014~2020

Unit: USD \$1,000,000

Country	2014	2015	2016	2017	2018	2019	2020
EU	5,175	5,204	4,951	5,888	6,691	6,713	N/A
USA	4,921	5,024	4,534	4,901	5,733	5,554	4,805
China	3,297	2,835	2,937	3,121	3,220	2,839	2,789
Canada	1,503	1,477	1,420	1,507	1,643	1,659	1,384
Japan	1,056	945	853	993	1,097	1,105	892
Thailand	950	911	925	N/A	N/A	N/A	N/A

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

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

In the global market, the sales of major fastener export countries in 2014~2020 mainly present steady growth of sales, with Asia (China, Taiwan, and Japan) as the center force of global supply. China and Taiwan are the main supplying countries of mid and low-class carbon steels. Despite being major importing areas, North America and the EU are also main exporting countries of high add-on value fasteners, creating an internationally complementary balance of division of labor in the production of fasteners in order to cater to the demands of the different industries of different countries.

Total Sales of Major Fastener Export Countries in 2014~2020

Unit: US\$1,000,000

Country	2014	2015	2016	2017	2018	2019	2020
China	5,070	4,890	4,540	5,054	6,451	6,419	6,961
USA	3,835	3,836	4,077	4,316	4,348	4,397	3,622
EU	4,316	3,954	3,964	4,794	5,299	5,494	NA
Taiwan	4,054	3,881	3,611	4,090	4,637	4,829	3,969
Japan	2,543	2,515	2,510	2,888	3,033	2,807	2,363
Canada	456	445	412	441	483	505	429

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

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

(3) Aluminum industry:

Aluminum is a relatively soft and malleable silvery white metal. It is the

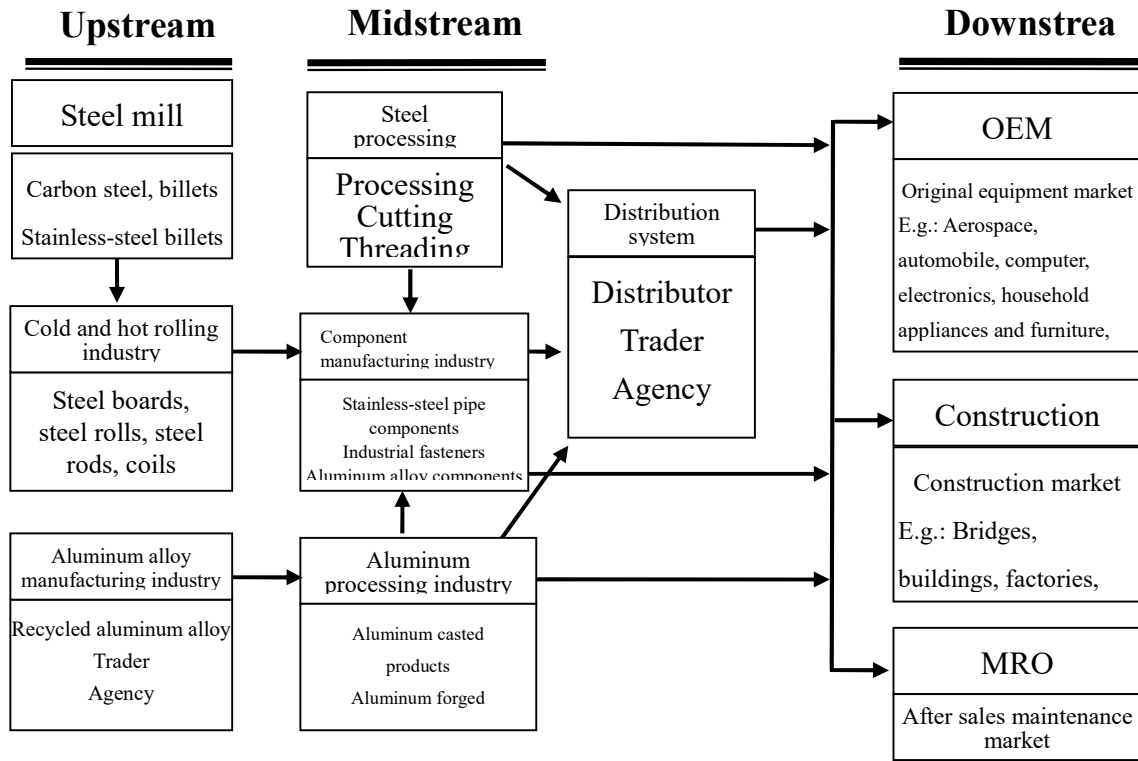
third most abundant element on earth (third only to oxygen and silicon). It is also the most abundant metal, the mass of which is around 8% of solid matters on earth. In the recent fifty years, aluminum has become one of the most widely applied metals in the world. After being refined to the structure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

According to the latest data released by the International Aluminum Association (IAI), global output of primary aluminum was approximately 65.27 million tons in 2020, in which China's output was 37.32 million tons, accounting for 57.18%. China is still the main country of origin for primary aluminum. However, since the U.S. Department of Commerce imposed anti-dumping and countervailing duties on Chinese common alloy aluminum plate products in 2018, the number of Chinese aluminum products directly sold to the United States has been sharply reduced. In 2019, the rising manufacturers of the Middle East and the Europe began to export large amount of products to the US. The US Aluminum - 51 - Association of the United States had filed an application against 18 countries for anti-dumping and countervailing investigations on March 19, 2020. Later on April 23, 2020, the US Trade Commission confirmed the fact that it impacted the US market of aluminum products, so it officially launched the investigation against these 18 countries. The standard aluminum price has soared in Q4 of 2021 and almost hit a new record as the best performance over the past decade. Additionally, the consumption kept bottoming up, while Europe and China cut the production widely. The two major factors, i.e. the demand for aluminum expected to continue growing in 2022, and the supply chain remaining tightened, may help boost the aluminum price further.

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

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

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



3. Development trend and competition

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

(1) Trend of global operation management

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

(2) Development of integration of the industrial network

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

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

4. Product competition

Now, as an international primary distributor, the Company and its subsidiaries (referred to as “Ta Chen Stainless Steel Group”) mainly provide the global regions with quality and cheap products such as stainless-steel materials and components, aluminum alloy materials and components and industrial fasteners through 44 operating spots in 8 countries such as the USA, Canada, the UK, Belgium, Australia, New Zealand and Brazil to local retailers, distributors or secondary wholesalers. As such, the Group becomes the largest import primary wholesaler of stainless-steel materials, aluminum materials and industrial fasteners in the USA.

With the strong demand of which in mainland China, the stainless-steel market changes overnight. It is estimated in the upcoming few years, stainless-steel output will increase drastically, and the advantages of raw materials and channels are key to the fierce competition posed in the industry. The supply and prices of nickel ores will also directly influence the output of stainless-steels. Internationally, with the constant increase of energy cost due to labor forces in developed countries, as well as limitations in which on steel industries, stainless-steel production is gradually shifted to developing countries; at the same time, stainless-steel enterprises across the world are expanding their production scale through merges and alliances, so as to lower cost and increase market share. In recent years, 6 major stainless-steel groups have been formed in Europe, and 4 have been formed in the USA. Countries have been expanding their stainless-steel production capability, resulting in an overflow of supply over demand in the world’s stainless-steel market, creating an increasingly fierce competition for which; in particular after the occurrence of the financial crisis, the gap between the supply and demand of the world’s stainless-steel market is getting wider. The market of China and emerging countries are even facing a fiercer external competition. In particular, China is currently the largest stainless-steel consuming region in the world. It is the target of stainless-steel enterprises across the globe.

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

Fasteners are used in multiple industries. There are up to 600,000 types of products, the competition between which is complex and diverse. Taiwan’s fastener industry is mostly for the supply of the MRO market, only a small number of enterprises focus on the OEM market. The main MRO product is the common fasteners. It is basically a market of free competition based on the pricing of products. Level of competition depends on the supply and demand of the market at the time. When the economy is weak with a low demand, some enterprises would lower the pricing of their products out of operating pressure, resulting in a decrease of quotation for the industry, reducing the profits earned by fellow enterprises and even causes severe losses. Taiwan is actually in a leading position in the international MRO export sales market; competition from countries such as mainland China, Thailand, Malaysia and Vietnam is in fact still led by Taiwanese enterprises. The differences between which are only in the different locations of factories. In other words, as the entry barrier for MRO export sales market is

relatively low, competition has always been fierce. In recent years, due to shifting out of some enterprises, competition has expanded from local Taiwan to China and Southeast Asia, while the actual competition remains between that of Taiwanese enterprises. Despite the fact that a few mainland Chinese enterprises chose to enter into the competition, they are still immature to challenge the leading position of Taiwanese fastener enterprises (generally speaking) in the MRO export sales market.

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

(III) Technology, research and development overview

1. Technical level and R&D of business lines

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

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

3. Results of research and development:

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

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

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

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

5.2 Market, Production and Sales Overview

(I) Market analysis

1. Sales regions of the Company's main products

Unit: NTD thousand

Year Value Item	2020	
	Value	%
Export revenue		
America	90,931,676	94
Europe	1,810,444	2
Australia	2,254,122	2
Asia	805,961	1
Others	183,607	-
Subtotal	95,985,810	99
Domestic sales revenue	900,438	1
Total	96,886,248	100

2. Market share:

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

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

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

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

Although affected by the COVID-19 epidemic at the beginning of 2020, the economic recovery was accelerated in the USA after the epidemic became sluggish in

2021. It is expected that the US economy will continue to grow steadily after the epidemic gets under control, which will promote the increase of demands for aluminum and stainless steel products. The Company hopes to sustain growth of sales through its complete sales channels and unified production and sales, so as to continue to maintain its advantages in channel competitiveness.

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

(1) Competitive niche

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

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

B. Strong logistics coordinating ability

The Company owns an e-commerce platform and a total of 39 physical warehouses across the globe. As a result, the Company can integrate the complex procedures of commercial flow management, logistics management and product information management into a 24-hour e-commerce operation and management. Around 80% of the Company's customers order online, which not only raises operation efficiency, but also lowers operation costs; also, orders made in the morning can be delivered in the afternoon of the same day, freeing customers of the problem of least procurement amount or stocking period. The Company thus becomes the virtual warehouse of customers, deepening the partnership relationship between which. This e-commerce platform system and vast physical warehouses are not built in a few years' time. Also, with the domination of the Ta Chen Stainless Steel Group in the American market, the space for operation of emerging enterprises or that with a smaller scale has been compressed. In other words, the entry barrier for the American market is relatively high, ensuring the competitive advantage for the Ta Chen Stainless Steel Group in the industry.

(2) Advantages

A. The American market has the advantage of economic scale

Looking back into the developing experience of channel industries across the world, key to the industry is the formation of an economic scale, so as to achieve the needed capability and channel brand value to bargain with buyers. Ta Chen Stainless Steel Group is already in a leading position in the league of major enterprises of stainless-steel materials, aluminum materials and industrial fasteners, occupying a dominant portion of market share, thereby gradually displaying a more significant economic scale. For now, the Group has already established many distribution networks in the USA, with more than 3,500 customers, thereby strengthening the Group's capability and channel brand value to bargain with buyers. With the growth of its operating scale, the unit operating

costs are decreased by year, making the Group one of the most competitive enterprise in the industry. By such, the Group can assist downstream channel enterprises to lower operating costs efficiently, which is an advantage no small-scale enterprises can offer. Moreover, in terms of potential competitors, as the construction of channels is both of a high cost and hard, especially as Ta Chen Stainless Steel Group is the dominant enterprise in America's primary wholesale market, operation of emerging enterprises in the future is relatively limited, resulting in limited influence of which on the overall stainless-steel materials and industrial fastener market.

B. Having a category economic potential

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

C. Internationalized supply chain management capability

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

(3) Disadvantages and countermeasures

A. International enterprise, large risk in currency exchange rates

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

Therefore, the parent company is subject to the risk of currency exchange rates for accounts receivable of non-American subsidiaries, creating uncertainties for the Company's profit earnings.

Countermeasure:

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

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

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

Countermeasure:

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

- C. Prevalence of international trade protectionism

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

Countermeasure:

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

(II) Major use and production process of main products

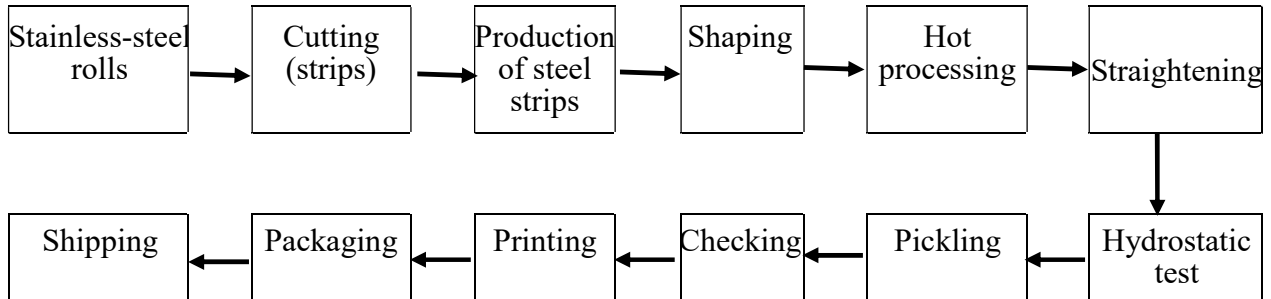
1. Major use of products:

Product	Major use
Stainless steel products	Chemical, medical, pharmaceutical, food and brewery industries, etc.

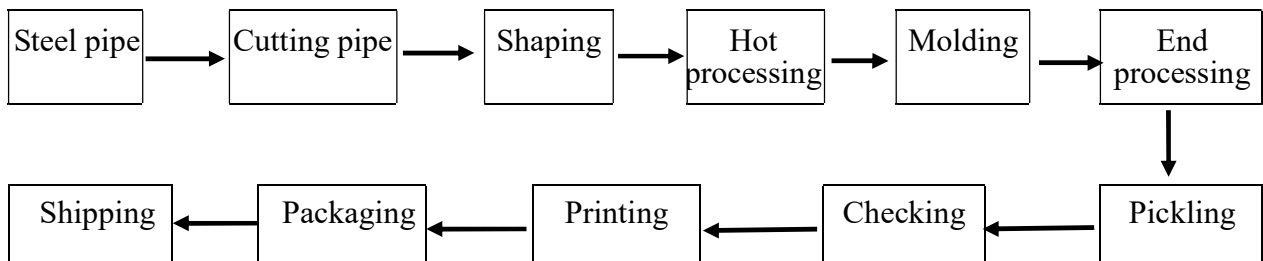
Screws and screw-nuts	Fasteners and components used in mechanics industry
Aluminum products	Industrial and construction materials

2. Production process:

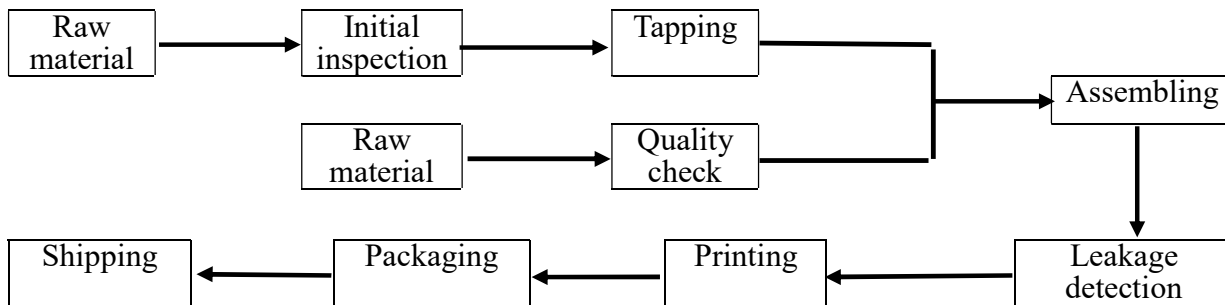
* Stainless-steel pipe:



* Stainless-steel sphere welded pipe component:



* Stainless-steel sphere valve:



(III) Supply of main raw materials

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

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

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

Unit: NTD thousand

Item	Name	2020			2021			2022 (until the previous season)				
		Value	Ratio in the year's total net purchase (%)	Relationship with the issuing party	Name	Value	Ratio in the year's total net purchase (%)	Relationship with the issuing party	Name	Value	Ratio in the year's total net purchase (until that of the previous season) (%)	Relationship with the issuing party
1	ARCONIC	8,585,636	17	None	None	-	-	None	None	-	-	None
2	Others	41,206,147	83		Others	68,183,808	100		Others	23,652,884	100	
	Total net purchase	49,791,783	100		Total net purchase	68,183,808	100		Total net purchase	23,652,884	100	

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

Unit: NTD thousand

Item	Name	2020			2021			2022 (until the previous season)				
		Value (NTD thousand)	Ratio in the year's total net sale (%)	Relationship with the issuing party	Name	Value (NTD thousand)	Ratio in the year's total net sale (%)	Relationship with the issuing party	Name	Value (NTD thousand)	Ratio in the year's total net sale (until that of the previous season) (%)	Relationship with the issuing party
1	RELIANCE	4,746,874	8	None	RELIANCE	10,531,840	11	None	RELIANCE	3,392,443	11	None
2	Others	54,488,035	92		Others	86,354,408	89		Others	26,847,789	89	
	Total net sale	59,234,909	100		Total net sale	96,886,248	100		Total net sale	30,240,232	100	

(V) Production value of the recent two years

Unit: NTD thousand / ton

Main product	Year	2020			2021		
		Productivity	Output	Output value	Productivity	Output	Output value
Stainless steel products		132,000	131,635	15,053,247	250,000	245,462	29,379,858
Screws and screw-nuts		135,000	134,670	6,754,817	177,000	176,080	10,412,194
Aluminum products		186,000	185,681	18,289,369	243,000	242,590	24,955,761

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

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

(VI) Sale value of the recent two years

Unit: NTD thousand / ton

Year Number of productions Main products	2020				2021			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Stainless steel products	2,663	241,997	179,243	23,764,832	21,676	900,438	214,528	35,254,821
Screws and screw-nuts	30	777	148,151	13,434,214	-	-	190,723	19,514,802
Aluminum products	-	-	224,654	21,793,089	-	-	325,220	41,216,187
Total	2,693	242,774	552,048	58,992,135	21,676	900,438	730,471	95,985,810

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

Year		2020	2021	The current year until March 31 st , 2022
Number of employees	Manufacturing	2,850	2,882	2,904
	Sales	251	502	502
	Administration	1,005	1,007	1,173
	Total	4,106	4,391	4,579
Average age		40.17	41.50	41.41
Average seniority of laborers		8.55	9.11	8.78
Distribution ratio of education	PhD	0.02%	0.02%	0.02%
	Master	3.66%	3.26%	3.17%
	Undergraduate/Coll ege	23.84%	26.05%	27.82%
	High school	49.15%	50.65%	49.66%
	Below high school	23.33%	20.02%	19.33%

5.4 Information of Environmentally Friendly Expense

(I) In the recent year until publication of this annual report, total losses and punishment due to environmental pollution: None.

(II) Countermeasures and future possible expenses:

1. The Company currently leads to no pollution situation.
2. In order to implement environmental protection, the Company prepared the budget in the control over pollution and waste and disposal thereof each year. Apart from improvements made by the Company in areas for improvement according to punishments made by environmental protection related units in the past, the Company also entrusts relevant units to process wastes regularly and conduct inspection tests. For now, the wastewater treatment equipment and dust collection equipment of each plan have been purchased, assembled and completed. It is estimated that in the future, no major environmental protection expenses will be required apart from maintenance fees of relevant environmental equipment.

5.5 Labor Relationships

(I) Employee welfare measures:

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

(II) Welfare plan after retirement:

1. Defined contribution plan

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

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

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

2. Defined welfare plan

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

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

(III) Employee training:

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

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

Communication channel of the Company between labor and management is smooth. The Company also values and implements agreements made between labor and management fully. The Company protects the various employee rights, and process which according to the relevant legal regulations.

(V) Losses due to labor and management disputes in the recent year until publication date, estimated value and content of current and future possible countermeasures:

The Company always regards employees as the Company's most valuable assets, attaches great important to the future development of which and maintains a harmonious relationship between labor and management. No losses have occurred out of labor and management disputes.

5.6 Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Cyber security risk management framework:

The Company has not established a cross-function information security committee, and currently the manager of the information department concurrently takes charge of information security related affairs.

2. Cyber security policies:

- (1) Regular inventory-taking of information assets and personal data inventory, the risk management is conducted based on information security and personal data risk assessment, to implement various control measures.
- (2) Conduct information security and personal data protection education, training, and operation from time to time.
- (3) A backup mechanism is implemented for databases, development programs, and e-mails to maintain the availability.
- (4) Anti-virus software is installed on all personal computers and the virus codes are updated regularly, and any use of unauthorized software is prohibited.
- (5) Employees are required to fulfill the responsibility for safekeeping of their account numbers and password and follow the access authority, and update the passwords regularly.
- (6) There are firewall protection for network transmission and communication both internally and externally, and it is forbidden to access ports of undefined communication.
- (7) Viruses and phishing emails are filtered through specific equipment.
- (8) Various simulation measures in the data centers are applied to ensure the normal operation of the information system and data security, to reduce the risk of system interruption caused by unexpected natural disasters and human negligence.

3. Concrete management programs, and investments in resources for cyber security management:

The information security and individual asset protection control are included in the annual audit items. The audit unit conducts audit operations periodically, and reports the results of internal control audits to the Board of Directors.

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

5.7 Important Contracts

Nature of contract	Litigant	Period of contract	Main content	Restrictions
The Company – Syndicated Credit Borrowing Contract	17 banks such as Chang Hwa Bank	October 2018 to October 2023	Total credit NT\$12,500,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.
Subsidiary, Ta Chen International, Inc.(TCI) – Syndicated Credit Borrowing Contract	JPM Bank Syndicated Loan	May 2017 to November 2026	Total credit US\$975,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.
Second-tier Subsidiary, BBIUS – Syndicated Credit Borrowing Contract	13 banks such as East West Bank	August 2013 to August 2026	Total credit US\$260,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.
Subsidiary, Brighton-Best International Inc. (Taiwan) – Syndicated Credit Borrowing Contract	27 banks such as Chang Hwa Bank	February 2021 to February 2026	Total credit NT\$6,250,000,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.
Subsidiary, Ta Chen (Hong Kong) Limited – Syndicated Credit Borrowing Contract	12 banks such as Chang Hwa Bank	December 2019 to December 2024	Total credit US\$6,250,000	For restrictions in the ratio of finance in the consolidated balance sheet, please refer to the consolidated financial report.

6. Financial Overview

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

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

Unit: NT\$ thousand

Item	Year	Financial information of the recent five years (Note 1)					Financial information of the recent year until March 31 st , 2022 (Note 3)
		2017	2018	2019	2020	2021	
Liquid assets		46,004,922	73,341,995	73,025,839	66,685,297	76,343,511	88,867,901
Real estates, plants and equipment (Note 2)		7,214,981	12,895,512	14,275,332	14,168,485	13,894,593	14,093,804
Intangible assets		1,354,539	7,538,006	6,793,276	5,940,074	5,828,601	5,955,218
Other assets (Note 1)		2,328,101	3,254,707	9,229,212	11,337,629	13,004,460	14,448,693
Net asset		56,902,543	97,030,220	103,323,659	98,131,485	109,071,165	123,365,616
Liquid liability	Before distribution	12,812,529	17,470,067	22,500,730	22,929,881	20,340,835	26,048,635
	After distribution	13,569,291	21,171,436	23,734,521	24,256,653	20,340,835	26,048,635
Non-liquid liability		27,241,387	35,416,569	45,307,704	38,244,648	34,304,214	35,188,824
Net liability	Before distribution	40,053,916	52,886,636	67,808,434	61,174,529	54,645,049	61,237,459
	After distribution	40,810,678	56,588,005	69,042,225	62,501,301	54,645,049	61,237,459
Equity belonging to the parent company		12,979,401	30,500,591	25,661,158	28,477,735	49,025,210	55,699,424
Share capital		9,459,520	12,337,901	12,337,901	16,584,659	20,084,659	20,084,659
Additional paid-in capital	Before distribution	1,309,805	10,418,214	9,523,679	12,354,362	22,993,816	22,993,816
	After distribution	1,073,317	10,418,214	9,338,610	11,027,590	22,993,816	22,993,816
Retention Surplus	Before distribution	2,807,505	7,930,946	6,043,938	4,167,094	13,835,493	18,145,070
	After distribution	2,287,231	4,229,577	4,995,216	4,167,094	13,835,493	18,145,070
Other equity		(597,429)	(186,470)	(1,353,600)	(3,495,519)	(3,883,805)	(1,519,168)
Treasury stock		-	-	(890,760)	(1,132,861)	(4,004,953)	(4,004,953)
Non-control equity		3,869,226	13,642,993	9,854,067	8,479,221	5,400,953	6,428,733
Equity	Before distribution	16,848,627	44,143,584	35,515,225	36,956,956	54,426,116	62,128,157
	After distribution	16,091,865	40,442,215	34,281,434	35,630,184	54,426,116	62,128,157
Net amount							

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

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

Note 3: Reviewed by an audit accountant.

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

Note 5: Profit Distribution for 2021 is pending for resolution from the shareholders' meeting.

(2) Consolidated Income Statement

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

Item \ Year	Financial information of the recent five years (Note 1)					Financial information of the recent year until March 31 st , 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenue	64,424,637	83,710,511	77,874,374	59,234,909	96,886,248	30,240,232
Gross profit	11,399,333	18,210,964	14,284,805	8,934,740	29,070,697	10,130,757
Operating profit and loss	4,711,777	9,255,049	5,406,763	1,822,767	18,936,611	7,257,386
Non-operating income and expenses	(2,016,477)	(236,408)	(2,277,490)	(1,903,179)	(3,522,117)	(695,751)
Pre-tax income	2,695,300	9,018,641	3,129,273	(80,412)	15,414,494	6,561,635
Continuing operations Net income	1,437,440	6,662,453	2,392,204	(101,458)	11,562,428	5,051,699
Loss of discontinuing operations	-	-	-	-	-	-
Net profit (loss)	1,437,440	6,662,453	2,392,204	(101,458)	11,562,458	5,051,699
Other comprehensive profit and loss(after-tax net value)	(1,394,596)	491,352	(1,215,807)	(2,348,879)	(602,322)	2,650,342
Net comprehensive profit and loss	42,844	7,153,805	1,176,397	(2,450,337)	10,960,106	7,702,041
Net profit belongs to						
Parent company owner	1,088,135	6,039,401	1,820,776	(573,421)	9,672,917	4,285,662
Net profit belonging to non-control equity	349,305	623,052	571,428	471,963	1,889,511	766,037
Net comprehensive profit and loss belonging to parent company owner	(17,664)	6,442,561	672,113	(2,698,520)	9,281,689	6,674,214
Net comprehensive profit and loss belonging to non-control equity	60,508	711,244	504,284	248,183	1,678,417	1,027,827
Earnings per share	1.20	5.83	1.46	(0.44)	5.76	2.24

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

Note 2: Certified by an audit accountant.

(3) Brief asset of individual

Unit: NT\$ thousand

Year Item		Financial information of the recent five years (Note 1)				
		2017	2018	2019	2020	2021
Liquid assets		7,225,406	8,870,162	8,412,984	8,265,179	19,091,801
Real estates, plants and equipment (Note 2)		2,919,376	3,236,628	3,249,516	3,243,281	3,389,724
Intangible assets		-	-	-	-	-
Other assets (Note 2)		17,138,384	36,133,944	36,276,754	35,511,141	39,633,710
Net asset		27,283,166	48,240,734	47,939,254	47,019,601	62,115,235
Liquid liability	Before distribution	6,950,460	6,944,059	11,351,933	9,450,735	9,721,871
	After distribution	7,707,222	10,645,428	12,585,724	10,777,507	9,721,871
Non-liquid liability		7,353,305	10,796,084	10,926,163	9,091,131	3,368,154
Net liability	Before distribution	14,303,765	17,740,143	22,278,096	18,541,866	13,090,025
	After distribution	15,060,527	21,441,512	23,511,887	19,868,638	13,090,025
Share capital		9,459,520	12,337,901	12,337,901	16,584,659	20,084,659
Additional paid-in capital	Before distribution	1,309,805	10,418,214	9,523,679	12,354,362	22,993,816
	After distribution	1,073,317	10,418,214	9,338,610	11,027,590	22,993,816
Retention Surplus	Before distribution	2,807,505	7,930,946	6,043,938	4,167,094	13,835,493
	After distribution	2,287,231	4,229,577	4,995,216	4,167,094	13,835,493
Other equity		(597,429)	(186,470)	(1,353,600)	(3,495,519)	(3,883,805)
Treasury stock		-	-	(890,760)	(1,132,861)	(4,004,953)
Non-control equity		-	-	-	-	-
Equity	Before distribution	12,979,401	30,500,591	25,661,158	28,477,735	49,025,210
Net amount	After distribution	12,222,639	26,799,222	24,427,367	27,150,963	49,025,210

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

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

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

(4) Brief comprehensive profit and loss of individual

Unit: NT\$ thousand

(Except earnings per share is in NT\$)

Year Item	Financial information of the recent five years (Note)				
	2017	2018	2019	2020	2021
Operating revenue	9,478,017	8,347,692	7,584,694	6,237,417	15,232,827
Gross profit	1,523,297	1,256,808	1,198,313	821,184	3,472,619
Operating profit and loss	833,813	(133,883)	610,141	287,146	1,600,661
Non-operating income and expenses	219,167	6,176,730	1,304,001	(889,301)	8,391,575
Pre-tax income	1,052,980	6,042,847	1,914,142	(602,155)	9,992,236
Net income of continuing operations	1,088,135	6,039,401	1,820,776	(573,421)	9,672,917
Loss of discontinuing operations	-	-	-	-	-
Net profit (loss)	1,088,135	6,039,401	1,820,776	(573,421)	9,672,917
Other comprehensive profit and loss (after-tax net value)	(1,105,799)	403,160	(1,148,663)	(2,125,099)	(391,228)
Net comprehensive profit and loss	(17,664)	6,442,561	672,113	(2,698,520)	9,281,689
Earnings per share	1.20	5.83	1.46	(0.44)	5.76

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

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

Audit year	Name of accounting firm	Name of audit accountant	Audit opinion
2017	Deloitte & Touche	Yan-Jing, Wang, Ji-Jen, Li	Unqualified opinion
2018	Deloitte & Touche	Chun-Chi, Kung, Hung-Ju, Liao	Unqualified opinion
2019	Deloitte & Touche	Chun-Chi, Kung, Hung-Ju, Liao	Unqualified opinion
2020	Deloitte & Touche	Hung-Ju, Liao, Chao-Chin, Yang	Unqualified opinion
2021	Deloitte & Touche	Ji-Jen, Li, Chao-Chin, Yang	Unqualified opinion

6.2 Financial Analysis of The Recent Five Fiscal Years:
 Financial analysis - International Financial Reporting Standards
 (1) Financial Analysis of Consolidated Financial Report

Item for analysis		Year	Financial information of the recent five years (Note 1)					Financial information of the recent year until March 31 st , 2022 (Note 2)
			2017	2018	2019	2020	2021	
Financial structure %	Debt ratio in assets		70.39	54.51	65.63	62.34	50.1	49.71
	Long-term capital ratio in real estates, plants and equipment		610.09	616.07	561.83	521.90	629.96	681.98
Debt-paying ability %	Working capital ratio		359.06	419.82	324.55	290.82	375.32	341.16
	Quick ratio		79.46	113.07	66.74	60.34	84.62	90.08
	Interest coverage ratio		3.95	7.48	2.65	0.95	12.91	24.42
Operating ability	Receivables turnover ratio (times)		11.76	12.22	12.9	10.64	14.55	12.60
	Average collection days		31	30	28	34	25	29
	Average inventory turnover (times)		1.91	1.67	1.25	0.97	1.37	1.52
	Payables turnover (times)		30.58	30.24	24.26	20.75	30.57	26.23
	Average inventory turnover days		191	219	292	376	266	240
	Real estates, plants and equipment turnover ratio (times)		9.35	8.33	5.73	4.17	6.90	8.64
	Total assets turnover (times)		1.26	1.09	0.78	0.59	0.94	1.04
Return on investment analysis	Return on total assets (%)		4.28	10.10	3.91	1.25	12.16	18.16
	Return on equity (%)		8.96	21.85	6.01	(0.28)	25.31	34.67
	Profit before tax in actual capital ratio (%)		28.49	73.10	25.36	(0.48)	76.75	32.67
	Net income to sales (%)		2.23	7.96	3.07	(0.17)	11.93	16.71
	Earnings per share (NT\$)		1.20	5.83	1.46	(0.44)	5.76	2.24
Cash flow	Cash flow ratio (%)		-	-	9.37	17.76	62.48	-
	Cash flow adequacy ratio (%)		39.28	15.68	16.82	20.35	36.30	36.43
	Cash flow reinvestment ratio (%)		-	-	-	2.63	11.91	-
Leverage	Operating leverage		4.08	3	2.40	4.71	1.52	1.16
	Financial leverage		1.24	1.18	1.54	15.48	1.07	1.04

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

1. The decrease in debt to asset ratio and the increase in ratio of long-term capital to property, plant and equipment is primarily due to the Company's cash capital increase, repayment of debts and increase in the capital stock this year.
2. The positive recovery of various indicators for solvency is primarily due to the growing operations, increase in current assets and extended syndicated loans resulting in the decrease in current liabilities.
3. The positive recovery of various indicators for operational abilities and leverages is primarily due to the soaring stainless steel and aluminum price and the strong demand in the US market, resulting in the increase in sales.
4. The increase in the interest earned ratio and profitability ratios from 2020 is primarily due to the increase in the income after tax.
5. The increase in the cash flow ratios from 2020 is primarily due to the increase in cash inflow from operating activities.

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

Note 2: Reviewed and certified by an audit accountant.

(2) Financial Analysis of Independent Financial Report

Item for analysis		Year	Financial information of the recent five years (Note)				
		2017	2018	2019	2020	2021	
Financial structure %	Debt ratio in assets	52.43	36.77	46.47	39.43	21.07	
	Long-term capital ratio in real estates, plants and equipment	695.45	1275.51	1125.34	1158.01	1545.26	
Debt-paying ability %	Working capital ratio	103.96	127.74	74.11	87.46	196.38	
	Quick ratio	57.84	79.72	45.15	55.53	105.46	
	Interest coverage ratio	4.73	21.7	6.99	(0.67)	38.47	
Operating ability	Receivables turnover ratio (times)	3.26	2.55	2.4	2.35	3.06	
	Average collection days	112	143	152	155	119	
	Average inventory turnover (times)	4.15	3.26	3.09	2.75	3.79	
	Payables turnover (times)	20.30	19.47	24.45	24.48	28.10	
	Average inventory turnover days	88	112	118	133	96	
	Real estates, plants and equipment turnover ratio (times)	3.28	2.71	2.34	1.92	4.59	
	Total assets turnover (times)	0.35	0.22	0.16	0.13	0.28	
Return on investment analysis	Return on total assets (%)	4.88	16.61	4.32	(0.06)	18.12	
	Return on equity (%)	8.87	27.78	6.48	(2.12)	24.96	
	Profit before tax in actual capital ratio (%)	11.13	48.98	15.51	(3.63)	49.75	
	Net income to sales (%)	11.48	72.35	24.01	(9.19)	63.50	
	Earnings per share (NT\$)	1.20	5.83	1.46	(0.44)	5.76	
Cash flow	Cash flow ratio (%)	33.48	(26.36)	21.2	(4.52)	1.27	
	Cash flow adequacy ratio (%)	120.11	62.33	65.13	58.84	46.30	
	Cash flow reinvestment ratio (%)	8.17	(1.7)	(3.24)	(3.01)	(2.15)	
Leverage	Operating leverage	2.39	(9.8)	2.31	4.04	3.36	
	Financial leverage	1.51	0.31	2.1	(3.91)	1.20	

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

1. The decrease in debt to asset ratio and the increase in ratio of long-term capital to property, plant and equipment is primarily due to the Company's cash capital increase, repayment of debts and increase in the capital stock this year.
2. The positive recovery of various indicators for solvency is primarily due to the growing operations, increase in current assets and repayment of loan through cash capital increase resulting in the decrease in current liabilities.
3. The positive recovery of various indicators for operational abilities and leverages is primarily due to the soaring stainless steel and aluminum price and the strong demand in the US market, resulting in the increase in sales.
4. The increase in the interest earned ratio and profitability ratios from 2020 is primarily due to the increase in the income after tax after the operation is getting better.
5. The increase in the cash flow ratios from 2020 is primarily due to the increase in cash inflow from operating activities.
6. The decrease in cash flow adequacy ratio from 2020 is mainly due to the increase in inventory and cash dividends in the most recent five years.
7. The increase in cash reinvestment ratio is mainly due to the increase in the gross fixed assets+long-term investment+other assets + working capital.

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

(3) Calculation formulas are as follows:

1. Financial structure

(1) Debt ratio in assets = Total liabilities / Total assets.

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

2. Debt-paying ability

(1) Working capital ratio = Current asset / Current liability.

(2) Quick ratio = (Current asset – Inventory – Prepayment) / Current liability.

(3) Times interest earned = Net profit before income tax and interest expenses / Current interest expense.

3. Operating ability

(1) Receivables (including accounts receivable and notes receivable generated by operations) turnover = Net sales / Balance of average receivable for the season (including accounts receivable and notes receivable generated by operations).

(2) Average collection days = 365 / Average collection turnover.

(3) Average inventory turnover = Sale cost / Average number of stocks.

(4) Payables (including accounts payable and notes payable generated by operations) turnover = Sale cost / Balance of average payable for the season (including accounts payable and notes payable generated by operations).

(5) Average inventory turnover days = 365 / Average inventory turnover.

(6) Property, plant and equipment turnover ratio = Net sales / Average net value of property, plant and equipment.

(7) Total assets turnover = Net sales / Total average assets.

4. Return on investment analysis

(1) Return on total assets = [After-tax profit and loss + Interest expense x (1 – Tax rate)] / Total average assets.

(2) Return on equity = After-tax profit and loss / Total average equity.

(3) Net income to sales = After-tax profit and loss / Net sales.

(4) Earnings per share = (Profit or loss belonging to parent company owner – Preference dividend) / Averaged weighted number of shares issued. (Note 3)

5. Cash flow

(1) Cash flow ratio = Net cash flow from operation / Current liabilities.

(2) Cash flow adequacy ratio = Net cash flow from operation in the recent five years / Recent five years (capital expense + Inventory increase + Cash dividend).

(3) Cash flow reinvestment ratio = (Net cash flow from operation – Cash dividend) / (Gross value of property, plant and equipment + Long-term investment + Other non-current asset + Operating capital). (Note 4)

6. Leverage

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

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

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

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

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

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

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

Note 6: The original paid-in capital ratio of foreign companies is calculated by net worth ratio instead.

6.3 Audit Committee Review Report for The Recent Financial Report

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

We have reviewed the Company's 2021 financial statements, deficit compensation plan and business report prepared by the Board of Directors and audited and certified by Deloitte & Touche, and found them to be in compliance with regulatory requirements. We hereby issue this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

Respectfully submitted,

To:

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

6.4 Recent Annual Financial Report: Please refer to Page 103 of this annual report.

6.5 Recent Accountant Audited Individual Financial Report (not including details on important accounting items): Please refer to Page 207 of this annual report.

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

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

7.1 Comparative Analysis of Financial Status of Recent Two Years

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

Unit: NTD thousand

Item \ Year	2021	2020	Difference		Explanation
			Value	%	
Current assets	\$ 76,343,511	\$ 66,685,297	\$ 9,658,214	14	-
Funds and investments	1,985,638	1,228,587	757,051	62	(1)
Fixed assets	13,894,593	14,168,485	(273,892)	(2)	-
Other assets	16,847,423	16,049,116	798,307	5	-
Net assets	109,071,165	98,131,485	10,939,680	11	-
Current liability	20,340,835	22,929,881	(2,589,046)	(11)	-
Other liability	34,304,214	38,244,648	(3,940,434)	(10)	-
Net liability	54,645,049	61,174,529	(6,529,480)	(11)	-
Share capital	20,084,659	16,584,659	3,500,000	21	(2)
Additional paid-in capital	22,993,816	12,354,362	10,639,454	86	(2)
Retained surplus	13,835,493	4,167,094	9,668,399	232	(3)
Shareholder equity and other items	(3,883,805)	(3,495,519)	(388,286)	11	-
Treasury stock	(4,004,953)	(1,132,861)	(2,872,092)	254	(4)
Non-control equity	5,400,906	8,479,221	(3,078,315)	(36)	(4)
Net shareholder equity	54,426,116	36,956,956	17,469,160	47	-

Explanation:

- (1) Primarily due to the investment by Brighton-Best International (Taiwan) Inc. in Tung Mung Development Co., Ltd.
- (2) Mainly due to the capital increase in cash increasing capital stock and additional paid-in capital.
- (3) Primarily due to the increase in net profit in 2021.
- (4) Mainly due to the subsidiaries' subscription for the parent company's stocks and the parent company's recognition of treasury stocks based on shareholdings.

7.2 Comparative Analysis of Financial Performance of Recent Two Years: (changes before and after the season reaching more than 20%, and the amount of changes reaching NTD \$10,000,000)

(I)

Unit: NTD thousand

	2021		2020		Increase (decrease)	Change
	Subtotal	Total	Subtotal	Total	Subtotal	Total
Operating income		\$ 96,886,248		\$ 59,234,909	37,651,339	64
Operating cost		<u>67,815,551</u>		<u>50,300,169</u>	17,515,382	35
Operating gross profit		29,070,697		8,934,740	20,135,957	225
Operating expense		<u>10,132,859</u>		<u>7,502,253</u>	2,630,606	35
Other profit and loss		<u>(1,227)</u>		<u>390,280</u>	(391,507)	100
Operating revenue		<u>18,936,611</u>		<u>1,822,767</u>	17,113,844	939
Non-operating income and expense		(3,522,117)		(1,903,179)	(1,618,938)	85
Interest revenue	\$ 14,768		\$ 18,737		(3,969)	(21)
Other income	155,761		195,289		(39,528)	(20)
Other profit and loss	(2,392,808)		(402,595)		(1,990,213)	494
Financial cost	(1,294,385)		(1,705,032)		410,647	(24)
Impairment loss (impairment gain and reversal of impairment loss)	(16,928)		(12,869)		(4,059)	32
Share of profit (loss) of associates and joint ventures accounted for using equity method	11,475		3,291		8,184	249
The year's net revenue before tax		15,414,494		(80,412)	15,494,906	(19,269)
Income tax fee		<u>3,852,066</u>		<u>21,046</u>	3,831,020	18,203
The year's net profit (net loss)		11,562,428		(101,458)	11,663,886	(11,496)
Other comprehensive profit and loss		<u>(602,322)</u>		<u>(2,348,879)</u>	1,746,557	(74)
The year's net comprehensive profit and loss		<u>\$ 10,960,106</u>		<u>\$ (2,450,337)</u>	(8,509,769)	347
The Company owner		\$ 9,672,917		\$ (573,421)	10,246,338	(1,787)
Non-control equity		<u>1,889,511</u>		<u>471,963</u>	1,417,548	300
		<u>\$ 11,562,428</u>		<u>\$ (101,458)</u>	11,663,886	(11,496)
Net comprehensive profit and loss belonging to:						
The Company owner		\$ 9,281,689		\$ (2,698,520)	11,980,209	(444)
Non-control equity		<u>1,678,417</u>		<u>248,183</u>	1,430,234	576
		<u>\$ 10,960,106</u>		<u>\$ (2,450,337)</u>	13,410,443	547

Explanation of analysis of changes in increased or decreased ratio:

1. The operating cost increased from the previous year due to the soaring stainless steel and aluminum price. Notwithstanding, given the strong market demand in the USA, imbalanced supply and demand and expected soaring raw materials and supplies, the unit selling price increased more, and the operating revenue and gross profit margin grew accordingly.
2. The increase in operating expenses from the previous year is mainly due to the growth of sales and increase in earnings this year resulting in allocation of more bonus and remuneration to employees, directors and supervisors.
3. The decrease in other income and expenses is primarily due to TCI's sale of HOUSTON Office and headquarters in California, which generated more gains from disposal.
4. The decrease in other revenue from the previous year is primarily due to BBI-USA's repurchase of the factory premises rented from LPJR in 2020, resulting in the income from leasehold improvement under IFRS 16. No similar circumstance occurred in the current period.
5. The changes in other gains and losses are primarily due to the increasing international aluminum and nickel price causing the derivative financial instrument for hedging to generate the loss on evaluation.
6. The decrease in financial costs from the previous year is mainly due to the TCI's declining average loan interest rate and repayment of certain loan.
7. The increase in income tax expenses is primarily due to the net operating profit growth resulting in provision of more income tax this year.
8. The changes in other comprehensive income are primarily due to more losses generated from the hedging instruments not subject to basis adjustment, as a result of the drastic interest rate declination under the influence by the market interest rate last year, and more gains generated due to the novation and interest rate rise in the current period.

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

It is expected that the demand for steel and aluminum will grow due to the sluggish COVID-19 epidemic and recovering consumption in 2022. Therefore, given the tightened supply and demand and soaring raw materials and supplies price, the overall gross profit margin is expected to stay high. The market is becoming normal and the economy recovering stably this year. Besides, in response to promotion of the infrastructure construction project in the USA, the demand for various products grew further. The Company has controlled channels and also built its own brand. As the Company has achieved the scale of economy and won the customers' reliance on the brand, the Company's sale value and volume in 2022 are expected to grow more.

7.3 Review and Analysis of Cash Flow

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

Unit: NTD thousand

Item	Year	2021	2020	Increased (decreased) Ratio (%)
Cash flow ratio		62.48%	17.76%	252.80
Cash flow adequacy ratio		36.30%	20.35%	78.38
Cash flow reinvestment ratio		11.91%	2.63%	352.85

Explanation of the analysis of changes in increased (decreased) ratio:

The increase in the cash flow ratios in the current period is primarily due to the growing operating revenue and increase in net profit after tax this year.

- (II) Improvement for inadequate fluidity:

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

- (III) Cash fluidity analysis of the future year

Unit: NTD thousand

Cash balance at the beginning of term ①	Estimated net cash flow of the year from operating activities ②	Estimated cash outflow of the year ③	Estimated amount of cash balance (shortfall) ① + ② - ③	Remedial measures for estimated cash shortfalls	
				Investment plan	Financial plan
\$9,331,655	\$5,000,000	\$5,000,000	\$9,331,655	-	-
Analysis of changes in cash flow of the year: 1. 1. Operating activity: The US market is growing stably and the Company's operating revenue is expected to keep growing. Therefore, the cash inflow from operating activities are expected to increase. 2. Investment activity: The Company is estimated to increase fixed assets, increasing the net cash outflow of investment activities. 3. Financial activity: The Company is estimated to increase amount of loan, increasing cash outflow of financial activities. Note: Information summarized in consolidated views according to International Financial Reporting Standards.					

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

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

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

Unit: NTD thousand

Item / Introduction	Investing value	Policy	Profit (loss) of investment in 2020	Main reasons of profit or loss	Improvement plan
USA Ta Chen International Co., Ltd.	23,327,317	Operated according to the supervision of the subsidiary	7,776,840	The strong demand recovery in the US market resulted in the operating revenue growth.	None
Ta Chen (B.V.I.) Holdings Ltd.	990,817	Operated according to the supervision of the subsidiary	(63,211)	Mainly due to the loss from disposal of Ta Chen (Changshu) Machinery Co., Ltd.	None
Brighton-Best International (Taiwan) Inc.	7,202,307	Operated according to the supervision of the subsidiary	1,185,097	Due to the stable source of customers and the continuous introduction of new products, it gained profits continuously.	None
Yin Rong (Shanghai) Investment Management Co., Ltd.	2,138	Operated according to the supervision of the subsidiary	32	The income was mainly generated from interest revenue, as the center for fund allocation to the affiliated companies in China.	None
WEI MEI ROLLER BLIND CO., LTD.	30,600	Operated according to the supervision of the subsidiary	(705)	It is expected to be engaged in the manufacture and trading of window fashions, but has not yet put into operation officially. Its account recorded the management costs only.	None
Ta Chen Lung Mei Home Life Co., Ltd.	206,468	Operated according to the supervision of the subsidiary	(57,567)	After the Company's curtain board products, the operating revenue kept growing. However, more employee bonus were provided this year.	None

Item / Introduction	Investing value	Policy	Profit (loss) of investment in 2020	Main reasons of profit or loss	Improvement plan
Ta Chen (Hong Kong) Limited	279,720	Operated according to the supervision of the subsidiary	(9,161)	Due to the increase of non-operating interest income.	None
TA CHEN (Samoa) Holdings LTD.	-	-	-	-	None
Tachen Interior Design Co., Ltd.	50,000	Operated according to the supervision of the subsidiary	(44)	It has not yet put into operation so far.	None

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

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

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

Unit: NTD thousand

Item	Impact on the profit and loss of the Company			Future countermeasures
	Title	2021	2020	
Interest rate	Short-term loan	9,993,137	9,303,994	Based on its industrial characteristic, the Company must apply for short-term and long-term loans for operation. The Company will continue to strengthen its financial structure and enable financial operators to better understand the Company's nature of operation to compete for better loan terms, thereby minimizing interest influence in the Company's planned deployments.
	Long-term liability	27,553,872	35,001,165	
	Interest fee	1,294,385	1,705,032	
Changes in currency exchange rates	Exchange profit (loss)	(315,951)	(504,132)	Mainly due to the important USD asset position held by the Company, if NTD appreciates, there is a risk of currency exchange lost. The Company will engage in safe-haven forwarding foreign exchange trading according to fluctuations in currency exchange rates in the market, so as to lower risk of currency exchange losses.

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

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

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

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

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

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

In recent years, the Company is yet to fall under the influence of major policies and

legislative changes in Taiwan and in foreign countries on the Company's financial operations. As sales of the Company are mainly in the USA and Europe, the laws and major policies of which are relatively stable compared to that of other regions. It is estimated that in the future, the Company shall not be under the major negative impact of major policies and legislative changes in Taiwan and in foreign countries.

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

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

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

For years, the Company has strived to maintain its corporate image. The Company complies with legal regulations. Until publication of this annual report, there has been no occurrence the influenced upon the corporate image of the Company.

- (VII) Estimated benefit and possible risks of merge: Not applicable.

- (VIII) Estimated benefit and possible risks of expansion of plants: Not applicable.

- (IX) Possible risks of centralized purchase or sales: None.

- (X) Impact and risk of major transfer or change in directors, supervisors or major shareholders with more than 10% of the Company's shareholding: None.

- (XI) Impact and risk to the Company of changes in franchise: Not applicable.

- (XII) If the Company's directors, supervisors, CEO, actual owner, major shareholders with more than 10% of the Company's shareholding and subsidiaries are included in involved in major litigation, non-litigation or administrative litigation that has been determined or is still in the process of which, the results of such litigations might cause major influence on prices of shareholders' equity or bonds. Statements, value, start date, major parties involved and items processed until publication of this annual report: None.

- (XIII) Other important risks:

To maintain the continuous operation of the information system, prevent the intrusion and destruction of hackers, viruses, etc., avoid improper use and illegal use, and maintain the security of the physical environment, the Company assigns dedicated personnel responsible for the security of the information system, and also announces the information security policy to employees randomly. The program and data files are also backed up regularly and stored remotely, and the system recovery plan is tested annually. All these are supposed to effectively reduce the risk of information security.

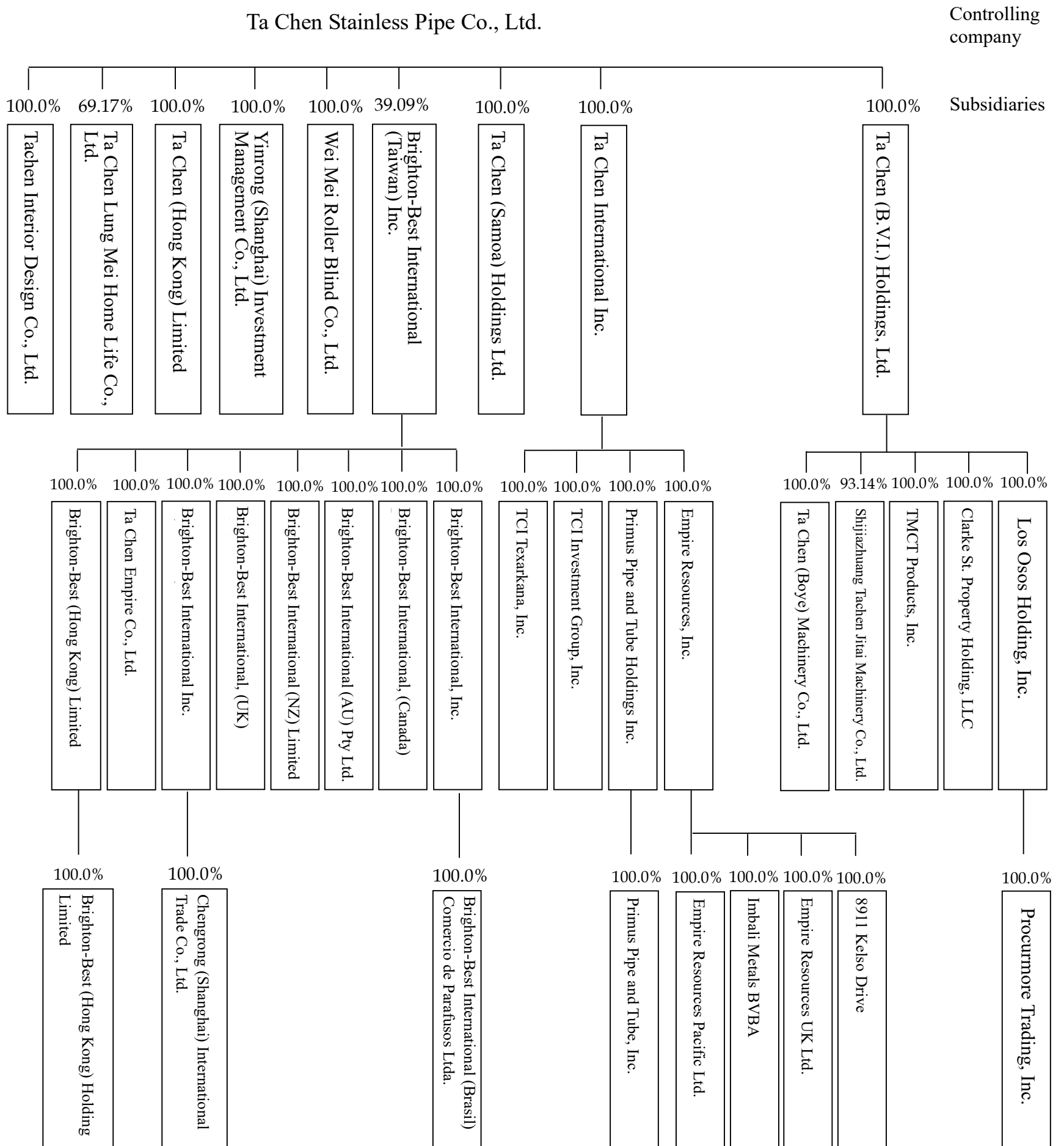
7.7 Other Important Items: None.

8. Special Items

8.1 Related Information of Affiliates

(I) Consolidated business report of affiliates

1. Affiliates organizational structure :



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

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

Name of enterprise	Establishing date	Address	Paid-in capital	Main operating or manufacturing item
Ta Chen International, Inc.	November, 1989	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 742,906	Manufacturing and sales of products such as stainless-steel pipes, stainless-steel rolls and pipe components
TCI Investment Group, Inc.	April, 2014	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 3,000	Import, export and sales of screws and screw-nut products
Empire Resources, Inc.	August, 1990	2115 Linwood Ave Fort Lee, NJ 07024 USA	USD 60,000	Import, export and sales of stainless-steel and aluminum products
Empire Resources Pacific Ltd.	May, 1996	4/631 SEVENTEEN MILE ROCKS ROAD, SEVENTEEN MILE ROCKS QUEENSLAND 4073 AUSTRALIA	-	Import, export and sales of stainless-steel and aluminum products
Imbali Metals BVBA	February, 2005	Leopoldstraat 45 B-2800 Mechelen Belgium	EUR 19	Import, export and sales of stainless-steel and aluminum products
Empire Resources UK Ltd.	February, 2015	Castlemill, Burnt Tree, Dudley, West Midlands, DY4 7UF United Kingdom	GBP 5,400	Import, export and sales of stainless-steel and aluminum products
8911 Kelso Drive	June, 2015	ESSEX, MD 21221 USA	-	Import, export and sales of stainless-steel and aluminum products
Primus Pipe and Tube Holding, Inc	July, 2017	5855 Obispo Ave, Long Beach, California. United States	USD 29,000	General investment
Primus Pipe and Tube, Inc.	April, 1990	241 W Clarke St, Wildwood, Florida, United States	USD 0.01	Manufacturing and sales of stainless-steels
TCI Texarkana, Inc.	October, 2018	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 300,000	Sales of aluminium plates and tapes
Ta Chen (B.V.I.) Holdings, Ltd.	October, 1997	Portcullis trustnet chambers P.O. Box 3444, Road Town Tortola, British Virgin Island	USD 32,625	General investment
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	August, 1995	No. 26, Fengchan Road, Jingji Technology Development Area, Shijiazhuang City, Hebei Province, China	USD 5,100	Manufacturing and sales of stainless-steel valves and stainless-steel precision casted products
Ta Chen (Boye) Machinery Co., Ltd.	December, 2006	No. 3, Boxing Middle Road, Xiancheng, Boye County, Hebei Province, China	USD 11,935.2	Manufacturing and sales of stainless-steel valves and stainless-steel precision casted products
TMCT Products, Inc.	June, 2019	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 4,500	General investment
Clarke St. Property Holdings, LLC	July, 2020	5855 Obsipo AVE Long Beach CA. 90805 U.S.A.	USD 500	General investment
Los Osos Holdings, Inc.	November, 2020	850 New Burton Road, Suite 201, Dover, DE 19904	USD 3,904	General investment
Procurmore Trading, Inc.	September, 2021	850 New Burton Road, Suite 201, Dover, DE 19904	USD 20	Import, export and sales of aluminum products
Brighton-Best International (Taiwan) Inc.	July, 2007	Block B, No.122, Yilin Rd., Rende Dist., Tainan City 717, Taiwan (R.O.C.)	NTD10,315,000	Import, export and sales of screws and screw-nut products
Brighton-Best International, Inc.	December, 2007	5855 Obispo AVE Long Beach CA. 90805 U.S.A.	USD 186,000	Import, export and sales of screws and screw-nut products
Brighton-Best International, (UK)	December, 2007	Cradley Business Park, Overend Road, Cradley Heath,	GBP 9,200	Import and sales of screws and screw-nut products

Name of enterprise	Establishing date	Address	Paid-in capital	Main operating or manufacturing item
Limited		West Midlands B64 7DW		
Brighton-Best International, (Canada) Inc.	December, 2007	2100 Codlin Crescent Etobicoke Ontario, M9W 7J2 Canada	CAD 12,004	Import and sales of screws and screw-nut products
Brighton-Best International, (AU) Pty Ltd.	December, 2007	31-33 Canterbury RD. Braeside, Vic 3195, Australia	AUD 54,000	Import and sales of screws and screw-nut products
Brighton-Best International, (NZ) Limited.	December, 2007	28B Pavillion Dr. Airport Oaks Mangere, Auckland, New Zealand	NZD 786	Import and sales of screws and screw-nut products
Brighton-Best International, (Brasil) Comerciode Parafusos Ltda.	December, 2007	Rua Dos Missionarios, 410 Jardim Caravelas, São Paulo-SP, CEP: 04729-001	BRL 362	Import and sales of screws and screw-nut products
Brighton-Best International Inc. (Cayman)	December, 2007	Portcullis TrustNet (Cayman) Ltd., The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands.	Note	General investment
Chengrong (Shanghai) International Trade Co., Ltd.	December, 2007	Room 351, Building 2, No. 507 Huajing Road, Xuhui District, Shanghai, China	Note	General trading business
Ta Chen Empire Industry Co., Ltd.	January, 2018	No. 122, Yilin Road, Rende District, Tainan City	NTD 5,300,000	Trading of aluminum boards and aluminum rolls
Brighton-Best (Hong Kong) Limited	May, 2019	Room 1902,19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Note	General investment
Brighton-Best (Hong Kong) Holding Limited	May, 2019	Room 1902,19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Note	General investment
Yinrong (Shanghai) Investment Management Co., Ltd.	July, 2015	Room 2001, 2F, Building 1, No. 146, East 1st Fute Road No,146, China (Shanghai) Pilot Free Trade Zone	USD 77.24	General investment
TA CHEN (Samoa) Holdings LTD.	December, 2015	Portcullis TrustNet Chambers, P.O.Box 1225, Apia Samoa	Note	General investment
Ta Chen (Hong Kong) Limited	May, 2019	RM 1902, 19/F LEE GARDEN ONE, 33 HYSAN AVENUE, CAUSEWAY BAY, HONG KONG	USD 9,000	General trading business
Ta Chen Lung Mei Home Life Co., Ltd.	May, 1987	No. 1, Keji 1st Rd., Annan Dist., Tainan City 709, Taiwan (R.O.C.)	NTD 200,000	Manufacture and sale of curtains and cloth products
Wei Mei Roller Blind Co., Ltd.	August, 2016	4F., No.122, Yilin Rd., Rende Dist., Tainan City 717, Taiwan (R.O.C.)	NTD 30,600	Manufacture and sale of curtains and cloth products
Tachen Interior Design Co., Ltd.	October, 2021	4F., No.122, Yilin Rd., Rende Dist., Tainan City 717, Taiwan (R.O.C.)	NTD 50,000	Interior design

Note: The investment has not been actually remitted.

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

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

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

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

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

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

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

Name of enterprise	Post	Name or company representative	Shares hold		
			Amount	Amount	
Ta Chen International, Inc.	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Rung-Kun, Shieh	USD	742,906	100.0
	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Ling-Hwa, Wang	USD	742,906	100.0
	Director & CEO	Johnny Hsieh	USD	742,906	100.0
	Director	Ta Chen Stainless Pipe Co., Ltd. Representative : Peggy Hsieh	USD	742,906	100.0
Empire Resources, Inc.	Director	Ta Chen International, Inc. Representative : Johnny Hsieh	USD	60,000	100.0
Empire Resources Pacific Ltd.	Director	Empire Resources, Inc. Representative : Johnny Hsieh			100.0
Imbali Metals BVBA	Director	Empire Resources, Inc. Representative : Johnny Hsieh	EUR	19	100.0
	Director	Empire Resources, Inc. Representative : Peggy Hsieh	EUR	19	100.0
	Director	Empire Resources, Inc. Representative : Diederik Oosters	EUR	19	100.0
Empire Resources UK Ltd.	Director	Empire Resources, Inc. Representative : Johnny Hsieh	GBP	5,400	100.0
	Director	Empire Resources, Inc. Representative : Peggy Hsieh	GBP	5,400	100.0
8911 Kelso Drive	Director	Empire Resources, Inc. Representative : Johnny Hsieh			100.0
	Director	Empire Resources, Inc. Representative : Peggy Hsieh			100.0
Primus Pipe and Tube Holding, Inc	Director	Ta Chen International, Inc. Representative : Johnny Hsieh	USD	29,000	100.0
Primus Pipe and Tube , Inc.	Director	Primus Pipe and Tube Holding, Inc Representative : Johnny Hsieh	USD	0.01	100.0
TCI Texarkana, Inc.	Director	Ta Chen International, Inc. Representative : Johnny Hsieh	USD	300,000	100.0
TCI Investment Group, Inc.	Director	Ta Chen International, Inc. Representative : Rung-Kun, Shieh	USD	3,000	100.0
	Director	Ta Chen International, Inc. Representative : Ling-Hwa, Wang	USD	3,000	100.0
Ta Chen (B.V.I.) Holdings, Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun,	USD	32,625	100.0

Name of enterprise	Post	Name or company representative	Shares hold		
			Amount	Amount	
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	Director	Hsieh Ta Chen Stainless Pipe Co., Ltd. Representative : Rung-Kun, Shieh	USD	32,625	100.0
	Chairman	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Li-Yun, Hsieh	USD	4,750	93.1
	Director & CEO	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Rung-Kun, Shieh	USD	4,750	93.1
	Director	Hebei Machinery & Equipment Import and Export Corp. Representative : Yuan, Ren	USD	350	6.9
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Ming-Hui, Hsieh	USD	4,750	93.1
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Yi-Jun, Wang	USD	4,750	93.1
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Hung-Chang, Hsu	USD	4,750	93.1
Ta Chen (Boye) Machinery Co., Ltd.	Chairman	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Li-Yun, Hsieh	USD	11,935.2	100.0
	Director & CEO	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Rung-Kun, Shieh	USD	11,935.2	100.0
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Ling-Hwa, Wang	USD	11,935.2	100.0
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Ming-Hui, Hsieh	USD	11,935.2	100.0
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Yi-Jun, Wang	USD	11,935.2	100.0
	Director	Ta Chen (B.V.I.) Holdings, Ltd. Representative : Hung-Chang, Hsu	USD	11,935.2	100.0
	Director	Johnny Hsieh	USD	4,500	100.0
Clarke St. Property Holdings, LLC	Director	Li-Yun, Hsieh	USD	500	100.0
Los Osos Holdings, Inc.	Director	Johnny Hsieh	USD	3,904	100.0
Yinrong (Shanghai) Investment Management Co., Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd. Representative : Li-Yun, Hsieh	USD	77.24	100.0
TA CHEN(Samoa)Holdings LTD.	Director	Bing-Shan, Cheng		Note	Note
Wei Mei Roller Blind Co.,	Chairman	Ta Chen Stainless Pipe Co.,	NTD	30,600	100.0

Name of enterprise	Post	Name or company representative	Shares hold		
			Amount	Amount	
Ltd.		Ltd.			
	Director	Representative : Li-Yun, Hsieh Ta Chen Stainless Pipe Co., Ltd.	NTD	30,600	100.0
	Director	Representative : Rung-Kun, Shieh Ta Chen Stainless Pipe Co., Ltd.	NTD	30,600	100.0
	Supervisor	Representative : Denny Wong Di-Jin, Chang	NTD	-	-
Ta Chen Lung Mei Home Life Co., Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd.	NTD	138,344	69.17
	Director	Representative : Li-Yun, Hsieh Ta Chen Stainless Pipe Co., Ltd.	NTD	138,344	69.17
	Director	Representative : Rung-Kun, Shieh Jun-Peng, Guo	NTD	55,666	27.83
	Supervisor	Di-Jin, Chang	NTD	-	-
Tachen Interior Design Co., Ltd.	Chairman	Ta Chen Stainless Pipe Co., Ltd.	NTD	50,000	100.0
	Supervisor	Representative : Li-Yun, Hsieh Ta Chen Stainless Pipe Co., Ltd.	NTD	50,000	100.0
	Director	Representative : Rung-Kun, Shieh Ta Chen Stainless Pipe Co., Ltd.	USD	9,000	100.0
Ta Chen (Hong Kong) Limited					
Brighton-Best International (Taiwan) Inc.	Chairman	Representative : Li-Yun, Hsieh Ta Chen Stainless Pipe Co., Ltd.	NTD	4,032,580	39.1
	Director & CEO	Representative : Li-Yun, Hsieh Ta Chen Stainless Pipe Co., Ltd.	NTD	4,032,580	39.1
	Director	Representative : Rung-Kun, Shieh Tong Yi Investment Co., Ltd.	NTD	294,640	2.9
	Director	Representative : Wen-Ling, Ke Chao Sheng Co., Ltd.	NTD	308,500	3.0
	Director	Representative : Chao-Jin, Cai Jinn Her Enterprise Co., Ltd.	NTD	678,800	6.6
	Director	Representative : Yong-Yu, Cai I-Lan, Ou	NTD	11,500	0.1
	Director	Fang-Kuan, Lin	NTD	223,655	2.2
	Director	Hsiang-Chen, You	NTD	-	-
	Director	Di-Jin, Chang	NTD	10,710	0.1
	Independent Director	Ming-Chang, Shen	NTD	-	-
	Independent Director	Ben-Yuan, Lin	NTD	-	-

Name of enterprise	Post	Name or company representative	Shares hold		
			Amount	Amount	Amount
Brighton-Best International, Inc.	Independent Director	Chun-An, Sheu	NTD	-	-
	Director	Brighton-Best International (Taiwan) Inc. Representative : Rung-Kun, Shieh	USD	186,000	100.0
	Director	Brighton-Best International (Taiwan) Inc. Representative : Ling-Hwa, Wang	USD	186,000	100.0
Brighton-Best International, (Canada) Inc.	General Manager	Jun Xu			
	Director	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun, Hsieh	CAD	12,004	100.0
	General Manager	Li-Yun, Hsieh			
Brighton-Best International, (UK) Limited	Director	Brighton-Best International (Taiwan) Inc. Representative : Luc Daigle	CAD	12,004	100.0
	Director	Brighton-Best International (Taiwan) Inc. Representative : Luc Daigle Representative : Peter Joseph Bolic	CAD	12,004	100.0
	Director	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun, Hsieh Representative : Rung-Kun, Shieh Representative : Jun Xu Representative : Pei-Rong, Hsieh	GBP	9,200	100.0
Brighton-Best International, (AU) Pty Ltd.	Director	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun, Hsieh Representative : Rung-Kun, Shieh Representative : Jun Xu Representative : Pei-Rong, Hsieh Representative : Karen Van Cuylenburg	AUD	54,000	100.0
Brighton-Best International, (NZ) Limited	Director	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun, Hsieh Representative : Rung-Kun, Shieh Representative : Jun Xu Representative : Pei-Rong, Hsieh Representative : Karen Van Cuylenburg	NZD	786	100.0
Brighton-Best International, (Brasil) Comerciode	Director	Brighton-Best International, Inc.	BRL	362	100.0

Name of enterprise	Post	Name or company representative	Shares hold		
			Amount	Amount	
Parafusos Ltda.		Representative : TING YUEH JEN			
Brighton-Best International Inc. (Cayman)	Director	Li-Yun, Hsieh	Note	Note	
Chengrong (Shanghai) International Trade Co., Ltd.	Director	Li-Yun, Hsieh	Note	Note	
Ta Chen Empire Industry Co., Ltd.	Chairman	Brighton-Best International (Taiwan) Inc. Representative : Li-Yun, Hsieh	NTD	5,300,000	100.0
	Director and General Manager	Brighton-Best International (Taiwan) Inc. Representative: Rung-Kun, Shieh	NTD	5,300,000	100.0
	Director	Brighton-Best International (Taiwan) Inc. Representative : Di-Jin, Chang	NTD	5,300,000	100.0
	Supervisor	Brighton-Best International (Taiwan) Inc. Representative : I-Lan, Ou	NTD	5,300,000	100.0
	Director	Li-Yun, Hsieh		Note	Note
Brighton-Best (Hong Kong) Limited	Director	Li-Yun, Hsieh	Note	Note	
Brighton-Best (Hong Kong) Holding Limited	Director	Li-Yun, Hsieh	Note	Note	

Note: The investment has not been actually remitted.

4. Operation overview of affiliates:

Unit: NTD thousand

Name of enterprise	Capital	Net asset	Net liability	Net value	Operating revenue	Operating income	Current profit and loss (after tax)	Earnings per share (\$) (after tax)
Ta Chen International, Inc.	\$ 23,327,317	\$ 65,803,472	\$ 30,981,702	\$ 34,821,770	\$ 68,040,615	\$ 11,819,584	\$ 7,641,401	
TCI Investment Group, Inc.	94,950	174,046	13,643	160,403	153,128	23,519	23,575	
Empire Resources, Inc.	1,714,340	2,753,567	440,461	2,313,106	4,091,149	463,680	464,750	
Empire Resources Pacific Ltd.		1,005	729	276	-	(16,763)	(2,309)	
Imbali Metals BVBA	624	232,505	22,639	209,866	400,993	44,446	33,047	
Empire Resources UK Ltd.	208,224	319,146	30,953	288,193	238,565	28,399	21,922	
8911 Kelso Drive		81,450	-	81,450	-	233	233	
Primus Pipe and Tube Holding, Inc	877,540	802,713	-	802,713	-	-	97,066	
Primus Pipe and Tube, Inc.	873,575	1,452,548	741,690	710,858	1,595,269	130,762	94,655	
TCI Texarkana, Inc.	9,286,500	22,698,886	16,126,062	6,572,824	13,456,239	357,996	252,258	
Ta Chen (B.V.I.) Holdings, Ltd.	990,817	1,767,735	4,195	1,763,540	-	1,174	(69,546)	
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	141,168	739,831	431,338	308,493	830,169	29,611	9,236	
Ta Chen (Boye) Machinery Co., Ltd.	330,361	824,592	403,523	421,069	590,213	8,936	144	
TMCT Products, Inc.	126,140	280,845	174,384	106,461	-	(10,475)	(12,060)	
Los Osos Holdings, Inc.	68,462	113,502	39	113,463	-	-	(36)	
Clarke St. Property Holdings, LLC	14,240	13,736	-	13,736	-	(102)	(102)	
Procurmore Trading, Inc.	557	554	-	554	-	-	-	
Brighton-Best International (Taiwan) Inc.	10,315,000	30,741,698	11,138,545	19,603,153	7,981,473	1,068,821	3,590,819	\$ 3.50
Brighton-Best International, Inc.	5,801,521	14,860,682	5,822,226	9,038,456	16,982,358	2,886,907	2,078,651	
Brighton-Best International, (UK) Limited	453,097	489,180	65,757	423,423	353,155	54,671	44,106	
Brighton-Best International, (Canada) Inc.	381,149	1,369,758	651,922	717,836	1,013,203	204,633	147,148	
Brighton-Best International, (AU) Pty	1,498,544	1,489,922	636,078	853,844	999,880	(7,296)	1,798	

Name of enterprise	Capital	Net asset	Net liability	Net value	Operating revenue	Operating income	Current profit and loss (after tax)	Earnings per share (\$) (after tax)
Ltd.								
Brighton-Best International, (NZ) Limited	19,328	151,892	137,579	14,313	65,208	5,670	4,895	
Brighton-Best International, (Brasil) Comercio de Parafusos Ltda.	6,486	119,641	180,858	(61,217)	117,395	14,635	7,645	
Ta Chen Empire Co., Ltd.	5,300,000	6,068,027	177,747	5,890,280	2,126,232	213,014	421,671	
Yin Rong (Shanghai) Investment Management Co., Ltd.	2,138	10,106	4,084	6,022	-	-	33	
Ta Chen (Hong Kong) Limited	279,720	1,255,698	1,030,664	225,034	131,484	(2,314)	(9,161)	
Wei Mei Roller Blind Co., Ltd.	30,600	89,865	60,004	29,861	-	(1,169)	(705)	
Ta Chen Lung Mei Home Life Co., Ltd.	200,000	566,558	385,866	180,692	622,846	(90,221)	(77,932)	
Tachen Interior Design Co., Ltd.	50,000	49,956	-	49,956	-	(46)	(44)	

Note 1: Price is calculated according to exchange rate of the end of the year (December 31st, 2021). Prices of 2021 are calculated according to average exchange rate of all seasons of 2021.

(I) Consolidated financial report of affiliates:

The Company has prepared a 2021 consolidated financial report of affiliates (from January 1st, 2021 to December 31st, 2021). In 2021, according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the Company shall list all companies included in the financial report of affiliates, which is identical to the companies included in the consolidated financial report of parent company and subsidiaries according to Article 7 of the Financial and Accounting Standards. The relevant information to be disclosed in the financial report of affiliates shall have been disclosed previously in the consolidated financial report of parent company and subsidiaries. Thus, the Company will not prepare a separate consolidated financial report of affiliates.

(II) Affiliates report: None.

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

8.3 Subsidiary Holding or Disposing of The Company’s Stock Until Publishing Date of This Annual Report:
Unit: NTD thousand; shares; %

Name of subsidiary	Paid-in capital	Source of fund	Percent age of shares held by the Company	Acquisition or disposal date	Number and value of shares acquired	Number and value of shares disposed of	Profit or loss from the investment	Number and value of shares held as of the publication date of the annual report	Pledge creation status	Amount of endorsement/ guarantee provided to the subsidiary by the Company	Amount of loan lent to the subsidiary by the Company
Brighton -Best International (Taiwan) Inc.	10,315,000	Own capital	39.09 %	In the most recent year until the publication date of the annual report	72,804,680 shares 3,240,091 thousand	-	55,265 thousand	137,954,000 shares 6,125,158 thousand	None	-	-
Ta Chen Empire Co., Ltd.	5,300,000	Own capital	parent company	In the most recent year until the publication date of the annual report	98,447,145 shares 4,352,622 thousand	8,624,000 shares 497,014 thousand	306,531 thousand	101,607,568 shares 4,511,376 thousand	None	-	-

8.4 Other Necessary Supplementary Items: None.

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

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

**Consolidated Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF
AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Ta Chen Stainless Pipe Co., Ltd.

By

LI-YUN SHIEH
Chairman
March 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	76,343,511	70	66,685,297	68
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	32,727,654	30	31,446,188	32
TOTAL	\$ 109,071,165	100	\$ 98,131,485	100
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	20,340,835	19	22,929,881	23
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	34,304,214	31	38,244,648	39
Total liabilities	54,645,049	50	61,174,529	62
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	49,025,210	45	28,477,735	29
NON-CONTROLLING INTERESTS (Note 22)	5,400,906	5	8,479,221	9
Total equity	54,426,116	50	36,956,956	38
TOTAL	\$ 109,071,165	100	\$ 98,131,485	100

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			Total	Treasury Shares	Total	Non-controlling Interest (Note 22)	Total Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments						Total Other Equity	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
BALANCE AT JANUARY 1, 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)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 25, 2022.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

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

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group shall restate its comparative information when it initially applies the aforementioned amendments.

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

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

New IFRSs	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied

prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

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

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

Refer to Note 12, Table 8 and Table 9 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

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

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

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

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

g. Inventories

Inventories consist of raw materials (including materials in transit), materials, finished goods, merchandise (including merchandise in transit) and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

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

i. Property, plant, and equipment

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

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

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

j. Investment properties

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

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

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

k. Goodwill

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable at amortized cost, notes receivable, other receivables, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group evaluates expected credit losses on financial assets at amortized cost (including trade receivables) at the end of each reporting period.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group

measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

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

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability.

Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

o. Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as fair value hedges.

1) Fair value hedges

Changes in the designated fair value of derivatives that qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged assets or liabilities attributed to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as reclassification adjustments in the line items relating to the related hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

p. Revenue recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of stainless steel pipes, stainless steel fittings, stainless steel plates, venetian blinds, screws, nuts and aluminum products. Sales of the aforementioned goods are recognized as revenue when the terms of trading are met or the goods are received by the buyers since the significant risks and rewards of ownership of the goods are transferred to the buyers and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Accounts receivable are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Dividend and interest income

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

and that the amount of income can be measured reliably.

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

q. Leasing

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements - employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

u. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Key Sources of Estimation Uncertainty

Write-down of inventory

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 620	\$ 534
Checking accounts and demand deposits	<u>9,331,035</u>	<u>7,299,663</u>
	<u>\$ 9,331,655</u>	<u>\$ 7,300,197</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2021	2020
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (b)	\$ 28,234	\$ 187
Metal price derivative financial instruments contracts (d)		
Swap contracts	<u>149,439</u>	<u>91,238</u>
	<u>177,673</u>	<u>91,425</u>
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>64,427</u>	<u>33,476</u>
	<u>\$ 242,100</u>	<u>\$ 124,901</u>

(Continued)

	December 31	
	2021	2020
<u>Financial assets - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Limited partnership	\$ -	\$ 30,000
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange swap contracts (a)	\$ -	\$ 657
Foreign exchange forward contracts (b)	13,957	29,248
Interest rate swap contracts (c)	74	1,636
Metal price derivative financial instruments contracts (d)		
Swap contracts	167,863	26,740
Forward contracts	70,602	113,558
Future contracts	4,442	15,441
	<u>\$ 256,938</u>	<u>\$ 187,280</u>
		(Concluded)

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

December 31, 2020

	Currency	Maturity Date	Notional Amount (In Thousands)
Foreign exchange swap contracts	AUD/USD	2021.01	AUD 2,591/USD 1,974

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

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

December 31, 2021

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

December 31, 2020

	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	AUD/USD	2021.06	AUD 18/USD 13
Sell	AUD/USD	2021.01-2021.10	AUD 27,830/USD 20,471
Sell	NZD/USD	2021.01-2021.10	NZD 851/USD 569
Sell	EUR/GBP	2021.01-2021.03	EUR 406/GBP 366
Sell	USD/CNY	2021.02-2021.05	USD 400/CNY 2,680

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

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

December 31, 2021

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

December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
USD 40,000	2021.12-2022.03	0.17%-0.5%	Libor 1-3 months

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

December 31, 2021Swap contracts

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

Forward contracts

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

Futures contracts

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

December 31, 2020

Swap contracts

Contract		Notional Amount (In Thousands)	Transaction Amount (In Tons)		Contract Price (Per Ton)	Maturity Date
Aluminum price swaps	USD	41,796	23,406	USD	1,551-2,134	2021.01-2021.12
Aluminum price swaps of Midwestern United States	USD	10,965	45,275	USD	215-292	2021.01-2021.04
Nickel price swaps	USD	5,947	380	USD	14,626-16,357	2021.01-2021.04

Forward contracts

Contract		Notional Amount (In Thousands)	Transaction Amount (In Tons)		Contract Price (Per Ton)	Maturity Date
Aluminum price forwards	USD	135,498	71,179	USD	1,685-2,049	2021.01-2021.07
Nickel price forwards	USD	60,310	3,662	USD	14,817-16,707	2021.01-2021.07

Futures contracts

Contract		Notional Amount (In Thousands)	Transaction Amount (In Tons)		Contract Price (Per Ton)	Maturity Date
Aluminum price futures	USD	17,270	8,675	USD	1,797-2,092	2021.01-2021.03
Aluminum price futures	EUR	5,909	3,650	EUR	1,470-1,713	2021.01-2021.04
Aluminum price futures	GBP	1,269	650	GBP	1,797-2,092	2021.01-2021.03
Nickel price futures	USD	459	30	USD	15,295	2021.01

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

The net gain (loss) attributable to the above derivative contracts in 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Mutual funds	\$ 875	\$ 3,047
Foreign exchange swap contracts	22,117	(12,193)
Foreign exchange forward contracts	30,318	(5,109)
Interest rate swap contracts	(196)	(1,660)
Metal price derivative financial instrument contracts	<u>(2,047,499)</u>	<u>119,216</u>
	<u>\$ (1,994,385)</u>	<u>\$ 103,301</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
<u>Current</u>		
Foreign investments		
Listed shares	<u>\$ 71,199</u>	<u>\$ 16,452</u>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 176,480	\$ -
Unlisted shares	<u>496,222</u>	<u>157,952</u>
	<u>\$ 672,702</u>	<u>\$ 157,952</u>

These investments in equity instruments at FVTOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Pledged time deposits	\$ 2,961,527	\$ 836,786
Pledged demand deposits (reserve account)	3,440,296	1,475,163
Pledged repurchase agreements collateralized by bonds	30,591	31,042
Repurchase agreements collateralized by bonds	<u>13,861</u>	<u>5,008</u>
	<u>\$ 6,446,275</u>	<u>\$ 2,347,999</u>

(Continued)

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Non-current</u>		
Pledged time deposits	\$ 410,000	\$ 20,000
Pledged demand deposits (reserve account)	223,025	324,468
Refundable deposits	<u>679,911</u>	<u>696,167</u>
	<u>\$ 1,312,936</u>	<u>\$ 1,040,635</u>
		(Concluded)

- a. The ranges of interest rates for time deposits (including both time deposits with original maturities of more than three months and pledged time deposits) were approximately 0.01%-2.1% and 0.07%-2.74% as of December 31, 2021 and 2020, respectively.
- b. Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 3,879</u>	<u>\$ 7,741</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 7,315,786	\$ 6,097,034
Less: Allowance for impairment loss	<u>(47,814)</u>	<u>(57,924)</u>
	<u>\$ 7,267,972</u>	<u>\$ 6,039,110</u>

The average credit period of the sale of goods was 30-90 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information or its own trading records to rate its customers. The Group's exposures and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the Group annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk is significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status for notes receivable and the provision for loss allowance based on invoice date for accounts receivable are not further distinguished according to the Group's different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following tables detail the loss allowance of notes receivable and accounts receivable based on the Group's provision matrix.

Notes receivable

The Group assessed that the notes receivable were not past due based on the past due status; thus, the Group did not recognize an expected credit loss for notes receivable as of December 31, 2021 and 2020.

Accounts receivable

December 31, 2021

	<u>No indication of default of debtor</u>				Indication of default of debtor	Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0%-1%	0%-1%	0%-1%	0%-90%	100%	
Gross carrying amount	\$ 6,765,011	\$ 328,692	\$ 111,637	\$ 100,562	\$ 9,884	\$ 7,315,786
Loss allowance (Lifetime ECLs)	<u>(1,697)</u>	<u>(100)</u>	<u>(358)</u>	<u>(35,775)</u>	<u>(9,884)</u>	<u>(47,814)</u>
Amortized cost	<u>\$ 6,763,314</u>	<u>\$ 328,592</u>	<u>\$ 111,279</u>	<u>\$ 64,787</u>	<u>\$ -</u>	<u>\$ 7,267,972</u>

December 31, 2020

	<u>No indication of default of debtor</u>				Indication of default of debtor	Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days		
Expected credit loss rate	0%-1%	0%-1%	0%-1%	0%-90%	100%	
Gross carrying amount	\$ 5,597,775	\$ 356,511	\$ 66,202	\$ 66,446	\$ 10,100	\$ 6,097,034
Loss allowance (Lifetime ECLs)	<u>(822)</u>	<u>(1)</u>	<u>(1)</u>	<u>(47,000)</u>	<u>(10,100)</u>	<u>(57,924)</u>
Amortized cost	<u>\$ 5,596,953</u>	<u>\$ 356,510</u>	<u>\$ 66,201</u>	<u>\$ 19,446</u>	<u>\$ -</u>	<u>\$ 6,039,110</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 57,924	\$ 60,110
Add (Less): Net remeasurement of loss allowance	(8,721)	2,270
Less: Amounts written off	(181)	(2,315)
Foreign exchange gains and losses	<u>(1,208)</u>	<u>(2,141)</u>
Balance at December 31	<u>\$ 47,814</u>	<u>\$ 57,924</u>

Refer to Note 33 for the carrying amount of the Group's accounts receivable pledged as collateral for bank borrowings.

11. INVENTORIES

	December 31	
	2021	2020
Finished goods and merchandise	\$ 35,587,515	\$ 42,845,463
Work in progress	7,564,398	4,213,778
Raw materials	4,316,216	1,734,317
Materials	200,567	73,862
Merchandise in transit	103,329	59,820
Raw materials in transit	<u>2,083,736</u>	<u>383,658</u>
	<u>\$ 49,855,761</u>	<u>\$ 49,310,898</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$67,815,551 thousand and \$50,300,169 thousand, respectively. The cost of goods sold include inventory write-downs of \$20,716 thousand and \$0 for the years ended December 31, 2021 and 2020, respectively.

Refer to Note 33 for the carrying amount of the Group's inventories pledged as collateral for bank borrowings.

12. SUBSIDIARIES

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

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31		
			2021	2020	
The Company	Ta Chen International, Inc. ("TCI")	Manufacture and sale of stainless steel pipes, rolls and pipe fittings	100%	100%	
	Ta Chen (B.V.I.) Holdings Ltd. ("Ta Chen BVI")	Investment	100%	100%	
	Brighton-Best International (Taiwan) Inc. ("BBI-TW")	Import, export and sale of screws and nuts	39.09%	39.08%	1)

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2021	2020	
	Yinrong (Shanghai) Investment Management Limited	Investment	100%	100%	
	Ta Chen (SAMOA) Holdings LTD. (“TCH”)	Investment	-	-	2)
	Wei Mei Roller Blind Co., Ltd. (Wei Mei)	Manufacture and sale of curtains and decorations	100%	100%	3)
	Ta Chen (Hong Kong) Limited	Trading	100%	100%	
	Lung Mei Cloth Co., Ltd. (Lung Mei)	Manufacture and sale of curtains and decorations	69.17%	48.75%	4)
	Ta Chen Interior Design Co., Ltd.	Interior Design and Renovation	100%	-	5)
TCI	TCI Investment Group, Inc.	Import, export and sale of screws and nuts	100%	100%	
	Empire Resources, Inc. (“ERI”)	Import, export and sale of stainless steel and aluminum products	100%	100%	
	Primus Pipe and Tube Holding, Inc. (PPTH)	Investment	100%	100%	
	TCI Texarkana Inc. (TKA)	Manufacture and sale of aluminum products	100%	100%	
ERI	Empire Resources Pacific Ltd.	Import, export and sale of stainless steel and aluminum products	100%	100%	
	Imbali Metals BVBA	Import, export and sale of stainless steel and aluminum products	100%	100%	
	Empire Resources UK Ltd.	Import, export and sale of stainless steel and aluminum products	100%	100%	
	8911 Kelso Drive	Import, export and sale of stainless steel and aluminum products	100%	100%	
PPTH	Primus Pipe and Tube, Inc. (PPT)	Manufacture and sale of stainless steel	100%	100%	
Ta Chen BVI	Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	93.14%	93.14%	
	Ta Chen (Changshu) Co., Ltd.	Manufacture and sale of automotive casting products	-	100%	6)
	Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	100%	100%	
	TMCT Products, Inc.	Investment	100%	100%	
	Los Osos Holding Inc.	Investment	100%	100%	7)
	Clarke St. Property Holdings, LLC	Investment	100%	100%	8)
Los Osos Holding Inc.	Procurmore Trading, Inc.	Trading	100%	-	12)
BBI-TW	Brighton-Best International, Inc. (“BBI-USA”)	Import, export and sale of screws and nuts	100%	100%	
	Brighton-Best International (Canada) Inc. (“BBI-CA”)	Import and sale of screws and nuts	100%	100%	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31 2021	December 31 2020	
	Brighton-Best International (UK), Limited (“BBI-UK”)	Import and sale of screws and nuts	100%	100%	
	Brighton-Best International (AU), Pty Ltd. (“BBI-AU”)	Import and sale of screws and nuts	100%	100%	
	Brighton-Best International (NZ), Limited (“BBI-NZ”)	Import and sale of screws and nuts	100%	100%	
	TA CHEN Empire Co., Ltd. (TCE)	Import, export and sale of aluminum products	100%	100%	
	Brighton-Best (Hong Kong) Limited	Investment	-	-	9)
	Brighton-Best International, Inc. (Cayman)	Investment	-	-	10)
Brighton-Best International, Inc.	Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Import and sale of screws and nuts	99.90%	99.90%	
Brighton-Best International Inc. (Cayman)	Cheng-Rong (Shanghai) International Trading Ltd.	Trading	-	-	11)
Brighton-Best (Hong Kong) Limited	Brighton-Best (Hong Kong) Holding Limited	Investment	-	-	9)

(Concluded)

- 1) The Company continually acquired shares of BBI-TW from open market. As of December 31, 2021, the percentage of ownership held by the Company increased from 39.08% as of December 31, 2020 to 39.09%. The Company has the practical ability to direct the relevant activities of BBI-TW and deems it a subsidiary.
- 2) The Company established TCH on December 11, 2015. As of December 31, 2021, no investment funding was remitted.
- 3) On September 1, 110, Pyramid Stainless Steel Co., Ltd. (“PSS”) changed its name to WEI MEI ROLLER BLIND CO., LTD.
- 4) The Company holds 48.75% of the shares of Lung Mei Cloth Co., Ltd. and on April 1, 2021, it obtained 20.42% of the shares from non-related parties. After the acquisition of shares, the Company held a total of 69.17% of the shares; thus, it is listed as a subsidiary. Please refer to Note 27 for relevant information on the acquisition of equity interest in Lung Mei Cloth Co., Ltd.
- 5) The Company was established in September 2021, and was renamed Tachen interior Design Co., Ltd. from Fanguo interior Design Co., Ltd. in November 2021.
- 6) Subsidiary Ta Chen BVI sold 100% of equity of Ta Chen (Changshu) Co., Ltd. to a non-related party on January 4, 2021. Please refer to Note 28 for the details.
- 7) Established in November 2020.
- 8) Established in July 2020.
- 9) Brighton-Best (Hong Kong) Limited and Brighton-Best (Hong Kong) Holding Limited established in May 2019. As of December 31, 2021, no investment funding was remitted.
- 10) Established on February 15, 2016. As of December 31, 2021, no investment funding was remitted.

11) Established in June 2016. As of December 31, 2021, no investment funding was remitted.

12) Established in September 2021.

See Tables 8 and 9 for the information of location and main business and products of subsidiaries.

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

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2021	2020
BBI-TW	60.91%	60.92%

See Table 8 for information on the places of incorporation and principal places of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests		Accumulated Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
BBI-TW	\$ 1,919,032	\$ 470,390	\$ 5,314,959	\$ 8,457,595
Others	<u>(29,521)</u>	<u>1,573</u>	<u>85,947</u>	<u>21,626</u>
	<u>\$ 1,889,511</u>	<u>\$ 471,963</u>	<u>\$ 5,400,906</u>	<u>\$ 8,479,221</u>

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

BBI-TW and BBI-TW's subsidiaries:

	December 31	
	2021	2020
Current assets	\$ 15,943,563	\$ 18,834,667
Non-current assets	19,436,559	10,017,491
Current liabilities	(7,481,055)	(8,948,949)
Non-current liabilities	<u>(8,295,914)</u>	<u>(3,737,919)</u>
Equity	<u>\$ 19,603,153</u>	<u>\$ 16,165,290</u>
Equity attributable to:		
Owners of BBI-TW	\$ 7,662,873	\$ 6,317,395
Non-controlling interests of BBI-TW	<u>11,940,280</u>	<u>9,847,895</u>
	<u>\$ 19,603,153</u>	<u>\$ 16,165,290</u>

	For the Year Ended December 31	
	2021	2020
Revenue	\$ 21,532,138	\$ 15,203,419
Net profit from continuing operations	\$ 3,590,819	\$ 942,256
Other comprehensive income (loss) for the year	<u>1,045,666</u>	<u>(285,757)</u>
Total comprehensive income for the year	<u>\$ 4,636,485</u>	<u>\$ 656,499</u>
Profit attributable to:		
Owners of BBI-TW	\$ 1,403,651	\$ 354,499
Non-controlling interests of BBI-TW	<u>2,187,168</u>	<u>587,757</u>
	<u>\$ 3,590,819</u>	<u>\$ 942,256</u>
Total comprehensive income attributable to:		
Owners of BBI-TW	\$ 1,812,402	\$ 265,269
Non-controlling interests of BBI-TW	<u>2,824,083</u>	<u>391,230</u>
	<u>\$ 4,636,485</u>	<u>\$ 656,499</u>
Net cash outflow from:		
Operating activities	\$ 4,677,377	\$ 2,123,484
Investing activities	(6,522,694)	(447,803)
Financing activities	755,431	(2,696,365)
Effects of foreign currency exchange differences	<u>(22,424)</u>	<u>(8,167)</u>
Net cash outflow	<u>\$ (1,112,310)</u>	<u>\$ (1,028,851)</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. Investments in associates

	December 31	
	2021	2020
Associates that are not individually material		
Lung Mei Cloth Co., Ltd.	\$ -	\$ 129,555
Amerinox Texarkana, LLC	<u>2,029</u>	<u>28</u>
	<u>\$ 2,029</u>	<u>\$ 129,583</u>

The Group participated in the establishment of Amerinox Texarkana, LLC for US\$1,000 in December 2020, holding 49% of its shares.

The Group originally held 48.75% of the shares of Lung Mei Cloth Co., Ltd. and further acquired 20.42% of the shares from non-related parties on April 1, 2021; as its total shareholding percentage of Lung Mei Cloth Co., Ltd. is 69.17%, it is deemed as a subsidiary of the Group. Please refer to Note 27 for the related information of acquired shares of Lung Mei Cloth Co., Ltd.

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021 (Note)	2020
The Group's share of:		
Net profit for the year	\$ 11,475	\$ 3,291
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 11,475</u>	<u>\$ 3,291</u>

Note: The series includes the investment profit and loss of Lung Mei Cloth Co., Ltd. from January 1, 2021 to March 31, 2021.

b. Prepaid investment

The Company participated in the subscription of the ordinary shares of TY STEEL CO., LTD. and acquired 38.43% of the shares; the registration was completed in January 2022.

14. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are used by the Group.

Refer to Table 11 following these notes to consolidated financial statements for the movements of property, plant and equipment.

As of December 31, 2021 and 2020, the Group held farmland (included in land) of which the proprietary rights were registered in the name of others. The Group has acquired the declaration regarding the unconditional transfer of ownership from the owner, Robert Hsieh.

a. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	2-50 years
Buildings	
Main buildings	10-50 years
Motorized power equipment	5-10 years
Engineering systems	2-20 years
Machinery and equipment	2-25 years
Storage equipment	2-20 years
Electrical equipment	2-20 years
Transportation equipment	2-8 years
Office equipment	2-14 years
Molding equipment	2-10 years
Leasehold improvements	2-40 years
Leased assets	5-10 years
Other equipment	2-15 years

Refer to Note 33 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

b. In consideration of asset activation, the Group sold their land, buildings and investment properties located in the US states of Maryland, Texas and California, to non-related parties in May, September and October 2020, respectively, and then leased back all the assets mentioned above. The leaseback transactions had been recognized as right-of-use assets and lease liabilities based on IFRS 16. The

amount by which the fair value exceeded the carrying amount was recognized as deductions of right-of-use assets based on the proportion of leaseback, and the amount by which the selling price exceeded the fair value was recognized as other short-term or long-term payables based on the liquidity, and amortized over the lease terms.

- c. Due to the freehold nature of the equipment of the valve factories in the stainless steel and aluminum segment, the estimated future cash flows expected to arise from the related equipment decreased. The Group carried out a review of the recoverable amount of the related equipment and determined that the carrying amount exceeded the recoverable amount, which led to the recognition of an impairment loss of \$37,965 thousand for the year ended December 31, 2021.

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

15. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 93,617	\$ 125,386
Buildings	6,749,511	7,481,774
Machinery	<u>-</u>	<u>4,982</u>
	<u>\$ 6,843,128</u>	<u>\$ 7,612,142</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 413,416</u>	<u>\$ 3,815,615</u>
Depreciation charge for right-of-use assets		
Land	\$ 12,556	\$ 13,071
Buildings	977,932	924,391
Machinery	4,945	15,243
Transportation equipment	<u>-</u>	<u>3,167</u>
	<u>\$ 995,433</u>	<u>\$ 955,872</u>

Refer to Note 33 for the carrying amounts of the Group's right-of-use assets pledged as collateral for bank borrowings.

- b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 901,717</u>	<u>\$ 839,187</u>
Non-current	<u>\$ 6,589,594</u>	<u>\$ 7,301,423</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	1.55%-1.58%	1.55%
Buildings	1.32%-3.14%	1.55%-4.13%
Machinery	-	3.14%
Transportation equipment	-	1.55%

c. Material leasing activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 191,335	\$ 133,581
Expenses relating to low-value asset leases	\$ 900	\$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 252	\$ 220
Total cash outflow for leases	\$ (1,264,058)	\$ (1,094,336)

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

16. GOODWILL AND OTHER INTANGIBLE ASSETS

	Other Intangible Assets								
	Goodwill	Customer Relationships	Non-Compete Agreements	Trademarks	Computer Software	Patents	Technical Expertise	Others	Total
Cost									
Balance at January 1, 2020	\$ 3,986,420	\$ 582,931	\$ 399,927	\$ 107,328	\$ 3,093	\$ 11,992	\$ 1,969,686	\$ 605,595	\$ 3,680,552
Additions	-	-	3,028	3	-	-	-	-	3,031
Effects of foreign currency exchange differences	(198,982)	(29,166)	(17,665)	(5,368)	136	(600)	(98,550)	(30,303)	(181,516)
Balance at December 31, 2020	<u>\$ 3,790,438</u>	<u>\$ 553,765</u>	<u>\$ 385,290</u>	<u>\$ 101,963</u>	<u>\$ 3,229</u>	<u>\$ 11,392</u>	<u>\$ 1,871,136</u>	<u>\$ 575,292</u>	<u>\$ 3,502,067</u>
Accumulated amortization and impairment									
Balance at January 1, 2020	\$ (3,349)	\$ (159,432)	\$ (172,142)	\$ (18,812)	\$ (2,578)	\$ (3,212)	\$ (236,941)	\$ (280,230)	\$ (873,347)
Amortization expenses	-	(59,241)	(34,688)	(3,546)	(334)	(1,477)	(195,320)	(243,143)	(537,749)
Effects of foreign currency exchange differences	266	10,120	8,398	1,068	(47)	213	18,921	23,075	61,748
Balance at December 31, 2020	<u>\$ (3,083)</u>	<u>\$ (208,553)</u>	<u>\$ (198,432)</u>	<u>\$ (21,290)</u>	<u>\$ (2,959)</u>	<u>\$ (4,476)</u>	<u>\$ (413,340)</u>	<u>\$ (500,298)</u>	<u>\$ (1,349,348)</u>
Carrying amount at December 31, 2020	<u>\$ 3,787,355</u>	<u>\$ 345,212</u>	<u>\$ 186,858</u>	<u>\$ 80,673</u>	<u>\$ 270</u>	<u>\$ 6,916</u>	<u>\$ 1,457,796</u>	<u>\$ 74,994</u>	<u>\$ 2,152,719</u>

(Continued)

	Other Intangible Assets								Total
	Goodwill	Customer Relationships	Non-Compete Agreements	Trademarks	Computer Software	Patents	Technical Expertise	Others	
<u>Cost</u>									
Balance at January 1, 2021	\$ 3,790,438	\$ 553,765	\$ 385,290	\$ 101,963	\$ 3,229	\$ 11,392	\$ 1,871,136	\$ 575,292	\$ 3,502,067
Acquisitions through business combinations	10,519	-	-	40,900	2,720	-	-	-	43,620
Additions	-	-	55,620	278,100	8,247	-	-	-	341,967
Derecognized on disposal of subsidiary	-	-	-	-	(2,700)	-	-	-	(2,700)
Reclassifications	-	-	-	-	110,288	-	-	-	110,288
Effects of foreign currency exchange differences	(106,924)	(15,555)	(12,649)	(4,165)	(7,138)	(320)	(52,560)	(11,651)	(104,038)
Balance at December 31, 2021	<u>\$ 3,694,033</u>	<u>\$ 538,210</u>	<u>\$ 428,261</u>	<u>\$ 416,798</u>	<u>\$ 114,646</u>	<u>\$ 11,072</u>	<u>\$ 1,818,576</u>	<u>\$ 563,641</u>	<u>\$ 3,891,204</u>
<u>Accumulated amortization and impairment</u>									
Balance at January 1, 2021	\$ (3,083)	\$ (208,553)	\$ (198,432)	\$ (21,290)	\$ (2,959)	\$ (4,476)	\$ (413,340)	\$ (500,298)	\$ (1,349,348)
Acquisitions through business combinations	-	-	-	-	(2,033)	-	-	-	(2,033)
Derecognized on disposal of subsidiary	-	-	-	-	2,513	-	-	-	2,513
Amortization expenses	-	(56,155)	(34,924)	(8,000)	(15,899)	(1,401)	(185,138)	(74,185)	(375,702)
Reclassifications	-	-	-	-	(74,469)	-	-	-	(74,469)
Effects of foreign currency exchange differences	85	6,516	6,964	665	4,324	142	13,783	13,007	45,401
Balance at December 31, 2021	<u>\$ (2,998)</u>	<u>\$ (258,192)</u>	<u>\$ (226,392)</u>	<u>\$ (28,625)</u>	<u>\$ (88,523)</u>	<u>\$ (5,735)</u>	<u>\$ (584,695)</u>	<u>\$ (561,476)</u>	<u>\$ (1,753,638)</u>
Carrying amount at December 31, 2021	<u>\$ 3,691,035</u>	<u>\$ 280,018</u>	<u>\$ 201,869</u>	<u>\$ 388,173</u>	<u>\$ 26,123</u>	<u>\$ 5,337</u>	<u>\$ 1,233,881</u>	<u>\$ 2,165</u>	<u>\$ 2,137,566</u>

(Concluded)

- a. BBI-USA entered into a contract with an unrelated party, PFI, LLC. for the purchase of operating assets in the fourth quarter of 2021. The purchase price was agreed upon by both parties with reference to an expert evaluation report. The purchase price and the acquisition of operating assets were as follows:

Assets acquired on the date of purchase

	Amount
Accounts receivable	\$ 90,684
Inventories	350,274
Prepayments	23,488
Property, plant and equipment - storage equipment	9,134
Intangible assets - trademark	278,100
- non-competition clause	55,620
	<u>\$ 807,300</u>

Goodwill arising from the acquisition of operating assets

	Amount
Purchase price	\$ 807,300
Less: Fair value of identifiable net assets acquired	<u>807,300</u>
Goodwill recognized on acquisitions of operating assets	<u>\$ -</u>

As of the date the consolidated financial statements were authorized for issue, the purchase price allocation report has not been completed; therefore, the purchase price is recognized as cash in the statements of the balance sheets, and additional goodwill arising from the acquisition is retroactively adjusted or recognized in subsequent periods to reflect the facts and circumstances at the date of the acquisition.

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

Customer relationships	8-13 years
Non-compete agreements	7.5-15 years
Trademarks	10-14 years
Computer software	5-10 years
Patents	5-7 years
Technical expertise	8-10 years
Others	1.5-2.4 years

- c. The Group's goodwill has been tested for impairment at the end of the annual reporting period and the recoverable amount is determined based on the value in use. The value in use was calculated based on the cash flow forecast from the financial budgets covering the future five-year period, and the Group used annual discount rates of 13.13%-17.23% and 11.44%-15.74% in its test of impairment as of December 31, 2021 and 2020, respectively, to reflect the relevant specific risk in the cash-generating unit. For the years ended December 31, 2021 and 2020, the Group did not recognize any impairment loss on goodwill.

17. PREPAYMENTS AND OTHER ASSETS

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Prepayments for purchases	\$ 2,141,841	\$ 813,447
Other	<u>656,349</u>	<u>347,340</u>
	<u>\$ 2,798,190</u>	<u>\$ 1,160,787</u>
<u>Other assets - non-current</u>		
Prepayments for property, plant, and equipment	\$ 899,934	\$ 72,567
Other	<u>4,631</u>	<u>6,158</u>
	<u>\$ 904,565</u>	<u>\$ 78,725</u>

18. BORROWINGS

- a. Short-term borrowings

	<u>December 31</u>	
	2021	2020
<u>Secured borrowings</u>		
Revolving bank borrowings	\$ 6,196,736	\$ 6,403,375
Borrowings of usance L/C	<u>3,796,401</u>	<u>2,900,619</u>
	<u>\$ 9,993,137</u>	<u>\$ 9,303,994</u>

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

	December 31	
	2021	2020
Revolving bank borrowings	0.9%-2.5%	0.49%-2.75%
Borrowings of usance L/C	0.85%-4.88%	0.82%-4.65%

As for the borrowings of usance L/C and revolving bank borrowings as of December 31, 2021 and 2020, the Company had signed cross currency swap contracts with financial institutions. The amount of hedged loans for interest rate and exchange rate risks was \$265,728 thousand (US\$9,600 thousand) and \$654,186 thousand (US\$22,970 thousand), respectively. Refer to Note 31 for the details.

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	\$ 1,370,000	\$ 2,440,000
Less: Unamortized discounts on bills payable	<u>411</u>	<u>992</u>
	<u>\$ 1,369,589</u>	<u>\$ 2,439,008</u>

Outstanding short-term bills payable were as follows:

December 31, 2021

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

Note 1: The range of interest rates was 0.45%-0.89%.

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
China Bills	\$ 180,000	\$ 28	\$ 179,972	Note 2	None
China Bills	100,000	8	99,992	Note 2	Pledged time deposits
China Bills	240,000	20	239,980	Note 2	Land and buildings
China Bills	5,000	1	4,999	Note 2	None
Mega Bills	100,000	8	99,992	Note 2	None
Mega Bills	100,000	12	99,988	Note 2	Pledged repurchase agreements collateralized by bonds
Grand Bills	200,000	74	199,926	Note 2	None
Grand Bills	100,000	8	99,992	Note 2	Pledged repurchase agreements collateralized by bonds
International Bills	100,000	182	99,818	Note 2	None
International Bills	160,000	21	159,979	Note 2	Pledged time deposits
Cooperative Bills	150,000	161	149,839	Note 2	None
Cooperative Bills	70,000	11	69,989	Note 2	Pledged repurchase agreements collateralized by bonds
Taiwan Bills	200,000	76	199,924	Note 2	None
Taiwan Bills	150,000	25	149,975	Note 2	Pledged time deposits
Union Bills	100,000	8	99,992	Note 2	Reserve Account
Dah Chung Bills	150,000	152	149,848	Note 2	None
Dah Chung Bills	150,000	19	149,981	Note 2	Pledged time deposits
Ta Ching Bills	100,000	114	99,886	Note 2	None
Ta Ching Bills	80,000	63	79,937	Note 2	Pledged time deposits
Ta Ching Bills	5,000	1	4,999	Note 2	Pledged repurchase agreements collateralized by bonds
	<u>\$2,440,000</u>	<u>\$ 992</u>	<u>\$2,439,008</u>		

Note 2: The range of interest rates was 0.40%-0.92%.

c. Long-term borrowings

	December 31	
	2021	2020
<u>The Company</u>		
1) Syndicated bank loan - 2018		
a) Loan (A) medium-term and long-term secured borrowings	\$ 3,740,000	\$ 6,222,500
b) Loan (B) medium-term and long-term secured borrowings	-	1,100,000
c) Loan (D) medium-term and long-term secured borrowings (commercial paper)	-	699,789
		(Continued)

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
2) Unsecured loans		
Due from May 2021 to February 2034, interest rates at 0.95% p.a. and 0.95%-1.83% p.a. as of December 31, 2021 and 2020, respectively	\$ 300,000	\$ 2,783,190
3) Secured loans		
Due from April 2022 to December 2023, interest rates at 1.2%-1.4% p.a. and 1.15%-1.4% p.a. as of December 31, 2021 and 2020, respectively	<u>635,000</u>	<u>1,657,889</u>
	<u>4,675,000</u>	<u>12,463,368</u>

The subsidiaries

1) Syndicated bank loan		
a) TCI and TCI subsidiaries – J.P. Morgan (JPM)	15,916,000	17,144,960
b) BBI-TW - 2021	3,399,686	-
c) BBI-USA	539,760	2,036,320
d) Ta Chen HK	938,905	1,418,304
2) Medium-term and long-term secured borrowings		
Due from December 2021 to December 2031, interest rates at 0.95%-4% p.a. and 0.95%-4.64% p.a. as of December 31, 2021 and 2020, respectively	<u>2,261,730</u>	<u>2,029,195</u>
	<u>23,056,081</u>	<u>22,628,779</u>
	27,731,081	35,092,147
Less: Unamortized arrangement fee of long - term borrowings	<u>177,209</u>	<u>90,982</u>
	27,553,872	35,001,165
Less: Current portion	<u>1,533,301</u>	<u>6,405,338</u>
Long-term borrowings	<u>\$ 26,020,571</u>	<u>\$ 28,595,827</u>
		(Concluded)

The Company

The main purposes of the syndicated loan and medium-term and long-term loans are to enhance operating revolving funds and arrange for capital expenditures in accordance with the long-term financial plans of the Company. The details are as follows:

The Company entered into a syndicated loan agreement (credit facility of up to \$12.5 billion) with a syndicate of banks in October 2018 (due in October 2023). The credit line and credit used as of December 31, 2021 and 2020 were as follows:

	Credit Line (In Thousands)	<u>Credit used as of December 31,</u>		Loan Period	Interest Rate
		2021	2020		
Loan (A)	\$ 6,550,000	\$ 3,740,000	\$ 6,222,500	Within 5 years from the first date of drawdown until the maturity date, inclusive of a grace period of 24 months	1.8% and 2.1% as of December 31, 2021 and 2020
Loan (B)	1,880,000	-	1,100,000	Within 5 years from the first date of drawdown until the maturity date	2% as of December 31, 2020
Loan (C)	3,370,000	-	-	Within 5 years from the first date of drawdown until the maturity date	
Loan (D)	700,000	-	700,000	Within 1 year from the first date of drawdown until the maturity date	0.5%-1.262% as of December 31, 2020
	<u>\$ 12,500,000</u>	<u>\$ 3,740,000</u>	<u>\$ 8,022,500</u>		

Repayment terms were as follows:

Loan (A): Within 24 months from the first drawdown date until the maturity date, repayable in seven semiannual installments. The first two installments each repays 5% of the unsettled balance of principal; the third to sixth installments each repays 10% of the unsettled balance of principal; and the seventh installment repays 50% of the unsettled balance of principal.

Loan (B) and Loan (C): The loan must be repaid on the maturity date, mentioned in the drawdown notice; otherwise, the payment shall be made in accordance with the syndicated loan agreement.

Loan (D): From the first drawdown date until the maturity date, the loan is allowed to be used on a revolving basis. The company may renew the commercial paper under this contract. Reimbursement of the original issued commercial paper due to the proceeds of the ticket.

Under the syndicated loan agreement, the land, buildings and other facilities were pledged as collateral. In addition, the loan agreement requires the Company to maintain certain financial ratios; refer to Note 18(d) for more details.

The subsidiaries

1) Syndicated bank loans

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

TCI, ERI, and its subsidiaries entered into a syndicated credit agreement (credit facility of up to US\$ 500,000 thousand) with a syndicate of banks in May 2017. In July 2017 and October 2018, the loan agreement was re-signed, adding PPT and TKA to the loan agreement, respectively. The main purposes of the syndicated loan are to repay financial loans, enhance operating revolving funds and arrange for capital expenditures. An amendment was made to the agreement, in which the aggregate amount of the revolving commitments increased to US\$975,000 thousand. The maturity date of the loan is in November 2026. TCI and ERI started using the credit from May 2017 while PPT started using the credit from September 2017 and TKA started using the credit from November 2018. The following table shows the borrowings balances and interest rates as of December 31, 2021 and 2020 (in thousands of USD).

	December 31				Interest Rate
	2021		2020		
TCI	USD	-	USD	329,800	1.94%-3.19% as of December 31, 2020
TKA	USD	575,000	USD	260,800	1.625% and 1.94% as of December 31, 2021 and 2020
PPT	USD	-	USD	11,400	1.94% as of December 31, 2020

Refer to Note 18(d) for details regarding the financial ratios required by the loan agreement.

b) BBI-TW - 2021

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

	Credit Line	Credit Used (Note 2)		Loan Period	Interest Rate
			December 31, 2021		
Loan (A)	Note 1	\$	1,500,000	Within 5 years from the first drawdown date until the maturity date	1.797%
Loan (B)	Note 1		1,700,000	Within 5 years from the first drawdown date until the maturity date	1.797%
Loan (C)	Note 1		-	Within 5 years from the first drawdown date until the maturity date	-
Loan (D)	Note 1		200,000	Within 1 year from the first drawdown date until the maturity date, if the covenants of loans (A), (B) and (C) are not breached during the loan period, loan (D) will be renewable every year within 5 years from the first drawdown date	1.70%

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

	<u>December 31</u> <u>2021</u>
Loan (A)	\$ 1,500,000
Loan (B)	3,750,000
Loan (C)	3,750,000
	(or in USD equivalent)
Loan (D)	1,000,000

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

Repayment terms were as follows:

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

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

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

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

Refer to Note 18(d) for details regarding the financial ratios required by the loan agreement.

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

c) BBI-USA

The subsidiary BBI-USA entered into a syndicated loan agreement (credit facility of up to US\$180,000 thousand) with a syndicate of banks in August 2013. The main purposes of the syndicated loan are to repay its existing financial loan and enhance operating revolving funds. Interest rates were 2.75% and 2.15% as of December 31, 2021 and 2020, respectively. The subsidiary BBI-USA amended the above syndicated loan agreement with the syndicate of banks on February 26, 2016. The amendments include revising the credit facility to US\$260,000 thousand from February 26, 2016, and changing the loan maturity date to August 2021. The main purposes of the amended syndicated loan are the same as the original one.

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

Refer to Note 18(d) for details regarding the financial ratios required by the loan agreement.

d) Ta Chen HK

Ta Chen HK entered into a syndicated loan agreement (credit facility of up to US\$ 62,500 thousand) with a syndicate of banks in October 2019. The main purposes of the syndicated loan are to repay financial loan and enhance operations of revolving funds for Ta Chen BVI. Ta Chen HK started using the credit from December 2019. The maturity date of the loan is in December 2024. The interest rate was 1.51%-1.62% and 1.55%-1.64% as of December 31, 2021 and 2020. Refer to Note 18(d) for details regarding the financial ratios required by the loan agreement.

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

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

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

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

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

Note 4: BBI-USA is required to comply with these financial covenants in each of its annual audited

financial statements and monthly financial statements (self-assessed).

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

As of and for the years ended December 31, 2021, the Company and its subsidiaries have complied with the above-stated requirements.

19. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable</u>		
Operating	\$ 70,892	\$ 33,174
Non-operating	<u>23,763</u>	<u>29,471</u>
	<u>\$ 94,655</u>	<u>\$ 62,645</u>

The non-operating notes payable listed above were used for purchasing property, plant, and equipment.

Accounts payable

Accounts payable resulted from operating activities. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER PAYABLES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Other payables		
Salary and incentive bonus	\$ 764,707	\$ 184,180
Remuneration of directors	49,288	900
Employees' compensation	314,835	60,700
Payables for annual leave	90,927	74,064
Payables for freight and custom duties	255,599	300,881
Accrued expenses	520,342	582,476
Others	<u>360,161</u>	<u>94,735</u>
	<u>\$ 2,355,859</u>	<u>\$ 1,297,936</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and its subsidiary BBI-TW adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company and BBI-TW make

monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

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

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

b. Defined benefit plans

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

The Company adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes contributions, equal to 15% of total monthly salaries, to a pension fund, for which the contributions are deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 341,563	\$ 315,231
Fair value of plan assets	<u>(404,214)</u>	<u>(371,954)</u>
Net defined benefit liabilities (assets)	<u>\$ (62,651)</u>	<u>\$ (56,723)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	\$ 322,418	\$ (345,876)	\$ (23,458)
Service cost			
Current service cost	4,654	-	4,654
Net interest expense (income)	<u>2,417</u>	<u>(2,684)</u>	<u>(267)</u>
Recognized in profit or loss	<u>7,071</u>	<u>(2,684)</u>	<u>4,387</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,100)	(11,100)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Actuarial loss - changes in demographic assumptions	\$ 566	\$ -	\$ 566
Actuarial loss - changes in financial assumptions	7,160	-	7,160
Actuarial gain - experience adjustments	(11,878)	-	(11,878)
Recognized in other comprehensive income	<u>(4,152)</u>	<u>(11,100)</u>	<u>(15,252)</u>
Contributions from the employer	<u>-</u>	<u>(22,400)</u>	<u>(22,400)</u>
Benefits paid	<u>(10,106)</u>	<u>10,106</u>	<u>-</u>
Balance at December 31, 2020	315,231	(371,954)	(56,723)
Acquired by business combination	28,563	(24,086)	4,477
Service cost			
Current service cost	3,841	-	3,841
Net interest expense (income)	<u>1,718</u>	<u>(2,039)</u>	<u>(321)</u>
Recognized in profit or loss	<u>5,559</u>	<u>(2,039)</u>	<u>3,520</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,942)	(4,942)
Actuarial loss - changes in demographic assumptions	8,504	-	8,504
Actuarial gain - changes in financial assumptions	(3,865)	-	(3,865)
Actuarial loss - experience adjustments	<u>8,978</u>	<u>-</u>	<u>8,978</u>
Recognized in other comprehensive income	<u>13,617</u>	<u>(4,942)</u>	<u>8,675</u>
Contributions from the employer	<u>-</u>	<u>(22,600)</u>	<u>(22,600)</u>
Benefits paid	<u>(21,407)</u>	<u>21,407</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 341,563</u>	<u>\$ (404,214)</u>	<u>\$ (62,651)</u> (Concluded)

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

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 2,305	\$ 2,987
Selling and marketing expenses	293	320
General and administrative expenses	<u>922</u>	<u>1,080</u>
	<u>\$ 3,520</u>	<u>\$ 4,387</u>

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

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.625%	0.50%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (7,701)</u>	<u>\$ (7,161)</u>
0.25% decrease	<u>\$ 7,976</u>	<u>\$ 7,419</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 7,733</u>	<u>\$ 7,183</u>
0.25% decrease	<u>\$ (7,506)</u>	<u>\$ (6,970)</u>

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	\$ <u>20,126</u>	\$ <u>16,305</u>
Average duration of the defined benefit obligation	9.1-11.4 years	9.3 years

22. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>2,200,000</u>	<u>1,800,000</u>
Shares authorized	\$ <u>22,000,000</u>	\$ <u>18,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>2,008,466</u>	<u>1,658,466</u>
Shares issued		
Ordinary shares	\$ <u>20,084,659</u>	\$ <u>16,584,659</u>

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

The portion of shares reserved for employees' subscription has been recognized as salary expense of \$158,642 thousand based on the fair value of the stock options, which was also included in capital surplus – employee stock options. The capital increase in cash had been approved by the Securities and Futures Bureau of the FSC on August 17, 2021, the board of directors determined the base date of the capital increase as October 25, 2021, and the registration for the change had been completed.

In June 2020, the shareholders resolved in their meeting to issue 24,676 thousand ordinary shares with a par value of NT\$10 as the appropriation of the 2019 earnings, which were fully paid for in the amount of \$246,758 thousand. On June 30, 2020, the above transaction was approved by the FSC, and the subscription base date was determined as July 21, 2020. The registration for the change had also been completed.

On July 10, 2020, the Company's board of directors resolved to issue 500,000 thousand ordinary shares with a par value of \$10, for a tentative consideration of \$20 per share. On August 7, 2020, the above transaction was approved by the FSC.

Subsequently, on August 13, 2020, the Company's board of directors resolved to reduce the number of ordinary shares issued to 400,000 thousand, for an adjusted consideration of \$18 per share. The portion of shares reserved for employees' subscription has been recognized as salary expense of \$19,708 thousand based on the fair value of the stock options, which was also included in capital surplus – employee stock options. The amendment of the above capital increase in cash had been approved by the Securities and Futures Bureau of the FSC on August 24, 2020, and the payments for the shares have been fully collected. The board of directors determined the base date of the capital increase as October 27, 2020, and the registration for the change had been completed.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Issuance of ordinary shares	\$ 22,054,172	\$ 11,672,302
Treasury share transactions	458,048	305,094
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	315,032	360,277
Expired employee share options	13,503	13,503
<u>May only be used to offset a deficit</u>		
Share of changes in capital surplus of subsidiary	<u>153,061</u>	<u>3,186</u>
	<u>\$ 22,993,816</u>	<u>\$ 12,354,362</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

The board of directors of BBI-TW, which is the subsidiary of the Company, resolved to transfer all treasury shares to employees for \$26.5 per share, The portion of share-based payment transferred for the Company's employees has been recognized as capital surplus - share of changes in capital surplus of subsidiary of \$116,395 thousand.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 24(j) "Employees' compensation and remuneration of directors and supervisors for 2021 and 2020".

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

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

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

The appropriations of earnings for 2020 and 2019, approved in the shareholders' meetings on July 15, 2021 and June 22, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ -	\$ 182,078		
Special reserve	621,056	1,300,610		
Cash dividends	-	1,048,722	\$ -	\$ 0.85
Share dividends	-	246,758	-	0.2

The issuance of cash dividends of \$1,326,772 thousand and \$185,069 thousand from the capital surplus at NT\$0.8 and NT\$0.15 per share was also approved in the shareholders' meeting in July 2021 and June 2020, respectively.

The appropriation of earnings for 2021 was proposed by the Company's board of directors on March 25, 2022. The appropriation was as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 966,840	
Special reserve	1,775,669	
Cash dividends	3,615,239	\$ 1.8
Share dividends	200,847	\$ 0.1

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in their meeting to be held in June 2022.

d. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (2,527,406)	\$ (974,583)
Exchange differences on translating the financial statements of foreign operations	<u>(1,078,913)</u>	<u>(1,552,823)</u>
Balance at December 31	<u>\$ (3,606,319)</u>	<u>\$ (2,527,406)</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (7,745)	\$ 515
Recognized for the year		
Unrealized gains and losses		
Equity instruments	<u>26,315</u>	<u>(8,260)</u>
Balance at December 31	<u>\$ 18,570</u>	<u>\$ (7,745)</u>

3) Gain (loss) on hedging instruments

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (960,368)	\$ (379,532)
Recognized for the year		
Gain (loss) on changes in the fair value of hedging instruments		
Cross-currency swaps	28,405	(5,638)
Interest rate swaps	489,889	(770,446)
Related income tax	(3,643)	3,694
Reclassification adjustment		
Hedged items affecting profit or loss		
Cross-currency swaps	(10,193)	(12,830)
Interest rate swaps	<u>159,854</u>	<u>204,384</u>
Balance at December 31	<u>\$ (296,056)</u>	<u>\$ (960,368)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 8,479,221	\$ 9,854,067
Attributable to non-controlling interests:		
Share in profit for the year	1,889,511	471,963
Exchange differences on translating the financial statements of foreign operations	(211,094)	(223,780)
Cash dividends of subsidiaries' shareholders	(869,913)	(915,110)
The Company's shares held by subsidiaries accounted for as treasury shares	(4,428,951)	(197,579)
Disposal of Company's shares by subsidiaries recognized as treasury share transactions	270,382	178,270
Treasury shares transferred from subsidiaries	199,993	-
Treasury shares purchased by subsidiaries	-	(176,359)
Non-controlling interest arising from acquisition of subsidiaries (Note 27)	94,871	-
Adjustment to non-controlling interest for dividends paid to subsidiaries	34,497	36,120
Changes in equity in subsidiaries	60	-
Acquisition of non-controlling interests in subsidiaries	<u>(57,671)</u>	<u>(548,371)</u>
Balance at December 31	<u>\$ 5,400,906</u>	<u>\$ 8,479,221</u>

f. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2021	76,933
Increase during the year	171,252
Decrease during the year	<u>(8,624)</u>
Number of shares at December 31, 2021	<u>239,561</u>
Number of shares at January 1, 2020	66,746
Increase during the year	18,817
Decrease during the year	<u>(8,630)</u>
Number of shares at December 31, 2020	<u>76,933</u>

BBI-TW and TCE held shares of the Company and classified them as financial assets at FVTPL and financial assets at FVTOCI. The Company recognized treasury shares by ownership percentage of BBI-TW and TCE.

For the purpose of investment, related information regarding shares of the Company held by subsidiaries on the balance sheet date was as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Cost	Market Price
<u>December 31, 2021</u>			
BBI-TW	<u>137,954</u>		<u>\$ 6,380,373</u>
TCE	<u>101,607</u>		<u>\$ 4,699,350</u>
Belonging to the Company	<u>93,644</u>	<u>\$ 4,004,953</u>	<u>\$ 4,331,035</u>
<u>December 31, 2020</u>			
BBI-TW	<u>65,149</u>		<u>\$ 2,039,173</u>
TCE	<u>11,784</u>		<u>\$ 368,852</u>
Belonging to the Company	<u>30,065</u>	<u>\$ 1,132,861</u>	<u>\$ 941,035</u>

Treasury shares held by BBI-TW and TCE are bestowed shareholders' rights because the ownership percentage held by the Company was under 50%.

23. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 96,886,248</u>	<u>\$ 59,234,909</u>

Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (Note 10)	\$ 7,267,972	\$ 6,039,110	\$ 5,082,705

Refer to Note 38 for segment revenue information.

Contract liabilities

	December 31, 2021	December 31, 2020	January 1, 2020
Sales of goods	\$ 49,206	\$ -	\$ -

24. PROFIT (LOSS) BEFORE INCOME TAX

a. Other operating income and expenses

	For the Year Ended December 31	
	2021	2020
Gain on disposal of investment properties	\$ -	\$ 191,647
Gain (loss) on disposal of property, plant and equipment	(1,227)	198,633
	<u>\$ (1,227)</u>	<u>\$ 390,280</u>

b. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits and financial assets at amortized cost	\$ 14,768	\$ 18,737

c. Other income

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 2,021	\$ 20,339
Packing income	21,387	16,822
Dividends	836	302
Others	<u>131,517</u>	<u>157,826</u>
	<u>\$ 155,761</u>	<u>\$ 195,289</u>

d. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Foreign exchange gain	\$ 1,139,373	\$ 941,106
Foreign exchange losses	(1,455,324)	(1,445,238)
Net gain (loss) on financial assets designated as at FVTPL	(1,994,385)	103,301
Impairment loss on property, plant and equipment	(37,965)	-
Loss on disposal of subsidiaries accounted for using the equity method	(41,607)	-
Deemed as gain on disposal of accounted for using the equity method	12,197	-
Others	<u>(15,097)</u>	<u>(1,764)</u>
	<u>\$ 2,392,808</u>	<u>\$ (402,595)</u>

e. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 862,259	\$ 1,242,215
Amortization of arrangement fees of syndicated bank loans	81,367	69,358
Loss arising on derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	149,661	191,554
Interest on lease liabilities	<u>204,824</u>	<u>207,136</u>
	1,298,111	1,710,263
Less: Amounts included in the cost of qualifying assets	<u>3,726</u>	<u>5,231</u>
	<u>\$ 1,294,385</u>	<u>\$ 1,705,032</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	\$ 3,726	\$ 5,231
Capitalization rate	1.51%	1.42%-1.71%

f. Impairment loss

	For the Year Ended December 31	
	2021	2020
Other receivables	<u>\$ (16,928)</u>	<u>\$ (12,869)</u>

g. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	\$ 839,770	\$ 777,653
Investment properties	-	1,533
Other intangible assets	375,702	537,749
Other non-current assets	605	709
Right-of-use assets	<u>995,433</u>	<u>955,872</u>
	<u>\$ 2,211,510</u>	<u>\$ 2,273,516</u>
An analysis of depreciation by function		
Operating costs	\$ 582,518	\$ 454,035
Operating expenses	<u>1,252,685</u>	<u>1,281,023</u>
	<u>\$ 1,835,203</u>	<u>\$ 1,735,058</u>
An analysis of amortization by function		
Operating costs	\$ 605	\$ 709
Operating expenses	<u>375,702</u>	<u>537,749</u>
	<u>\$ 376,307</u>	<u>\$ 538,458</u>

h. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Direct operating expenses from investment properties generating rental income	\$ -	\$ 1,533

i. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 6,462,170	\$ 4,215,688
Post-employment benefits		
Defined contribution plans	116,528	73,190
Defined benefit plans (refer to Note 21)	<u>3,520</u>	<u>4,387</u>
	<u>120,048</u>	<u>77,577</u>
Total employee benefits expense	<u>\$ 6,582,218</u>	<u>\$ 4,293,265</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,945,790	\$ 1,413,440
Operating expenses	<u>4,636,428</u>	<u>2,879,825</u>
	<u>\$ 6,582,218</u>	<u>\$ 4,293,265</u>

j. Employees' compensation and remuneration of directors and supervisors for 2021 and 2020

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates of no less than 3% and no higher than 1.5%, respectively, of net profit before income tax,

employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2021, which were approved by the Company's board of directors on March 25, 2022 were as follows:

Accrual rate

	For the Year Ended December 31, 2021
Employees' compensation	3%
Remuneration of directors and supervisors	0.46%

Amount

	For the Year Ended December 31, 2021
Employees' compensation - cash	\$ 310,526
Remuneration of directors - cash	48,088

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

No employees' compensation and remuneration of directors and supervisors were estimated due to the loss before income tax for the year ended December 31, 2020.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

25. INCOME TAX

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

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 4,154,720	\$ 281,501
Adjustments for prior years	12,847	(67,858)
Income tax on unappropriated earnings	<u>16,983</u>	<u>-</u>
	<u>4,184,550</u>	<u>213,643</u>
Deferred tax		
In respect of the current year	<u>(332,484)</u>	<u>(192,597)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,852,066</u>	<u>\$ 21,046</u>

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

	For the Year Ended December 31	
	2021	2020
Profit (loss) before tax	\$ 15,414,494	\$ (80,412)
Income tax expense calculated at the statutory rate	\$ 3,789,346	\$ 5,606
Non-deductible expenses (income) in determining taxable income	153,803	(17,013)
Tax - added income	2,327	-
Income tax on unappropriated earnings	16,983	-
Unrecognized loss carryforwards and deductible temporary differences	(110,711)	104,560
Adjustments for prior years	12,847	(67,858)
Deduction of income tax	<u>(12,529)</u>	<u>(4,249)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,852,066</u>	<u>\$ 21,046</u>

The corporate tax rate applicable to companies in the ROC is 20%. The corporate tax rate applicable to subsidiaries in China is 25%, while the tax rate applicable to subsidiaries in the U.S. is 21%. Tax rates used by other entities of the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax expense recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year:		
Fair value changes of hedging instruments for cash flow hedges	\$ (3,643)	\$ 3,694
Remeasurement of defined benefit plans	<u>1,774</u>	<u>(3,050)</u>
Total income tax recognized in other comprehensive income	<u>\$ (1,869)</u>	<u>\$ 644</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	<u>\$ 216</u>	<u>\$ 161,483</u>
Current tax liabilities		
Income tax payable	<u>\$ 973,502</u>	<u>\$ 80,165</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Difference between tax reporting and financial reporting - depreciation and amortization expenses	\$ 16,724	\$ 13,216	\$ -	\$ (325)	\$ 29,615
Associates	308,391	391,663	-	-	700,054
Defined benefit obligations	13,898	-	1,774	-	15,672
Unrealized loss on inventories	197,882	10,959	-	(16,722)	192,119
Difference between tax reporting and financial reporting - inventory capitalization	285,545	9,893	-	(8,137)	287,301
Allowance for doubtful accounts and sales return	13,466	9,874	-	(506)	22,834
Derivative financial liabilities for hedging	3,538	-	(3,538)	-	-
Difference between profit and loss of sale-lease back disposal	91,872	(13,932)	-	(2,417)	75,523
Others	<u>236,261</u>	<u>292,581</u>	<u>-</u>	<u>(7,493)</u>	<u>521,349</u>
	1,167,577	714,254	(1,764)	(35,600)	1,844,467
Loss carryforward	<u>1,064,292</u>	<u>(403,363)</u>	<u>-</u>	<u>(26,630)</u>	<u>634,299</u>
	<u>\$ 2,231,869</u>	<u>\$ 310,891</u>	<u>\$ (1,764)</u>	<u>\$ (62,230)</u>	<u>\$ 2,478,766</u>
Temporary differences					
Hedging instruments	\$ -	\$ -	\$ 105	\$ -	\$ 105
Difference between tax reporting and financial reporting - depreciation and amortization expenses	1,244,464	(38,054)	-	(34,509)	1,171,901
Net defined benefit Assets	11,345	1,865	-	-	13,210
Unrealized gain or loss on financial instrument	-	57	-	-	57
Others	<u>1,010</u>	<u>14,539</u>	<u>-</u>	<u>(203)</u>	<u>15,346</u>
	<u>\$ 1,256,819</u>	<u>\$ (21,593)</u>	<u>\$ 105</u>	<u>\$ (34,712)</u>	<u>\$ 1,200,619</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Temporary differences					
Difference between tax reporting and financial reporting - depreciation and amortization expenses	\$ 19,414	\$ (2,608)	\$ -	\$ (82)	\$ 16,724
Associates	364,791	(56,124)	-	(276)	308,391
Defined benefit obligations	16,948	-	(3,050)	-	13,898
Unrealized loss on inventories	212,219	(6,866)	-	(7,471)	197,882
Difference between tax reporting and financial reporting - inventory capitalization	277,267	23,521	-	(15,243)	285,545
Allowance for doubtful accounts and sales return	15,274	(83)	-	(1,725)	13,466
Derivative financial liabilities for hedging	-	-	3,538	-	3,538
Difference between profit and loss of sale-lease back disposal	-	95,321	-	(3,449)	91,872
Others	<u>263,743</u>	<u>(20,489)</u>	<u>-</u>	<u>(6,993)</u>	<u>236,261</u>
	1,169,656	32,672	488	(35,239)	1,167,577

(Continued)

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Loss carryforward	\$ 235,751	\$ 853,157	\$ -	\$ (24,616)	\$ 1,064,292
	<u>\$ 1,405,407</u>	<u>\$ 885,829</u>	<u>\$ 488</u>	<u>\$ (59,855)</u>	<u>\$ 2,231,869</u>
Deferred Tax Liabilities					
Temporary differences					
Hedging instruments	\$ 156	\$ -	\$ (156)	\$ -	\$ -
Difference between tax reporting and financial reporting - depreciation and amortization expenses	614,822	685,581	-	(55,939)	1,244,464
Net defined benefit Assets	4,691	6,654	-	-	11,345
Others	-	997	-	13	1,010
	<u>\$ 619,669</u>	<u>\$ 693,232</u>	<u>\$ (156)</u>	<u>\$ (55,926)</u>	<u>\$ 1,256,819</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2026	\$ 1,833	\$ 1,833
Expiry in 2027	60,662	41,229
Expiry in 2028	51,954	43,145
Expiry in 2029	12,963	12,963
Expiry in 2030	260	260
Expiry in 2031	<u>73,615</u>	<u>-</u>
	<u>\$ 201,287</u>	<u>\$ 99,430</u>
Deductible temporary differences	<u>\$ 287,988</u>	<u>\$ 279,134</u>

- f. Aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

The Company and BBI-TW determined that the unappropriated earnings of overseas subsidiaries would be reinvested permanently for the continuous expansion of the scale of operations and to support the needs for operating funds of overseas subsidiaries (the unappropriated earnings as of December 31, 2021 were approved by the Company's board and BBI-TW's board of directors on March 25, 2022). As a result, no deferred tax liability has been recognized on the related investment income recognized under the equity method.

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$20,961,633 thousand and \$10,703,222 thousand, respectively.

- g. Income tax assessments

The tax returns of the Company, BBI-TW, Wei Mei and Lung Mei through 2019 have been assessed by the tax authorities. The tax returns of the subsidiary TCE through 2018 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Net Profit (Loss) for the Year

	For the Year Ended December 31	
	2021	2020
Profit (loss) for the year attributable to owners of the Company	\$ <u>9,672,917</u>	\$ <u>(573,421)</u>

Number of Shares

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,679,072	1,306,681
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>6,714</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,685,786</u>	<u>1,306,681</u>

The Company offered to settle compensation paid to employees in cash or shares, therefore, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

In consideration of the net loss for the year 2020, the dilutive effect of the potential shares attributed to employees' compensation was excluded from the computation of diluted earnings per share.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Lung Mei Cloth Co., Ltd.	Manufacture and sale of curtains and decorations	April 1, 2022	20.42	\$ 81,668

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

b. Consideration transferred

Acquisition-related costs amounting to \$105 thousand were excluded from the consideration transferred

and were recognized as expenses in the periods incurred under administrative expenses in the consolidated statements of comprehensive income. The consideration was transferred in the form of cash.

c. Assets acquired and liabilities assumed at the date of acquisition

	Lung Mei Cloth Co., Ltd.
Current assets	
Cash and cash equivalents	\$ 95,970
Trade and other receivables	20,062
Inventories	75,192
Others	40,116
Non-current assets	
Property, plant and equipment	303,657
Right-of-use assets	57,928
Intangible assets	41,587
Others	10,249
Current liabilities	
Short-term borrowings	(46,000)
Trade and other payables	(79,429)
Contract liabilities	(35,224)
Lease liabilities	(35,505)
Others	(6,890)
Non-current liabilities	
Long-term borrowings	(97,979)
Lease liabilities	(23,037)
Net defined benefit liabilities - non-current	(4,477)
Others	(200)
	<u>\$ 316,020</u>

d. Non-controlling interests

The non-controlling interest (a 30.83% ownership interest in Lung Mei Cloth Co., Ltd.) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest.

e. Goodwill recognized on acquisitions

	Lung Mei Cloth Co., Ltd.
Fair value before acquisition	\$ 150,000
Consideration transferred	81,668
Plus: Non-controlling interests (30.83% in Lung Mei Cloth Co., Ltd.)	94,871
Less: Fair value of identifiable net assets acquired	<u>(316,020)</u>
Goodwill recognized on acquisitions	<u>\$ 10,519</u>

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

f. Net cash outflow on the acquisition of subsidiaries

	Lung Mei Cloth Co., Ltd.
Consideration paid in cash	\$ 81,668
Less: Cash and cash equivalent balances acquired	<u>(95,970)</u>
	<u>\$ (14,302)</u>

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Lung Mei Cloth Co., Ltd.
Revenue	<u>\$ 435,439</u>
Profit	<u>\$ (97,811)</u>

If Lung Mei Cloth Co., Ltd. completed the acquisition at the beginning of 2021, the Group's revenue would have been \$97,033,527 thousand, and the profit would have been \$11,572,845 thousand for the year ended December 31, 2021. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2021, nor is it intended to be a projection of future results.

28. DISPOSAL OF SUBSIDIARIES

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

a. Consideration received from disposal

	Ta Chen (Changshu) Co., Ltd.
Consideration received in cash	<u>\$ 370,485</u>

b. Analysis of assets and liabilities on the date control was lost

	Ta Chen (Changshu) Co., Ltd.
Current assets	\$ 348,514
Non-current assets	219,504
Current liabilities	<u>(155,926)</u>
Net assets disposed of	<u>\$ 412,092</u>

c. Loss on disposal of subsidiaries

	Ta Chen (Changshu) Co., Ltd.
Consideration received	\$ 370,485
Net assets disposed of	<u>(412,092)</u>
Loss on disposals	<u>\$ (41,607)</u>

d. Net cash inflow on disposals of subsidiaries

	Ta Chen (Changshu) Co., Ltd.
Consideration received in cash	\$ 370,485
Less: Cash and cash equivalent balances disposed of	<u>42,724</u>
	<u>\$ 327,761</u>

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group successively acquired shares of BBI-TW from the market, leading to an increase in the shareholding ratio from 39.08% for the year ended December 31, 2020 to 39.09% for the following year.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

For the year ended December 31, 2021

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

For the year ended December 31, 2020

	BBI-TW
Cash consideration paid	\$ (1,140,714)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>724,730</u>
Differences recognized from equity transactions	<u>\$ (415,984)</u>

(Continued)

BBI-TWLine items adjusted for equity transactions

Capital surplus	\$ (369,594)
Retained earnings	<u>(46,390)</u>
	<u>\$ (415,984)</u> (Concluded)

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged for 2021 and 2020.

The capital structure of the Group consists of net debt and equity of the Group.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to improve the Company's earnings and manage the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or existing debt redeemed and invested in financial instruments.

31. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

Fair value hierarchy

The carrying amounts of the Group's financial instruments that are not measured at fair value, such as cash and cash equivalents, receivables, other financial assets, bank borrowings, short-term notes and bills payable and accounts payable, approximate their fair values.

- b. Fair value of financial instruments measured at fair value on a recurring basis

- 1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 177,673	\$ -	\$ 177,673
Mutual funds	<u>64,427</u>	<u>-</u>	<u>-</u>	<u>64,427</u>
	<u>\$ 64,427</u>	<u>\$ 177,673</u>	<u>\$ -</u>	<u>\$ 242,100</u> (Continued)

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

(Concluded)

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 91,425	\$ -	\$ 91,425
Mutual funds	33,476	-	-	33,476
Limited partnership	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
	<u>\$ 33,476</u>	<u>\$ 91,425</u>	<u>\$ 30,000</u>	<u>\$ 154,901</u>
Financial assets at FVTOCI				
Foreign listed shares	\$ 16,452	\$ -	\$ -	\$ 16,452
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>157,952</u>	<u>157,952</u>
	<u>\$ 16,452</u>	<u>\$ -</u>	<u>\$ 157,952</u>	<u>\$ 174,404</u>
Financial liabilities at FVTPL				
Derivatives	<u>\$ -</u>	<u>\$ 187,280</u>	<u>\$ -</u>	<u>\$ 187,280</u>
Financial liabilities for hedging				
Derivatives	<u>\$ -</u>	<u>\$ 923,356</u>	<u>\$ -</u>	<u>\$ 923,356</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

The private share of listed company is evaluated by B-S Model with the target price, option exercise price, risk-free rate, historic volatility, and the maturity date.

The fair value measurement of foreign exchange swap contracts, foreign exchange forward contracts and cross-currency swaps are based on the exchange rate quotations and corresponding yield curves. The fair value measurement of metal swap contracts, metal forward contracts and metal future contracts are based on the forward quotations of the metal and the corresponding yield

curves. Option contracts were measured by option pricing models.

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair value of limited partnerships is estimated on the basis of net value. The fair value of domestic unlisted equity investments is evaluated based on the market approach, which compares the ratio of the stock price to the net value of similar peers.

4) Adjustment of financial instruments measured by Level 3 fair value

2021

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

2020

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income
	Non-derivative financial assets	Equity instruments
Balance at January 1, 2020	\$ -	\$ 175,622
Additions	30,000	-
Recognized in other comprehensive income	-	(17,670)
Balance at December 31, 2020	<u>\$ 30,000</u>	<u>\$ 157,952</u>

c. Categories of financial instruments

	December 31	
	2021	2020
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ 177,673	\$ 91,425
Mandatorily classified as at FVTPL	64,427	63,476
Financial assets for hedging	104,030	-
Financial assets at amortized cost (Note 1)	24,668,699	16,921,592
Financial assets at FVTOCI	743,901	174,404

(Continued)

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	\$ 256,938	\$ 187,280
Financial liabilities for hedging	314,516	923,356
Financial liabilities at amortized cost (Note 2)	43,692,835	50,206,350 (Concluded)

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

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term and long-term loans (long-term loans due in one year included), short-term bills payable, accounts payable (related parties included), other payables and guarantee deposit received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, short-term bills payable and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price risk (refer to (c) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange swap contracts, foreign exchange forward contracts and foreign exchange option contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed

to foreign currency risk at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Group was mainly exposed to the USD. The following table details the Group's sensitivity to an increase and decrease in the functional currency against the relevant foreign currencies. A positive number below indicates an increase in pre-tax profit associated with the functional currency strengthening 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact (Note)	
	For the Year Ended December 31	
	2021	2020
Profit or loss	\$ 132,548	\$ 99,473

Note: \$256,728 thousand and \$654,186 thousand of short-term loans that were hedged with cross-currency swaps had been deducted from the impact of USD for the years ended December 31, 2021 and 2020, respectively.

This was mainly attributable to the exposure on outstanding foreign currency and cash equivalents, receivables, other receivables, other financial assets, payables and loans, which were not hedged at the end of the reporting date.

The Group's sensitivity to foreign currency increased during the current period due to the increase in the sales of the US dollar-denominated goods, which is caused by the increase in foreign currency trade receivables. The management believes that the sensitivity analysis cannot represent the inherent risk of the exchange rate because the foreign currency risk at the balance sheet date cannot be reflected on the interim period that the sales in US dollar will vary with orders and asset investment position.

Hedge accounting

For the year ended December 31, 2021

The Group entered into cross-currency swap contracts to mitigate the risk of changes in foreign exchange rates on cash flow exposure related to its outstanding variable rate debts.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the cross-currency swaps, which is not reflected in the cash flow of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness is expected to emerge from these hedging relationships.

The outstanding cross-currency swap contracts at the end of the reporting period were as follows:

December 31, 2021

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

For the year ended December 31, 2021

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

For the year ended December 31, 2020

The Group entered into cross-currency swap contracts to mitigate the risk of changes in foreign exchange rates on cash flow exposure related to its outstanding variable rate debts.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the cross-currency swaps, which is not reflected in the cash flow of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness is expected to emerge from these hedging relationships.

The outstanding cross-currency swap contracts at the end of the reporting period were as follows:

December 31, 2020

Notional Amount (in thousand)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount
					Liability
US\$5,000	2020.3.20~2021.3.22	0%	1.46%	Financial liabilities for hedging	\$ 12,428
US\$9,600	2020.4.29~2021.5.4	0.25%	2.75%	Financial liabilities for hedging	21,235
US\$8,370	2020.5.4~2021.5.6	0.1%	2.60%	Financial liabilities for hedging	18,116

For the year ended December 31, 2020

Hedged Items	Change in Value Used for	Accumulated Gains or losses on Hedging Instruments in Other Equity		
		Calculating Hedge Ineffectiveness	Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge				
Long-term borrowings	\$ -	\$ (17,688)	\$ -	

For the year ended December 31, 2021

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

For the year ended December 31, 2020

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount Reclassified to P/L and the Adjusted Line Item Due to Hedged Future Cash Flows No Longer Expected to Occur (iv)
Cash flow hedge		
Forecast cash flow interest rate risk	\$ (18,466)	\$ 12,830

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group through maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>December 31</u>	
	2021	2020
Cash flow interest rate risk		
Financial assets	\$ 12,792,107	\$ 8,158,148
Financial liabilities	35,692,449	41,806,114

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have been lower by \$226,346 thousand and \$329,938 thousand, respectively (which deducted the impact of loans hedged with cross-currency swaps amounting to \$265,728 thousand and \$654,186 thousand, respectively).

Hedge accounting

The Group entered into interest rate swap contracts to mitigate the risk of changes in interest rates on the cash flow exposure related to its outstanding variable rate debts, and those transactions are designated as cash flow hedges. Interest rate swap contracts are settled on a monthly basis. Floating rate on interest swap contracts is an interbank interest rate. The Group will settle the difference between fixed and floating interest rate on a net basis.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the foreign exchange forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness is expected to emerge from these hedging relationships.

The outstanding interest rate swap contracts at the end of the reporting period were as follows:

December 31, 2021

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

2021

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or Losses on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge Syndicated Loans of J.P. Morgan (JPM)	\$ -	\$ (209,282)	\$ -
			Amount Reclassified to P/L and the Adjusted Line Item
Comprehensive Income		Hedging Gains (Losses) Recognized in OCI	Due to Hedged Item Affecting P/L
Cash flow hedge Fluctuations of interest of loan	\$ -	\$ 649,743	\$ (159,854)

December 31, 2020

Notional Amount (in thousand)	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Line Item in Balance Sheet	Carrying Amount	
					Liability	
USD 75,000	2024.5.6	1.98%	USD LIBOR- 1month	Financial liabilities for hedging	\$	129,084
USD 30,000	2024.5.6	1.93%	USD LIBOR- 1month	Financial liabilities for hedging		50,187
USD 95,000	2024.5.6	2.47%	USD LIBOR- 1month	Financial liabilities for hedging		208,413
USD 50,000	2024.5.6	2.48%	USD LIBOR- 1month	Financial liabilities for hedging		110,174
USD 50,000	2024.5.6	2.59%	USD LIBOR- 1month	Financial liabilities for hedging		115,480
USD 100,000	2024.5.6	1.31%	USD LIBOR- 1month	Financial liabilities for hedging		28,753
USD 100,000	2023.5.6	1.27%	USD LIBOR- 1month	Financial liabilities for hedging		32,326
USD 50,000	2022.5.6	2.89%	USD LIBOR- 1month	Financial liabilities for hedging		56,570
USD 50,000	2022.5.8	3.03%	USD LIBOR- 1month	Financial liabilities for hedging		59,771
USD 25,000	2024.5.7	1.20%	USD LIBOR- 1month	Financial liabilities for hedging		24,263
USD 50,000	2024.5.7	1.37%	USD LIBOR- 1month	Financial liabilities for hedging		56,556
						<u>\$ 871,577</u>

2020

Hedged Items	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or Losses on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge			
Syndicated Loans of J.P. Morgan (JPM)	\$ -	\$ (871,577)	\$ -
			Amount Reclassified to P/L and the Adjusted Line Item
	Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Due to Hedged Item Affecting P/L
Cash flow hedge			
Fluctuations of interest of loan		\$ (566,062)	\$ (204,834)

The cash flow hedge includes the risk of LIBOR against USD. On December 31, 2021, the amount of interest rate exchange contracts used for hedging was US\$575,000 thousand. As the target interest rate may be withdrawn on June 30, 2023, the Group has assigned special personnel to continuously observe the market conditions and the progress of the interest rate index management agency in developing alternative interest rate indicators, and to evaluate the overall risk of the Group against the interest rate indicator for research. The conversion to other interest rate indicators is expected to be completed in December 2022.

Before the uncertainty caused by the change in interest rate indicators disappears, the Group assumes that neither the risk aversion in the interest rate risk hedging relationship nor the interest rate indicators based on the hedging tools will change due to the change in interest rate indicators. The Group assessed that after it revised the contract and clearly stipulated that the LIBOR would be replaced by another target interest rate, the relevant uncertainty would be eliminated.

For the adjustment information of other equity for hedging, refer to Note 22.

c) Other price risk

The Group was exposed to market price risk through its investments in metal (i.e. aluminum and nickel) price swap contracts which aimed to lower the impact of material price fluctuations on profitability.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to market price risks at the end of the reporting period.

With regard to the unsettled aluminum and nickel price derivative instrument contracts, if market prices had been 1% higher/lower, pre-tax loss for years ended December 31, 2021 and 2020 would have increased/decreased by \$11,558 thousand and \$3,143 thousand, respectively, as a result of the changes in fair value of investments at fair value through profit or loss. With regard to the unsettled aluminum and nickel price swap contracts, the Group had recognized unrealized losses of \$93,468 thousand and unrealized gain \$64,501 thousand for years ended December 31, 2021 and 2020, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and
- b) The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposures and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the risk management committee annually.

Accounts receivable consisted of a large number of customers which are spread across diverse industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of customers with accounts receivable.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized short-term bank loan facilities as set out in (3) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest rates are floating, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

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

Additional information about the maturity analysis for lease liabilities:

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

December 31, 2020

	On Demand and Less than 1 year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 3,374,156	\$ 88,002
Lease liabilities	1,034,037	8,510,654
Fixed interest rate bank loans	3,167,560	641,825
Floating interest rate bank loans	<u>15,115,425</u>	<u>29,188,367</u>
	<u>\$ 22,691,178</u>	<u>\$ 38,428,848</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 1,034,037</u>	<u>\$ 3,648,420</u>	<u>\$ 4,862,234</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settled on a net basis. When the amount payable or receivable was not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2021

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

December 31, 2020

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Foreign exchange forward contracts	\$ 29,248	\$ -
Cross-currency swap contracts	51,779	-
Foreign exchange swap contracts	657	-
Interest rate swap contracts	1,636	-
Metal price derivative contracts	<u>155,739</u>	<u>-</u>
	<u>\$ 239,059</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facilities, reviewed annually:		
Amount used	\$ 6,139,610	\$ 5,675,972
Amount unused	<u>13,640,564</u>	<u>2,700,841</u>
	<u>\$ 19,780,174</u>	<u>\$ 8,376,813</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 32,954,921	\$ 41,160,382
Amount unused	<u>38,755,276</u>	<u>36,377,519</u>
	<u>\$ 71,710,197</u>	<u>\$ 77,537,901</u>

32. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. The names of the related parties and their relationships with the Group

Related Party Name	Relationship
Jinn Her Enterprise Co., Ltd.	Corporate director of subsidiaries
Fang Sheng Screw Co., Ltd.	Associate of the directors of Subsidiaries
LPJR INVESTMENT LLC. (LPJR)	Related party in substance
Ou Bo Hua Company	Related party in substance
WINLINK FASTENERS CO., LTD.	Related party in substance (Note 2)
Tong Win International Co., Ltd. (Tong Win)	Related party in substance (Note 2)
Lung Mei Cloth Co., Ltd.	Associate (Note 1)

Note1: The transaction amounts and account balances disclosed in this note were generated during the

time the Company was an unconsolidated subsidiary till April 1, 2021.

Note2: Detail of transactions are disclosed after it became related parties since June 15, 2020.

b. Sales of goods

Line Item	Related Party Category / Name	For the Year Ended December 31	
		2021	2020
Revenue from sale of goods	Associate	\$ 20,064	\$ 70,677

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

c. Purchases of goods and purchase allowances

Related Party Category / Name	For the Year Ended December 31	
	2021	2020
Jinn Her Enterprise Co., Ltd.	\$ 844,285	\$ 1,118,951
Fang Sheng Screw Co., Ltd.	440,106	595,713
Tong Win	1,088,355	63,317
Related party in substance	<u>209,926</u>	<u>225,637</u>
	\$ 2,582,672	\$ 2,003,618

The items and prices of the purchases from related parties do not have similar items to which they can be compared. The Company's payment term to related parties is 5 to 90 days or prepaid; and the payment term to third parties is prepaid or 0 to 90 days.

d. Receivables from related parties

Line Item	Related Party Category / Name	December 31	
		2021	2020
Accounts receivable	Associate	\$ -	\$ 8,239
Other receivables	Associate	\$ -	\$ 33
	Corporate director of subsidiaries	529	654
	Related party in substance	<u>-</u>	<u>138</u>
		\$ 529	\$ 825

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

e. Payables to related parties

Line Item	Related Party Category / Name	December 31	
		2021	2020
Accounts payable	Corporate director of subsidiaries	\$ 67,803	\$ 144,792
	Related party in substance	<u>36,159</u>	<u>11,967</u>
		\$ 103,962	\$ 156,759

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

f. Prepayments

Related Party Category / Name	December 31	
	2021	2020
Corporate director of subsidiaries	\$ <u>182,268</u>	\$ <u>234,489</u>

g. Payments for property, plant and equipment

Related Party Category / Name	For the Year Ended December 31, 2020
Related party in substance LPJR	\$ <u>408,441</u>

h. Refundable deposits (recognized as financial assets at amortized cost - non-current)

Related Party Category / Name	December 31	
	2021	2020
Related party in substance	\$ <u>1,900</u>	\$ <u>1,600</u>

i. Lease agreements - the Group is lessee

- 1) The Company entered into a contract with its related parties in substance to rent office space, dormitories, and show rooms from December 2021 to December 2022, and the rental is based on similar asset's market rental rates and fixed lease payments are paid quarterly.

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

	December 31	
	2021	2020
Future lease payables	\$ 11,490	\$ 3,952

- 2) The Group entered into a contract with its related parties in substance to rent a plant from September 2018 to August 2028. The Group has prepaid the rent of the first year and determined to pay the rest on a monthly basis.

The Group purchased the plant from its related party in substance in 2020 and the contract was terminated in 2020.

Related Party Category / Name	For the Year Ended December 31, 2020
<u>Interest expense</u>	
Related party in substance	\$ <u>2,234</u>
<u>Lease expense</u>	
Related party in substance	\$ <u>9,936</u>

j. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 566,832	\$ 318,552
Post-employment benefits	1,282	1,189
Share-based payment	<u>5,896</u>	<u>621</u>
	<u>\$ 574,010</u>	<u>\$ 320,362</u>

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2021	2020
Financial assets at amortized cost (pledged time deposits, pledged demand deposits and pledged repurchase agreements collateralized by bonds)	\$ 7,065,439	\$ 2,687,459
Accounts receivable	6,036,615	4,668,270
Inventories	45,915,100	43,057,969
Property, plant and equipment, net	4,924,644	4,978,247
Right-of-use assets	<u>24,198</u>	<u>18,537</u>
	<u>\$ 63,965,996</u>	<u>\$ 55,410,482</u>

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2021 and 2020 were as follows:

- a. Unused letters of credit for purchases of raw materials as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Unused letters of credit for purchases of raw materials	\$ <u>717,439</u>	\$ <u>453,826</u>

- b. Unrecognized commitments were as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	\$ <u>5,061,939</u>	\$ <u>293,652</u>

- c. As of December 31, 2021, the subsidiary BBI-USA provided a letter of credit in the amount of \$141,168 thousand (US \$5,100 thousand) to Hudson Insurance Company, the insurance company of the customs broker of BBI-USA, as collateral for the customs investigation described below.
- d. The U.S. Customs and Border Protection (“CBP”) has conducted an investigation into BBI-USA (including the import procedures, information about main vendors or manufacturers, product content, place of production, control of antidumping products, etc.) in accordance with the Tariff Act of 1930 in the U.S. since April 2014. The U.S. CBP’s main investigation is to determine the country of origin of certain steel threaded rods that BBI-USA imported through merchants; in order to examine whether the manufacturers of fasteners in China sell products to America through triangular trades so as to avoid antidumping duties. The matter is still in the investigation phase, and BBI-USA has been cooperating actively and taking the relevant measures. As of the date the consolidated financial statements were authorized for issue, BBI-USA has not received investigation reports or administrative punishment from the U.S. CBP. According to the statement from the attorney of BBI-USA, BBI-USA should not be subjected to such antidumping import duties or additional penalty.

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In March 2022, TKA signed a syndicated loan with syndicate members including First Commercial Bank for a total amount of US\$85,000 thousand for the purpose of building a new plant and replenishing the operating capital of TKA. As of March 25, 2022, the loan has not been utilized.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

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

Financial liabilities

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

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 375,962	28.48	\$ 10,707,403
USD	6,881	6.5249 (USD:CNY)	195,969
EUR	1,596	35.02	55,894
EUR	3,238	8.025 (EUR:CNY)	113,413
GBP	2,219	38.9	86,319
CAD	6,348	22.35	141,867
AUD	19,596	21.95	430,139
CNY	10,584	4.377	46,324
NZD	1,348	20.58	27,736

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 47,758	28.48	\$ 1,360,147
USD	2,015	6.5249 (USD:CNY)	57,399
USD	4,791	5.1967 (USD:BRL)	136,443
USD	1,975	1.2743 (USD:CAD)	56,252
AUD	2,087	1.0666 (AUD:NZD)	45,804
			(Concluded)

The Group is mainly exposed to the foreign exchange risk of the USD. The following information was aggregated by the functional currencies of the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
2021			2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ (303,135)	1 (NTD:NTD)	\$ (486,961)
USD	28.0090 (USD:NTD)	4,598	29.5492 (USD:NTD)	3,557
BRL	5.1930 (BRL:NTD)	(4,662)	5.7752 (BRL:NTD)	(12,890)
CAD	22.3533 (CAD:NTD)	1,120	22.06 (CAD:NTD)	1,687
NZD	19.83 (NZD:NTD)	(254)	19.21 (NZD:NTD)	(1,163)
GBP	38.5567 (GBP:NTD)	(1,314)	37.94 (GBP:NTD)	723
AUD	21.0558 (AUD:NTD)	(782)	20.39 (AUD:NTD)	397
CNY	4.3417 (CNY:NTD)	<u>(11,522)</u>	4.2827 (CNY:NTD)	<u>(9,482)</u>
		<u>\$ (315,951)</u>		<u>\$ (504,132)</u>

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 9) Trading in derivative instruments (Notes 7 and 31)
 - 10) Intercompany relationships and significant intercompany transactions (Table 7)
- b. Information on investees (Table 8)
 - c. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2, 5, 6, 7 and 9):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
 - d. Information on major shareholders: the name, amount and proportion of shareholders who hold more than 5 % of the shares (Table 10).

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance is based on the types of goods provided. Stainless steel and aluminum segment as well as screw head and nuts segments are the main segments for the Group.

Specifically, the Group's reportable segments were as follows:

Stainless steel and aluminum segment - the Company, TCI, PPTH, ERI, TCH,TKA, PSS, TCE, Ta Chen BVI and its subsidiaries mainly focus on manufacturing and selling of stainless steel pipes, stainless steel pipe fittings as well as selling stainless steel plates (rolls), bars and aluminum products.

Screws and nuts segment - TIG, BBI-TW, BBI-USA, BBI-CA, BBI-UK, BBI-AU, BBI-NZ and BBI-BZ mainly focus on selling screws and nuts.

Curtains and decoration segment – Lung Mei and Wei Mei mainly focus on the manufacture and sale of curtains and decorations.

a. Segment revenue and results

	Stainless Steel and Aluminum	Screws and Nuts	Curtains and Decorations	Adjustments and Eliminations	Total
<u>For the year ended December 31, 2021</u>					
Revenue from external customers	\$ 76,936,080	\$ 19,514,729	\$ 435,439	\$ -	\$ 96,886,248
Inter-segment revenue	<u>13,718,913</u>	<u>2,170,465</u>	<u>-</u>	<u>(15,889,378)</u>	<u>-</u>
Segment revenue	<u>\$ 90,654,993</u>	<u>\$ 21,685,194</u>	<u>\$ 435,439</u>	<u>\$(15,889,378)</u>	<u>\$ 96,886,248</u>
Segment income	<u>\$ 14,478,106</u>	<u>\$ 4,593,822</u>	<u>\$ (109,237)</u>	<u>\$ (26,080)</u>	\$ 18,936,611
Non-operating income and expenses					(2,239,207)
Finance costs					(1,294,385)
Share of associates accounted for using the equity method					11,475
Profit before income tax					<u>\$ 15,414,494</u>
<u>For the year ended December 31, 2020</u>					
Revenue from external customers	\$ 45,800,711	\$ 13,434,198	\$ -	\$ -	\$ 59,234,909
Inter-segment revenue	<u>5,903,951</u>	<u>1,956,044</u>	<u>-</u>	<u>(7,859,995)</u>	<u>-</u>
Segment revenue	<u>\$ 51,704,662</u>	<u>\$ 15,390,242</u>	<u>\$ -</u>	<u>\$ (7,859,995)</u>	<u>\$ 59,234,909</u>
Segment income	<u>\$ (183,001)</u>	<u>\$ 1,578,222</u>	<u>\$ -</u>	<u>\$ 427,546</u>	\$ 1,822,767
Non-operating income and expenses					(201,438)
Finance costs					(1,705,032)
Share of associates accounted for using the equity method					3,291
Profit before income tax					<u>\$ (80,412)</u>

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, rental revenue, interest income, gains or losses on disposals of financial instruments, foreign exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group operates in three principal geographical areas - USA, Taiwan and China.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2021	2020
USA	\$ 88,736,475	\$ 52,652,621
China	1,156,369	1,241,671
Taiwan	4,471,082	3,420,046
Others	<u>2,522,322</u>	<u>1,920,571</u>
	<u>\$ 96,886,248</u>	<u>\$ 59,234,909</u>
	Non-current Assets	
	December 31	
	2021	2020
USA	\$ 20,064,179	\$ 20,646,381
China	667,677	927,644
Taiwan	5,747,606	5,180,388
Others	<u>991,425</u>	<u>1,045,013</u>
	<u>\$ 27,470,887</u>	<u>\$ 27,799,426</u>

Non-current assets excluded those classified as investments accounted for using the equity method financial instruments (include prepayments for investments), goodwill and deferred tax assets.

c. Information about major customers

The customer contributing 10% or more to the Group's revenue was as follows:

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Customer A	<u>\$ 10,531,831</u>	<u>11</u>	<u>\$ 4,746,874</u>	<u>8</u>

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	
													Item	Value			
0	The Company	Wei Mei Window, Inc.	Other receivables from related parties	Y	\$ 60,000	\$ 60,000	\$ 60,000	-	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 4,902,521	\$ 19,610,084	
1	Ta Chen (B.V.I.) Holdings Ltd.	TMCT Product, Inc.	Other receivables from related parties	Y	277,380	-	-	2%	2	-	Operating capital	-	None	-	1,763,546	1,763,546	
2	Brighton-Best International (Taiwan) Inc.	Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	1,443	-	-	-	1	7,254	-	-	None	-	7,254	8,505,981	
		Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	5,068	4,723	-	-	-	2	-	Operating capital	-	None	-	3,917,686	7,841,261
		Brighton-Best International (AU), Pty Ltd.	Other receivables from related parties	Y	202,302	105,750	105,750	-	-	1	587,170	-	-	None	-	587,170	8,505,981
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	37,027	36,197	30,371	-	-	1	77,550	-	-	None	-	77,550	8,505,981
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	17,121	-	-	-	-	2	-	Operating capital	-	None	-	3,917,686	7,841,261
		Brighton-Best International (UK), Limited	Other receivables from related parties	Y	8,639	-	-	-	-	1	136,803	-	-	None	-	136,803	8,505,981
		Brighton-Best International, Inc.	Other receivables from related parties	Y	197,456	-	-	-	-	1	6,724,348	-	-	None	-	6,724,348	8,505,981
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	85,605	83,040	83,040	-	-	2	-	Operating capital	-	None	-	1,804,234	3,615,383
3	Brighton-Best International, Inc.	Brighton-Best International (Canada), Inc.	Other receivables from related parties	Y	71,338	69,200	-	-	2	-	"	-	None	-	1,804,234	3,615,383	
		Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	44,176	44,176	39,355	-	2	-	"	-	None	-	170,769	341,538	
4	Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Other receivables from related parties	Y	2,036,515	-	-	-	1	1,550,573	-	-	None	-	1,550,573	2,356,112	
		Empire Resources, Inc.	Other receivables from related parties	Y	564,934	-	-	-	1	347,713	-	-	None	-	347,713	2,356,112	
		Brighton-Best International (Taiwan) Inc.	Other receivables from related parties	Y	1,000,000	-	-	-	2	-	Operating capital	-	None	-	1,178,056	2,356,112	
5	Empire Resources, Inc.	8911 Kelso Drive	Other receivables from related parties	Y	104,825	-	-	-	2	-	"	-	None	-	3,377,410	3,377,410	
		Ta Chen International, Inc.	Other receivables from related parties	Y	2,758,405	2,758,405	960,496	-	2	-	"	-	None	-	3,377,410	3,377,410	
		Imbali Metals BVBA	Other receivables from related parties	Y	222,480	222,480	175,432	1M LIBOR+1.75%	2	-	Operating capital	-	None	-	3,377,410	3,377,410	
6	Primus Pipe and Tube Holding, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	13,400	13,400	13,400	1M LIBOR+1.75%	2	-	"	-	None	-	944,690	944,690	
7	Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	Other receivables from related parties	Y	333,136	194,298	194,298	4.5%	2	-	"	-	None	-	1,125,170	1,125,170	
		The Company	Other receivables from related parties	Y	692,000	692,000	692,000	-	2	-	"	-	None	-	1,125,170	1,125,170	
		Ta Chen International, Inc.	Other receivables from related parties	Y	740,480	-	-	-	2	-	"	-	None	-	1,125,170	1,125,170	
8	Ta Chen International, Inc.	Primus Pipe and Tube, Inc.	Other receivables from related parties	Y	245,880	-	-	Prime-0.125%	2	-	"	-	None	-	34,821,769	34,821,769	
9	TCI Investment Group, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	44,235	-	-	-	2	-	"	-	None	-	160,403	160,403	
10	8911 Kelso Drive	Empire Resources, Inc.	Other receivables from related parties	Y	83,790	80,655	80,655	-	2	-	"	-	None	-	81,450	81,450	

Note 1:

Financing Limit for Each Borrower

The Company	10% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (B.V.I.) Holdings Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (Taiwan) Inc.	For business transaction: Recently business transaction amount For short-term financing: 20% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International, Inc.	20% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (AU), Pty Ltd.	20% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen Empire Co., Ltd.	Recently business transaction amount or 20% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen International, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements
TA CHEN (Changshu) Co., Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (Hong Kong) Limited	Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements
TCI Investment Group, Inc.	Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements

Aggregate Financing Limit

The Company	40% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (B.V.I.) Holdings Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (Taiwan) Inc.	For business transaction: Recently business transaction amount plus 40% of net worth in recently audited financial statements or reviewed financial statements For short-term financing: 40% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International, Inc.	40% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (AU), Pty Ltd.	40% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen Empire Co., Ltd.	40% of net worth in recently audited financial statements or reviewed financial statements Recently business transaction amount plus 40% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen International, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
TA CHEN (Changshu) Co., Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (Hong Kong) Limited	500% of net worth in recently audited financial statements or reviewed financial statements
TCI Investment Group, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements

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

Note 2: The nature for financing is as follows:

- 1) Business transaction
- 2) The need for short-term financing

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Ta Chen (B.V.I.) Holdings Ltd.	Subsidiary	\$ 98,050,420	\$ 4,082,423	\$ 4,082,423	\$ 99,873	\$ -	8		Y	N	N
		Ta Chen (Hong Kong) Limited	Subsidiary	98,050,420	2,138,760	2,138,760	2,138,760	-	4		Y	N	N
		Lungmei Curtain Inc.	Subsidiary	98,050,420	200,000	200,000	200,000	-	-		Y	N	N
		Ta Chen (Shijiazhuang) Co., Ltd.	Sub-subsubsidiary	98,050,420	145,700	145,700	145,700	-	-		Y	N	N
		Empire Resources, Inc.	Sub-subsubsidiary	98,050,420	181,170	181,170	181,170	-	-		Y	N	N
		Ta Chen (Boye) Co., Ltd.	Sub-subsubsidiary	98,050,420	162,396	154,980	154,980	-	-		Y	N	N
		TMCT Products, Inc.	Sub-subsubsidiary	98,050,420	174,132	174,132	174,132	-	-		Y	N	N
		Brighton-Best International (Taiwan) Inc.	Subsidiary	15,682,522	132,987	120,722	-	-	-	0.62	\$ 98,050,420	Y	N
2	Ta Chen International, Inc.	Ta Chen Empire Co., Ltd.	Subsidiary	15,682,522	3,065,000	-	-	-	-		Y	N	N
		Brighton-Best International (NZ), Limited	Subsidiary	15,682,522	93,568	87,198	-	-	0.44	19,603,153	Y	N	N
		Empire Resources Pacific, Ltd.	Sub-subsubsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		TCI Investment Group, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		Empire Resources, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		TCI Texarkana, Inc.	Subsidiary	69,643,538	33,396,800	33,396,800	31,044,000	-	96		N	N	N
		Primus Pipe and Tube Holding, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		Primus Pipe and Tube, Inc.	Sub-subsubsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84		N	N	N
		Imbali Metals BVBA	Sub-subsubsidiary	69,643,538	711,400	711,400	711,400	-	2		N	N	N
		Empire Resources (UK) Limited.	Sub-subsubsidiary	69,643,538	711,400	711,400	711,400	-	2	69,643,538	N	N	N
3	Empire Resources, Inc.	Ta Chen International, Inc.	Parent company	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		Empire Resources Pacific, Ltd.	Subsidiary	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865	67,548,200	N	N	N
		Ta Chen International, Inc.	Parent company	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
5	Empire Resources Pacific, Ltd.	Empire Resources, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223	56,141,050	N	N	N
		Ta Chen International, Inc.	Parent company	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		Empire Resources, Inc.	Parent company	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761	8,280,000	N	N	N
6	Primus Pipe and Tube Holding, Inc.	Ta Chen International, Inc.	Parent company	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		N	N	N
		Primus Pipe and Tube, Inc.	Subsidiary	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094	33,064,150	N	N	N
		Ta Chen International, Inc.	Parent company	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
8	TCI Texarkana, Inc.	TCI Texarkana, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112		N	N	N
		Primus Pipe and Tube Holding, Inc.	Parent company	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112	39,097,190	N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		N	N	N
		Ta Chen International, Inc.	Parent company	32,864,120	29,230,500	29,230,500	29,230,500	-	445	32,864,120	N	N	N

Note 1:

Endorsements/Guarantees Limit for Each Borrower

Aggregate Endorsements/Guarantees Limit

The Company	200% of net worth in recently audited financial statements or reviewed financial statements	200% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (Taiwan) Inc.	80% of net worth in recently audited financial statements or reviewed financial statements	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen International, Inc.	200% of net worth in recently audited financial statements or reviewed financial statements	200% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources, Inc.	2,000% of net worth in recently audited financial statements or reviewed financial statements	2,000% of net worth in recently audited financial statements or reviewed financial statements
TCI Investment Group, Inc.	35,000% of net worth in recently audited financial statements or reviewed financial statements	35,000% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources Pacific, Ltd.	3,000,000% of net worth in recently audited financial statements or reviewed financial statements	3,000,000% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	3,500% of net worth in recently audited financial statements or reviewed financial statements	3,500% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube, Inc.	5,500% of net worth in recently audited financial statements or reviewed financial statements	5,500% of net worth in recently audited financial statements or reviewed financial statements
TCI Texarkana, Inc.	500% of net worth in recently audited financial statements or reviewed financial statements	500% of net worth in recently audited financial statements or reviewed financial statements

TABLE 3

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Mutual funds						
	Nomura Global High Dividend Fund Accumulate TWD	None	Financial assets at fair value through profit or loss - current	42,757.8	\$ 983	-	\$ 983
	Yuanta New ASEAN Balanced Fund USD	"	"	600,000	5,316	-	5,316
	Capital ASEAN Fund TWD	"	"	61,156.3	664	-	664
	O-Bank No.1 Real Estate Investment Trust	"	"	1,000,000	9,110	-	9,110
	Eastspring Investment Capital Protected Fund Series	"	"	15,000	4,351	-	4,351
	Capital Conservative Allocation Fund of Funds A TWD	"	"	200,000	1,946	-	1,946
	Union Multi-Asset High Income Fund A TWD	"	"	200,000	1,818	-	1,818
	Amundi TW - US Dollar Core Fixed Income Fund - A2 TWD	"	"	100,000	1,001	-	1,001
	Shin Kong Hang Seng TECH Index Fund (TWD)	"	"	100,000	548	-	548
	UBS (TW) Bond Fund - Fixed Income Fund of Funds (TWD) A	"	"	200,000	1,814	-	1,814
	PGIM USD High Yield Bond Fund-TWD(A)	"	"	200,000	2,020	-	2,020
	TCB Global Healthcare M-A Income Fund A TWD	"	"	500,000	5,020	-	5,020
	PineBridge ESG Quantitative Income & Growth Fund A USD	"	"	27,863.17	8,210	-	8,210
	KGI ESG Sustainable Emerging Market Bond Fund - TWD A	"	"	500,000	4,907	-	4,907
	KGI ESG Sustainable Emerging Market Bond Fund - USD A	"	"	15,000	4,076	-	4,076
	PineBridge ESG Quantitative Global Equity Fund A (TWD)	"	"	150,000	1,576	-	1,576
	Amundi Funds - Global Ecology ESG U USD (C)	"	"	373.92	855	-	855
	HSBC ESG Sustainable Multi-Asset Fund of Funds ACHTWD	"	"	150,000	1,485	-	1,485
	FSITC Gbl Artifcl Intligne Fd TWD	"	"	78,658	1,455	-	1,455
	ABITL US Umbrella Fund - ABITL US Growth Fund - A2 TWD	"	"	250,417	3,100	-	3,100
	BlackRock Global Funds - Global Allocation Fund A2	"	"	1,947.29	4,172	-	4,172
					<u>\$ 64,427</u>		<u>\$ 64,427</u>
Unlisted shares - ROC	IBT VII Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	435,296	\$ 4,353	2.5	\$ 4,353
	Sunny Bank Ltd.	"	"	1,633,531	12,000	0.05	12,000
	JING YUH Metal Industrial Co., Ltd.	"	"	870,000	48,720	9.09	48,720
	Greencasa Co., Ltd.	"	"	553,824	10,799	18	10,799
				<u>\$ 75,872</u>		<u>\$ 75,872</u>	
Los Osos Holding, Inc.	Foreign listed shares						
	PT Alumindo Light Metal Industry Tbk	None	Financial assets at fair value through other comprehensive income - non-current	32,822,200	\$ 19,097	0.86	\$ 19,097
	Hulamin Ltd.	"	"	6,530,732	52,102	2.12	52,102
					<u>\$ 71,199</u>		<u>\$ 71,199</u>
Brighton-Best International (Taiwan) Inc.	Unlisted shares - ROC						
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	34,174,790	\$ 420,350	9.6	\$ 420,350
	Listed shares - ROC						
	Right Way Industrial Co., Ltd.	"	"	16,000,000	\$ 176,480	8.93	\$ 176,480
	Listed shares - ROC						
	Ta Chen Stainless Pipe Co., Ltd.	Parent company	Financial assets at fair value through profit or loss - current	4,218,720	\$ 195,116	0.21	\$ 195,116
	Ta Chen Stainless Pipe Co., Ltd	Parent company	Financial assets at fair value through other comprehensive income - non-current	133,735,280	\$ 6,185,257	6.66	\$ 6,185,257
Ta Chen Empire Co., Ltd. (TEC)	Listed shares - ROC						
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through profit or loss - current	5,137,423	\$ 237,606	0.26	\$ 237,606
	Ta Chen Stainless Pipe Co., Ltd.	"	Financial assets at fair value through other comprehensive income - non-current	96,470,145	\$ 4,461,744	4.8	\$ 4,461,744

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

Note2: Refer to Table 8 and Table 9 for information regarding investment in subsidiaries.

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Other Amount	Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount		Gain (Loss) on Disposal	Number of Shares	Amount
Ta Chen (B.V.I) Holdings. Ltd.	Ta Chen (Changshu) Co., Ltd.	Investments accounted for using the equity method	—	Subsidiary	-	\$ 412,092	-	\$ -	-	\$ 370,485	\$ 412,092	(\$ 41,607)	\$ -	-	\$ -
Brighton-Best International (Taiwan) Inc.	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through other comprehensive income - on-current	—	Parent company	60,930,600	1,907,127	72,804,680	3,240,091	-	-	-	-	1,038,039 (Note)	133,735,280	6,185,257
Ta Chen Empire Co., Ltd.	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through profit or loss – current	—	ultimate parent entity	11,784,423	368,852	1,977,000	49,733	8,624,000	497,014	497,014	-	316,035 (Note)	5,137,423	237,606
	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through other comprehensive income - on-current	—	ultimate parent entity	-	-	96,470,145	4,302,889	-	-	-	-	158,855 (Note)	96,470,145	4,461,744

Note: Valuation interest.

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Ta Chen International, Inc.	Subsidiaries (100% ownership)	(Sale)	\$ (13,081,124)	(86)	Within 120-180 days	The price is decided taking both local market price in the US and the operation costs of TCI into consideration. There is no third-party that could be compared	For third-party, 90 days for domestic sales and 30-90 days for export sales.	\$ 6,543,647	95	-
	Ta Chen (Hong Kong) Limited.	Subsidiaries (100% ownership)	(Sale)	(168,648)	(1)	Within 180 days	No third-party could be compared	No third-party could be compared	-	-	-
Ta Chen International, Inc.	Empire Resources, Inc.	Fellow subsidiaries	(Sale)	(1,047,580)	(2)	Within 60 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	6,515	-	-
	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	Purchase	11,712,773	28	Within 30 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	(675,503)	(8)	-
	Primus Pipe and Tube, Inc.	Fellow subsidiaries	Purchase	526,732	1	Within 30 days	General market price	Same	(51,934)	(1)	-
	Ta Chen (Hong Kong) Limited.	Fellow subsidiaries	Purchase	168,648	-	Within 120-180 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	No third-party could be compared	-	-	-
Empire Resources, Inc.	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	Purchase	1,760,624	69	Within 30 days	General market price	Same	(104,375)	(53)	-
Ta Chen (Shijiazhuang) Co., Ltd.	Ta Chen (Boye) Co., Ltd.	Subsidiaries (100% ownership)	Purchase	214,351	51	T/T 90 days	General market price consideration. There is no third-party that could be compared.	Same	(41,960)	(51)	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	(Sale)	(6,720,795)	(84)	Within 180 days	No third-party could be compared	No third-party could be compared	2,077,534	78	-
Brighton-Best International (Taiwan), Inc.	Brighton-Best International (AU), Pty Ltd.	Subsidiaries (100% ownership)	(Sale)	(586,623)	(7)	Within 180 days	No third-party could be compared	No third-party could be compared	304,376	11	-
	Brighton-Best International (Canada), Inc.	Subsidiaries (100% ownership)	(Sale)	(452,660)	(6)	Within 180 days	No third-party could be compared	No third-party could be compared	175,587	7	-
	Brighton-Best International (UK), Limited	Subsidiaries (100% ownership)	(Sale)	(136,592)	(2)	Within 180 days	No third-party could be compared	No third-party could be compared	43,040	2	-
	Fang Sheng Screw Co., Ltd.	Corporate directors	Purchase	440,106	7	Within 45-90 days or prepaid	No third-party could be compared	Note	(55,919)	(9)	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors	Purchase	303,226	4	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(5,460)	(1)	-
	Tong Win International Co., Ltd.	Referred party in substance	Purchase	1,088,355	16	T/T 5 days after acceptance	No third-party could be compared	Note	(16,833)	(3)	-
	Winlink Fasteners Co., Ltd.	Referred party in substance	Purchase	209,926	3	T/T 5 days after acceptance	No third-party could be compared	Note	(19,326)	(3)	-
Brighton-Best International, Inc.	Jinn Her Enterprise Co., Ltd.	Corporate directors of parent entity	Purchase	541,059	6	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(6,424)	-	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	(Sale)	(2,127,060)	(100)	Within 180 days	No third-party could be compared	No third-party could be compared	466,859	100	-

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

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Ta Chen International, Inc.	Subsidiaries (100% ownership)	\$ 6,543,647	2.78	\$ -	-	\$ 1,904,789	\$ -
Ta Chen (B.V.I.) Holdings Ltd.	Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiaries (93.14% ownership)	197,668	Note 3	-	-	-	-
TCI Texarkana, Inc.	Ta Chen International, Inc.	Parent company	675,503	13.84	-	-	-	-
Empire Resources, Inc.	Empire Resources, Inc.	Fellow subsidiaries	104,375	10.17	-	-	-	-
	Ta Chen International, Inc.	Parent company	960,496	Note 2	-	-	-	-
Ta Chen (Hong Kong) Limited	Imbali Metals BVBA	Subsidiaries (100% ownership)	175,432	Note 2	-	-	-	-
	Ta Chen (Boye) Co., Ltd.	Subsidiaries (100% ownership)	194,298	Note 2	-	-	-	-
	The Company	Parent Company	692,000	Note 2	-	-	-	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	2,077,534	2.99	-	-	2,077,534	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	304,376	2.24	-	-	106,646	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	105,750	Note 2	-	-	25,322	-
	Brighton-Best International (Canada) , Inc.	Subsidiaries (100% ownership)	175,587	3.01	-	-	132,314	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	466,859	4.05	-	-	97,907	-

Note1: The ending balance of receivables includes both trade receivables-related parties and other receivables-related parties.

Note2: The ending balance primarily consists of other receivables for financing purpose, which is not applicable for the calculation of turnover rate.

Note3: The ending balance primarily consists of dividends receivable, which is not applicable for the calculation of turnover rate.

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	Ta Chen International Inc.	1	Revenue from sale of goods	\$ 13,081,124	The price is decided by taking both local market price in the US and the operation costs of TCI into consideration. Collection term is 4-6 months.	14
		"	1	Accounts receivables	6,543,647	-	6
		Ta Chen (Hong Kong) Limited	1	Revenue from sale of goods	168,648	No comparable transactions available	-
		"	1	Other Payable	692,000	-	1
		Lung Mei Cloth Co., Ltd.	1	Revenue from sale of goods	66,398	-	-
		"	1	Accounts receivable	8,438	-	-
1	Ta Chen International Inc.	Wei Mei Roller Blind Co., Ltd.		Other receivable	60,000	-	-
		Ta Chen (Hong Kong) Limited	3	Cost of goods sold	168,648	The price is decided by taking both local market price in the US and the operation costs of TCI into consideration. Collection term is 4-6 months.	-
		Primus Pipe and Tube Inc.	3	Cost of goods sold	526,732	General market price, payment term is 40 days	1
		"	3	Accounts payable	51,934	-	-
		TCI Texarkana, Inc.	3	Revenue from sale of goods	72,393	The price is decided by taking both local market price in the US and the operation costs of TCI into consideration. Collection term is 4-6 months.	-
		"	3	Accounts receivable	16,990	-	-
		"	3	Cost of goods sold	11,712,773	-	12
		"	3	Accounts Payable	675,503	The price is decided by taking both local market price in the US and the operation costs of TCI into consideration. Collection term is 1 month.	1
		"	3	Other receivable	14,623,344	-	14
		Empire Resources, Inc.	3	Revenue from sale of goods sold	1,047,580	The price is decided by taking both local market price in the US and the operation costs of TCI into consideration. Collection term is 1 month.	1
		"	3	Accounts receivable	6,515	-	-
		"	3	Other payable	960,496	-	1
		Ta Chen Empire Co., Ltd.	3	Cost of goods sold	2,127,060	General market price, payment term is 4~6 months	2
		"	3	Accounts payable	466,859	-	-
2	Empire Resources, Inc.	TCI Texarkana, Inc.	3	Cost of goods sold	1,760,624	No comparable transactions available	2
		"	3	Accounts payable	104,375	-	-
		Imbali Metals BVBA	3	Other receivable	175,432	-	-
		8911 Kelso Drive	3	Other payable	80,655	-	-
3	Ta Chen (B.V.I.) Holdings Ltd.	Ta Chen (Shijiazhuang) Co., Ltd.	3	Other receivables	197,668	-	-
4	Ta Chen (Hong Kong) Limited	Ta Chen (Boye) Co., Ltd.	3	Other receivables	194,298	-	-

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
5	Ta Chen (Shijiazhuang) Co., Ltd	Ta Chen (Boye) Co., Ltd.	3	Cost of goods sold	\$ 214,351	General market price, payment term is 3 months	-
6	Brighton-Best International (Taiwan) Inc.	"	3	Accounts payable	41,960	-	-
		Brighton-Best International, Inc.	1	Revenue from sale of goods	6,720,795	No comparable transactions available	7
		"	1	Accounts receivables	2,077,534	-	2
		"	1	Non-operating income	134,534	No comparable transactions available	-
		Brighton-Best International (Canada), Inc.	1	Revenue from sale of goods	452,660	No comparable transactions available	-
		"	1	Accounts receivables	175,587	-	-
		Brighton-Best International (UK), Inc.	1	Revenue from sale of goods	136,592	No comparable transactions available	-
		"	1	Accounts receivables	43,040	-	-
		Brighton-Best International (AU), Pty Ltd.	1	Revenue from sale of goods	586,623	No comparable transactions available	1
		"	1	Accounts receivables	304,376	-	-
		"	1	Other receivables	105,750	-	-
		Brighton-Best International (NZ), Limited	1	Revenue from sale of goods	7,254	No comparable transactions available	-
"	1	Accounts receivables	4,363	-	-		
Brighton-Best International (Brasil), Limited - Comercio de Parafusos Ltda.	1	Revenue from sale of goods	77,550	No comparable transactions available	-		
7	Brighton-Best International, Inc.	"	1	Accounts receivables	53,565	-	-
		"	1	Other receivable	42,170	-	-
		Brighton-Best International (Canada), Inc.	3	Revenue from sale of goods	65,690	By contractual terms	-
		"	3	Accounts receivables	18,548	-	-
		"	3	Other receivables	2,751	-	-
		Brighton-Best International (AU), Pty Ltd.	3	Revenue from sale of goods	24,513	By contractual terms	-
		"	3	Trade receivable	11,116	-	-
		Brighton-Best International (UK), Limited	3	Revenue from sale of goods	5,441	By contractual terms	-
		Brighton-Best International (NZ), Limited	3	Revenue from sale of goods	3,130	By contractual terms	-
		"	3	Accounts receivable	2,027	-	-
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	3	Other receivables	83,040	-	-
		Brighton-Best International (AU), Pty Ltd.	Brighton-Best International (NZ), Limited	3	Revenue from sale of goods	26,436	By contractual terms
"	"	3	Accounts receivables	11,165	-	-	
"	"	3	Other receivable	39,400	-	-	

Note 1: The relationships with counterparties are as follows:

- 1) Parent to subsidiaries
- 2) Subsidiaries to parent
- 3) Subsidiaries to subsidiaries

(Concluded)

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
The Company	Ta Chen International, Inc.	U.S.A	Manufacture and sale of stainless steel pipes, rolls and pipe fittings	\$ 23,327,317	\$ 23,327,317	734,836	100	\$ 32,614,117	\$ 7,641,401	\$ 7,776,840	Note 2
	Ta Chen (B.V.I.) Holdings Ltd.	British Virgin Islands	Investment	990,817	990,817	32,625,300	100	1,762,704	(69,546)	(63,211)	Note 3
	Brighton-Best International (Taiwan) Inc.	Taiwan	Import, export and sale of screws and nuts	7,202,307	7,099,391	403,258,040	39.09	3,122,164	3,575,993	1,185,097	Note 7
	Pyramid Stainless Steel Co., Ltd.	Taiwan	Manufacture and sale of stainless steel rolls and plates	30,600	100,000	10,000,000	100	29,861	(705)	(705)	
	Lung Mei Cloth. Ltd.	Taiwan	Manufacture and sale of curtains and cloth products	206,468	124,800	13,833,414	69.17	164,774	(77,932)	(57,567)	Note 9
	Ta Chen (Hong Kong) Limited.	Hong Kong	Trade	279,720	279,720	10,000,000	100	225,034	(9,161)	(9,161)	
	TA CHEN (SAMOA) Holdings Ltd.	Samoa	Investment	-	-	-	-	-	-	-	Note 4
	Ta Chen Interior Design Co., Ltd.	Taiwan	Interior design	50,000	-	5,000,000	100	49,956	(44)	(44)	
	Ta Chen International, Inc.	TCI Investment Group, Inc.	U.S.A	Import, export and sale of screws and nuts	94,950	94,950	3,000	100	160,403	23,575	
Primus Pipe and Tube Holding, Inc.	Empire Resources, Inc.	U.S.A	Import, export and sale of stainless steel and aluminum products	1,714,340	1,714,340	8,250,455	100	3,377,410	464,750		
	Primus Pipe and Tube Holding, Inc.	U.S.A	Investment	877,540	877,540	29,000	100	944,690	97,066		
	TCI Texarkana, Inc.	U.S.A	Manufacture and sale of aluminum products	9,286,500	9,286,500	60,000	100	6,572,824	252,258		
Empire Resources, Inc.	Primus Pipe and Tube, Inc.	U.S.A	Manufacture and sale of stainless steel	873,575	873,575	1,000	100	710,858	94,655		
	Empire Resources Pacific, Ltd.	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	100	100	276	(2,309)		Note 6
	Imbali Metals BVBA	Belgium	Import, export and sale of stainless steel and aluminum products	624	624	1,000	100	209,866	33,047		
Brighton-Best International (Taiwan) Inc.	Empire Resources (UK) Ltd.	United Kingdom	Import, export and sale of stainless steel and aluminum products	208,224	208,224	5,400,000	100	288,193	21,922		
	8911 Kelso Drive	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	-	100	-	233		
	Brighton-Best International, Inc.	U.S.A	Import, export, and sale of screws and nuts	5,801,521	5,801,521	186,480	100	8,322,140	2,078,651	Note 2	
Brighton-Best International, Inc.	Brighton-Best International (AU), Pty Ltd.	Australia	Import and sale of screws and nuts	1,498,544	1,498,544	54,000,000	100	855,358	1,798		
	Brighton-Best International (Canada), Inc.	Canada	Import and sale of screws and nuts	381,149	381,149	12,003,893	100	664,549	147,148		
	Brighton-Best International (UK), Limited	United Kingdom	Import and sale of screws and nuts	453,097	453,097	9,200,000	100	406,722	44,106		
	Brighton-Best International (NZ), Limited	New Zealand	Import and sale of screws and nuts	19,328	19,328	1,000	100	14,139	4,895		
	Ta Chen Empire Co., Ltd.	Taiwan	Import, export, and sale of aluminium products	5,300,000	5,300,000	530,000,000	100	5,890,281	421,671		
	Brighton-Best (Hong Kong) Limited	Hong Kong	Investment	-	-	-	-	-	-	-	Note 8
Brighton-Best International, Inc.	Brighton-Best International Inc. (Cayman)	Cayman	Investment	-	-	-	-	-	-	-	Note 5
	Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Brazil	Import and sale of screws and nuts	6,486	6,486	3,996,000	100	(61,217)	7,645		
Brighton-Best (Hong Kong) Limited	Brighton-Best (Hong Kong) Holding Inc.	Hong Kong	Investment	-	-	-	-	-	-	-	Note 8
Ta Chen (B.V.I.) Holding, Inc.	TMCT Products, Inc.	U.S.A	Investment	126,140	14,740	4,500	100	106,461	(12,060)		
	Los Osos Holdings, Inc.	U.S.A	Investment	68,462	68,462	-	100	113,463	(36)		
	Clarke St. Property Holding, LLC	U.S.A	Investment	14,240	14,240	-	100	13,736	(102)		
TMCT Products, Inc.	Amerinox Texarkana, LLC	U.S.A	Manufacture of aluminum products	28	28	-	49	2,029	4,462		
Los Osos Holding, Inc.	Procurmore Trading, Inc.	U.S.A	Trade	557	-	-	100	554	-		

Note 1: Refer to Table 9 for information regarding investment in mainland China.

Note 2: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of tax rate of unrealized gross profit.

Note 3: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of realized gross profit from upstream transactions with sub-subsidiaries.

Note 4: Established in December 2015 and no investment funding has been remitted.

Note 5: Established in February 2016 and no investment funding has been remitted.

Note 6: It's the trans-investment company of the acquired company; hence, no original investment amount is listed.

Note 7: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of unrealized gross profit from sidestream transactions among subsidiaries.

Note 8: Established in May 2019 and no investment funding has been remitted.

Note 9: The difference is due to increasing shareholding of Lung Mei on April 1, 2021.

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 2)	Remittance of Funds (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 and 7)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	\$ 141,168	(2) Ta Chen (B.V.I.) Holdings Ltd.	\$ 116,347	\$ -	\$ -	\$ 116,347	\$ 9,236	93.14	\$ 8,602	\$ 287,322	\$ -	
Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	330,361	(2) Ta Chen (B.V.I.) Holdings Ltd.(Note 5)	275,195	-	-	275,195	144	100	144	421,069	-	
Ta Chen (Changshu) Co., Ltd.	Manufacture and sale of automotive casting products	276,800	(2) Ta Chen (B.V.I.) Holdings Ltd.	276,800	-	276,800	-	-	-	-	-	-	
Yinrong (Shanghai) Investment Management Limited	Investment	2,138	(3) The Company	2,138	-	-	2,138	33	100	32	6,022	-	
Cheng-Rong (Shanghai) International Trading Ltd. (Note 6)	Investment	-	(2) Brighton-Best International Inc. (Cayman)	-	-	-	-	-	-	-	-	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 2)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ 393,680	\$ 881,676	\$ 29,415,126

Note 1: Calculated from the financial statements reviewed and attested by Taiwan parent company's CPA.

Note 2: The amounts were calculated based on the foreign exchange rate as of December 31, 2021. (USD1:NTD27.68)

Note 3: The limit on investment in mainland China pursuant to "Principle of investment or Technical Cooperation in mainland China" is calculated as shown below:
\$49,025,210 thousand x 60% = \$29,415,126 thousand

Note 4: Methods of investment are classified as below:

- 1) Direct investment.
- 2) Investments through a holding company registered in a third region.
- 3) Others

Note 5: Inclusive of \$61,424 thousand (US\$1,993 thousand) capital increase out of retained earnings.

Note 6: Established in June 2016 and no investment funding has been remitted.

Note 7: The difference is caused by the recognition of amortization attributed to unrealized gain on selling assets.

TA CHEN STAINLESS PIPE CO., LTD.**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.	137,954,000	6.86
Ta Chen Empire Co., Ltd.	101,607,568	5.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

TA CHEN STAINLESS PIPE CO., LTD. AND SUBSIDIARIES

MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Land	Land Improvements	Buildings	Machinery and Equipment	Storage Equipment	Electrical Equipment	Transportation Equipment	Office Equipment	Molding Equipment	Leasehold Improvements	Leased Assets	Other Equipment	Property Under Construction	Total
<u>Cost</u>														
Balance at January 1, 2020	\$ 4,031,433	\$ 153,195	\$ 4,253,968	\$ 8,820,496	\$ 1,807,858	\$ 320,317	\$ 172,983	\$ 669,482	\$ 249,377	\$ 200,526	\$ 1,810	\$ 225,749	\$ 1,013,139	\$ 21,920,333
Additions	389,100	8,487	260,035	362,935	14,319	7,292	3,626	10,196	2,597	3,583	-	14,911	321,416	1,398,497
Disposals	(372,337)	(28,195)	(557,363)	(135,340)	(8,050)	(4,232)	(3,644)	(17,338)	(27,161)	-	-	(14,047)	(815)	(1,168,522)
Reclassifications	12,809	500	117,123	406,872	17,745	18,750	15,681	1,594	240	(1,505)	-	36,788	(363,741)	262,856
Effects of foreign currency exchange differences	(21,982)	(3,492)	36,785	(245,948)	(84,682)	-	(15,495)	(20,715)	-	(5,417)	(91)	49	25,378	(335,610)
Balance at December 31, 2020	<u>\$ 4,039,023</u>	<u>\$ 130,495</u>	<u>\$ 4,110,548</u>	<u>\$ 9,209,015</u>	<u>\$ 1,747,190</u>	<u>\$ 342,127</u>	<u>\$ 173,151</u>	<u>\$ 643,219</u>	<u>\$ 225,053</u>	<u>\$ 197,187</u>	<u>\$ 1,719</u>	<u>\$ 263,450</u>	<u>\$ 995,377</u>	<u>\$ 22,077,554</u>
<u>Accumulated Depreciation</u>														
Balance at January 1, 2020	\$ -	\$ 42,290	\$ 1,102,924	\$ 3,888,258	\$ 1,287,165	\$ 158,981	\$ 121,474	\$ 481,656	\$ 243,042	\$ 161,225	\$ 1,810	\$ 156,176	\$ -	\$ 7,645,001
Depreciation expenses	-	(246)	188,556	334,664	122,341	21,742	16,427	47,199	3,162	9,874	-	33,934	-	777,653
Disposals	-	-	(183,695)	(116,994)	(2,928)	(4,232)	(1,656)	(12,786)	(27,161)	-	-	(9,771)	-	(359,223)
Reclassifications	-	-	-	(106)	-	-	-	-	-	-	-	(54)	-	(160)
Effects of foreign currency exchange differences	-	(620)	(1,219)	(66,695)	(65,016)	-	244	(15,521)	-	(5,164)	(91)	(120)	-	(154,202)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 41,424</u>	<u>\$ 1,106,566</u>	<u>\$ 4,039,127</u>	<u>\$ 1,341,562</u>	<u>\$ 176,491</u>	<u>\$ 136,489</u>	<u>\$ 500,548</u>	<u>\$ 219,043</u>	<u>\$ 165,935</u>	<u>\$ 1,719</u>	<u>\$ 180,165</u>	<u>\$ -</u>	<u>\$ 7,909,069</u>
Carrying amounts at December 31, 2020	<u>\$ 4,039,023</u>	<u>\$ 89,071</u>	<u>\$ 3,003,982</u>	<u>\$ 5,169,888</u>	<u>\$ 405,628</u>	<u>\$ 165,636</u>	<u>\$ 36,662</u>	<u>\$ 142,671</u>	<u>\$ 6,010</u>	<u>\$ 31,252</u>	<u>\$ -</u>	<u>\$ 83,285</u>	<u>\$ 995,377</u>	<u>\$ 14,168,485</u>
<u>Cost</u>														
Balance at January 1, 2021	\$ 4,039,023	\$ 130,495	\$ 4,110,548	\$ 9,209,015	\$ 1,747,190	\$ 342,127	\$ 173,151	\$ 643,219	\$ 225,053	\$ 197,187	\$ 1,719	\$ 263,450	\$ 995,377	\$ 22,077,554
Additions	27,359	919	65,127	309,797	33,059	230	28,019	19,436	5,620	9,978	-	9,614	240,240	749,398
Disposals	-	-	(431)	(70,150)	(5,105)	(600)	(12,804)	(11,042)	(1,125)	(2,344)	-	(8,509)	-	(112,110)
Reclassifications	802	-	614,089	144,219	-	-	-	(109,567)	243	226	-	18	(730,463)	(80,433)
Derecognized on disposal of a subsidiary	-	-	(215,959)	(337,886)	-	-	(12,320)	(12,856)	-	-	-	-	-	(579,021)
Acquisitions through business combinations	173,591	-	97,128	52,967	-	-	15,540	20,470	-	88,666	-	2,183	-	450,545
Effects of foreign currency exchange differences	4,206	(1,632)	(105,182)	(162,530)	(52,585)	-	(2,422)	(20,442)	-	(3,376)	(48)	(364)	(10,658)	(355,033)
Balance at December 31, 2021	<u>\$ 4,244,981</u>	<u>\$ 129,782</u>	<u>\$ 4,565,320</u>	<u>\$ 9,145,432</u>	<u>\$ 1,722,559</u>	<u>\$ 341,757</u>	<u>\$ 189,164</u>	<u>\$ 529,218</u>	<u>\$ 229,791</u>	<u>\$ 290,337</u>	<u>\$ 1,671</u>	<u>\$ 266,392</u>	<u>\$ 494,496</u>	<u>\$ 22,150,900</u>
<u>Accumulated Depreciation and Impairment</u>														
Balance at January 1, 2021	\$ -	\$ 41,424	\$ 1,106,566	\$ 4,039,127	\$ 1,341,562	\$ 176,491	\$ 136,489	\$ 500,548	\$ 219,043	\$ 165,935	\$ 1,719	\$ 180,165	\$ -	\$ 7,909,069
Depreciation expenses	-	7,970	166,952	430,682	112,490	22,099	15,950	28,312	3,686	17,391	-	34,238	-	839,770
Disposals	-	-	(185)	(67,536)	(3,251)	(600)	(11,277)	(10,255)	(1,125)	(2,261)	-	(8,467)	-	(104,957)
Reclassifications	-	-	-	99	-	-	-	(74,596)	-	28	-	-	-	(74,469)
Impairment losses recognized	-	-	-	37,965	-	-	-	-	-	-	-	-	-	37,965
Derecognized on disposal of a subsidiary	-	-	(123,627)	(251,622)	-	-	(8,230)	(14,101)	-	-	-	-	-	(397,580)
Acquisitions through business combinations	-	-	21,826	35,338	-	-	7,742	17,618	-	63,226	-	1,138	-	146,888
Effects of foreign currency exchange differences	-	(205)	(2,392)	(36,005)	(41,219)	1	(1,592)	(16,102)	(1)	(2,479)	(48)	(337)	-	(100,379)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 49,189</u>	<u>\$ 1,169,140</u>	<u>\$ 4,188,048</u>	<u>\$ 1,409,582</u>	<u>\$ 197,991</u>	<u>\$ 139,082</u>	<u>\$ 431,424</u>	<u>\$ 221,603</u>	<u>\$ 241,840</u>	<u>\$ 1,671</u>	<u>\$ 206,737</u>	<u>\$ -</u>	<u>\$ 8,256,307</u>
Carrying amounts at December 31, 2021	<u>\$ 4,244,981</u>	<u>\$ 80,593</u>	<u>\$ 3,396,180</u>	<u>\$ 4,957,384</u>	<u>\$ 312,977</u>	<u>\$ 143,766</u>	<u>\$ 50,082</u>	<u>\$ 97,794</u>	<u>\$ 8,188</u>	<u>\$ 48,497</u>	<u>\$ -</u>	<u>\$ 59,655</u>	<u>\$ 494,496</u>	<u>\$ 13,894,593</u>

Ta Chen Stainless Pipe Co., Ltd.

**Standalone Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying standalone financial statements of Ta Chen Stainless Pipe Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 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	\$ <u>9,281,689</u>	<u>61</u>	\$ <u>(2,698,520)</u>	<u>(43)</u>
EARNINGS (LOSS) PER SHARE (New Taiwan dollars; Note 24)				
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 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)											
Legal reserve	-	-	182,078	-	(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)											
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.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

The standalone financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company’s board of directors and authorized for issue on March 25, 2022.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

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

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

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

Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17-Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the standalone financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in the standalone financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

In preparing the standalone financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated using the exchange rate at the date of the transaction.

For the purposes of presenting the standalone financial statements, the investments of the Company's foreign operations (including subsidiaries in other countries or those that use currencies that are different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials (including raw materials in transit), supplies, finished goods, merchandise, work-in-process, etc. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at moving average cost.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of

subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

Profits or losses resulting from downstream transactions are eliminated in full only in the standalone financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the standalone financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate and joint venture. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant, and equipment

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

Property, plant, and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation of property, plant, and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment and right-of-use assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments that are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, accounts receivable at amortized cost, notes receivable, other receivables, and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company evaluates expected credit losses on financial assets at amortized cost (including trade receivables) at the end of each reporting period.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company

measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

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

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability.

Fair value is determined in the manner described in Note 28.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, metal prices and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

k. Hedge accounting

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

1) Fair value hedges

Changes in the designated fair value of derivatives that qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged assets or liabilities attributed to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised.

2) Cash flow hedges

The effective portion of changes in the fair value of derivatives that is designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Company discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

l. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of stainless steel pipes, stainless steel fittings, stainless steel plates, and venetian blinds. Sales of the aforementioned goods are recognized as revenue when the terms of trading are met or the goods are received by the buyers since the significant risks and rewards of ownership of the goods are transferred to the buyers and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Accounts receivable are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, The Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, The Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all borrowing costs are recognized in profit or loss in the year in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Share-based payment arrangements - employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

The grant by the Company of its equity instruments to the employees of a subsidiary under equity-settled share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - employee share options.

q. Taxation

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

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profit against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

Write-down of inventory

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

6. CASH

	December 31	
	2021	2020
Cash on hand	\$ 300	\$ 300
Checking accounts and demand deposits	<u>3,142,467</u>	<u>2,073,276</u>
	<u>\$ 3,142,767</u>	<u>\$ 2,073,576</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Metal price swap contracts (a)	\$ -	\$ 56,078
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>64,427</u>	<u>33,476</u>
	<u>\$ 64,427</u>	<u>\$ 89,554</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Interest rate swap contracts (b)	<u>\$ 74</u>	<u>\$ 1,636</u>

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

December 31, 2020

Contract	Notional Amount (In Thousands)	Transaction Amount (In Tons)	Contract Price (Per Ton)	Maturity Date
Aluminum price swaps	USD 6,852	4,375	USD 1,551 ~ 1,586	2021.01-2021.02

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

December 31, 2021

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

December 31, 2020

Notional Amount (In Thousands)	Maturity Date	Range of Interest Rates Paid	Range of Interest Rates Received
USD 40,000	2021.12-2022.03	0.17%-0.5%	Libor 1-3 months

The net gain (loss) attributable to the above derivative contracts in 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Foreign exchange swap contracts	\$ -	\$ (2,793)
Mutual funds	875	3,047
Interest rate swap contracts	(149)	(1,660)
Metal price swap contracts	(1,096)	197,105
Foreign exchange forward contracts	<u>7,042</u>	<u>668</u>
	<u>\$ 6,672</u>	<u>\$ 196,367</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2021	2020
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 75,872</u>	<u>\$ 16,353</u>

These investments in equity instruments at FVTOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of

holding these investments for long-term purposes.

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 3,879	\$ 7,732
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 3,879</u>	<u>\$ 7,732</u>
Notes receivable - operating	<u>\$ 3,879</u>	<u>\$ 7,732</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 6,903,921	\$ 3,042,665
Less: Allowance for impairment loss	<u>(2,230)</u>	<u>(2,411)</u>
	<u>\$ 6,901,691</u>	<u>\$ 3,040,254</u>

The average credit period of the sale of goods was 30-180 days. No interest was charged on accounts receivable. The allowance for impairment loss was recognized based on estimated irrecoverable amounts determined by reference to the accounts' aging analysis, past default experience with the respective customers and analysis of those customers' current financial positions.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information or its own trading records to rate its customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk is significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status for notes receivable and the provision for loss allowance based on invoice date for accounts receivable are not further distinguished according to the Company's different customer base.

The Company writes off an account receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following tables detail the loss allowance of notes receivable and accounts receivable based on the Company's provision matrix:

Notes Receivable

December 31, 2021

	Not Past Due
Expected credit loss rate	0%
Gross carrying amount	\$ 3,879
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 3,879</u>

December 31, 2020

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

Account Receivable (including related parties)

December 31, 2021

	<u>No indication of default of debtor</u>				Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	
Expected credit loss rate	0%	0%	0%	0% ~ 70%	
Gross carrying amount	\$ 2,385,574	\$ 1,587,995	\$ 1,749,125	\$ 1,181,227	\$ 6,903,921
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,230)</u>	<u>(2,230)</u>
Amortized cost	<u>\$ 2,385,574</u>	<u>\$ 1,587,995</u>	<u>\$ 1,749,125</u>	<u>\$ 1,178,997</u>	<u>\$ 6,901,691</u>

December 31, 2020

	<u>No indication of default of debtor</u>				Total
	Up to 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	
Expected credit loss rate	0%	0%	0%	0% ~ 70%	
Gross carrying amount	\$ 679,945	\$ 289,389	\$ 331,481	\$ 1,741,850	\$ 3,042,665
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,411)</u>	<u>(2,411)</u>
Amortized cost	<u>\$ 679,945</u>	<u>\$ 289,389</u>	<u>\$ 331,481</u>	<u>\$ 1,739,439</u>	<u>\$ 3,040,254</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 2,411	\$ 2,411
Less: Amounts written off	<u>(181)</u>	<u>-</u>
Balance at December 31	<u>\$ 2,230</u>	<u>\$ 2,411</u>

10. INVENTORIES

	December 31	
	2021	2020
Finished goods	\$ 696,912	\$ 500,251
Merchandise	279,823	22,056
Work in progress	700,230	498,589
Raw materials	1,456,585	912,850
Materials	7,931	5,326
Raw materials in transit	<u>5,099</u>	<u>5,751</u>
	<u>\$ 3,146,580</u>	<u>\$ 1,944,823</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was \$9,656,604 thousand and \$5,495,173 thousand, respectively, including loss on inventory of NT\$18,897 thousand and NT\$0, respectively.

11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Pledged time deposits	\$ 2,486,675	\$ 387,977
Pledged demand deposits (reserve account)	<u>2,576,659</u>	<u>583,845</u>
	<u>\$ 5,063,334</u>	<u>\$ 971,822</u>
<u>Non-current</u>		
Pledged time deposits	\$ 20,000	\$ 20,000
Pledged demand deposits (reserve account)	223,025	324,468
Refundable deposits	<u>15,509</u>	<u>14,019</u>
	<u>\$ 258,534</u>	<u>\$ 358,487</u>

- a. As of December 31, 2021 and 2020, the interest rates of time deposits (including both time deposits with original maturities of more than three months and pledged time deposits) were 0.01%- 2.1% p.a. and 0.07%-2.74% p.a., respectively.
- b. Refer to Note 30 for information related to financial assets at amortized cost pledged as collateral.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD AND PREPAYMENT FOR INVESTMENTS

	December 31	
	2021	2020
Investments in subsidiaries	\$ 37,974,632	\$ 34,534,963
Investments in associates	<u>-</u>	<u>129,555</u>
	<u>\$ 37,974,632</u>	<u>\$ 34,664,518</u>

a. Investments in subsidiaries

	December 31			
	2021		2020	
	Amount	Percentage of Ownership (Note 1)	Amount	Percentage of Ownership (Note 1)
Ta Chen International, Inc. (“TCP”)	\$ 32,614,117	100%	\$ 27,189,529	100%
Ta Chen (B.V.I.) Holdings Ltd. (“Ta Chen BVI”)	1,762,704	100%	1,833,617	100%
Brighton-Best International (Taiwan) Inc. (“BBI-TW”)	3,122,164	39.09%	5,264,398	39.08%
Yinrong (Shanghai) Investment Management Limited	6,022	100%	6,022	100%
Wei Mei Roller Blind Co., Ltd. (Note 2)	29,861	100%	566	100%
Ta Chen (Hong Kong) Limited (“TCHK”)	225,034	100%	240,831	100%
Lung Mei Cloth Co., Ltd. (Note 3)	164,774	69.17%	-	-
Ta Chen Interior Design Co., Ltd. (Note 4)	49,956	100%	-	-
	<u>\$ 37,974,632</u>		<u>\$ 34,534,963</u>	

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

Note 2: The subsidiary has been renamed from “Pyramid Stainless Steel Co., Ltd.” to its current name on September 1, 2022.

Note 3: The Company originally held 48.75% of the shares of Lung Mei Cloth Co., Ltd. and further acquired 20.42% of the shares from non-related parties on April 1, 2022; as its total shareholding percentage of Lung Mei Cloth Co., Ltd. is 69.17%, it is deemed as a subsidiary of the Company. Please refer to Note 25 for the related information of acquired shares of Lung Mei Cloth Co., Ltd.

Note 4: Established in September 2022.

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

Refer to Tables 7 and 8 for details of the subsidiaries directly and indirectly held by the Company.

b. Investments in associates

Associate that is not individually material

	December 31	
	2021	2020
Associate that is not individually material		
Lung Mei Cloth Co., Ltd.	\$ <u> -</u>	\$ <u> 129,555</u>

Lung Mei Cloth Co., Ltd. was deemed as a subsidiary on April 1, 2022.

Aggregate information of associates that are not individually material

	For the Three months Ended March 31, 2021	For the Year Ended December 31, 2020
The Company share of:		
Net profit for the year	\$ 9,462	\$ 3,291
Other comprehensive income	<u> -</u>	<u> -</u>
Total comprehensive income for the year	\$ <u> 9,462</u>	\$ <u> 3,291</u>

c. Prepayment for investments

The Company participated in the subscription of the ordinary shares of TY STEEL CO., LTD. and acquired 38.43% of the shares; the registration was completed in January 2022.

13. PROPERTY, PLANT AND EQUIPMENT

- a. Refer to Table 10 for the movements of property, plant and equipment in 2021 and 2020.
- b. As of December 31, 2021 and 2020, the Company held farmland (included in land) of which the proprietary rights were registered in the name of others. The Company has acquired the declaration regarding the unconditional transfer of ownership from the owner, Robert Hsieh.
- c. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	2-50 years
Buildings	
Main buildings	10 -50 years
Motorized power equipment	5-10 years
Engineering systems	2-25 years
Machinery and equipment	2-25 years
Electrical equipment	2-20 years
Transportation equipment	2-5 years
Office equipment	2-10 years
Molding equipment	2-10 years
Leasehold improvements	2-25 years
Other equipment	2-15 years

- d. Refer to Note 30 for the carrying amount of property, plant and equipment pledged as collateral for bank borrowings.

- e. Due to the freehold nature of the equipment of the valve factories' in the stainless steel and aluminum segment, the estimated future cash flows expected to arise from the related equipment decreased. The Company carried out a review of the recoverable amount of the related equipment and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of \$37,965 thousand for the year ended December 31, 2021.

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

14. LEASE ARRANGEMENTS

- a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 38,886	\$ 48,937
Buildings	<u>3,154</u>	<u>3,818</u>
	<u>\$ 42,040</u>	<u>\$ 52,755</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 3,322</u>	<u>\$ 43,669</u>
Depreciation charge for right-of-use assets		
Land	\$ 11,089	\$ 11,054
Buildings	2,948	2,654
Transportation equipment	<u>-</u>	<u>3,167</u>
	<u>\$ 14,037</u>	<u>\$ 16,875</u>

- b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 11,435</u>	<u>\$ 13,282</u>
Non-current	<u>\$ 31,174</u>	<u>\$ 39,789</u>

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Land	1.55%-1.58%	1.55%
Buildings	1.55%-1.67%	1.55%
Transportation equipment	-	1.55%

c. Material leasing activities and terms

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

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

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 29,030	\$ 22,844
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 252	\$ 220
Total cash outflow for leases	\$ (44,558)	\$ (40,998)

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

15. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2021	2020
Prepayments		
Prepaid materials	\$ 547,567	\$ 72,760
Prepaid rents	-	7,072
Prepaid insurance	7,643	7,654
Other prepayments	74,228	12,948
	<u>\$ 629,438</u>	<u>\$ 100,434</u>

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
<u>Secured borrowings</u>		
Revolving bank borrowings	\$ 2,222,398	\$ 3,093,774
Borrowings of usance L/C	3,397,200	1,304,182
	<u>\$ 5,619,598</u>	<u>\$ 4,397,956</u>

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

	<u>December 31</u>	
	2021	2020
Revolving bank borrowings	0.9%-2.5%	0.49%-2.75%
Borrowings of usance L/C	0.8%-1.15%	0.86%-1.2%

As for the borrowings of usance L/C and revolving bank borrowings as of December 31, 2021 and 2020, the Company had signed cross-currency swap contracts with financial institutions. The amount of hedged loans for interest rate and exchange rate risks was \$265,728 thousand (US\$9,600 thousand) and \$654,186 thousand (US\$22,970 thousand) as of December 31, 2021 and 2020, respectively. Refer to Note 28.

b. Short-term bills payable

	<u>December 31</u>	
	2021	2020
Commercial paper	\$ 80,000	\$ 1,180,000
Less: Unamortized discounts on bills payable	<u>10</u>	<u>795</u>
	<u>\$ 79,990</u>	<u>\$ 1,179,205</u>

Outstanding short-term bills payable were as follows:

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
China Bills	\$ 80,000	\$ 10	\$ 79,990	Note 1	None

Note 1: The range of interest rates was 0.5% per annum.

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
China Bills	\$ 180,000	\$ 28	\$ 179,972	Note 2	None
Grand Bills	200,000	74	199,926	Note 2	None
Taiwan Bills	200,000	76	199,924	Note 2	None
International Bills	100,000	182	99,818	Note 2	None
Dah Chung Bills	150,000	152	149,848	Note 2	None
Mega Bills	100,000	8	99,992	Note 2	None
Cooperative Bills	150,000	161	149,839	Note 2	None
Ta Ching Bills	<u>100,000</u>	<u>114</u>	<u>99,886</u>	Note 2	None
	<u>\$1,180,000</u>	<u>\$ 795</u>	<u>\$1,179,205</u>		

Note 2: The range of interest rates was 0.4-0.89% per annum.

c. Long-term borrowings

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>The Company</u>		
1) Syndicated bank loan - 2018		
a) Loan (A) medium-term and long-term secured borrowings	\$ 3,740,000	\$ 6,222,500
b) Loan (B) medium-term and long-term secured borrowings	-	1,100,000
c) Loan (D) medium-term and long-term secured borrowings (commercial paper)	-	699,789
2) Unsecured loan		
Due from May 2021 to February 2034, interest rates at 0.95% p.a. and 0.95%-1.83% p.a. as of December 31, 2021 and 2020, respectively.	300,000	2,783,190
3) Secured loan		
Due from April 2022 to December 2023, interest rates at 1.2%-1.4% p.a. and 1.15%-1.4% p.a. as of December 31, 2021 and 2020, respectively.	<u>635,000</u>	<u>1,657,889</u>
	4,675,000	12,463,368
Less: Unamortized arrangement fees of long-term borrowings	<u>14,062</u>	<u>21,731</u>
	4,660,938	12,441,637
Less: Current portions	<u>1,337,330</u>	<u>3,401,640</u>
Long-term borrowings	<u>\$ 3,323,608</u>	<u>\$ 9,039,997</u>

The main purposes of the syndicated loan and medium-term and long-term loans are to enhance operating revolving funds and arrange for capital expenditures in accordance with the long-term financial plans of the Company. The details are as follows:

The Company entered into a syndicated loan agreement (credit facility of up to \$12.5 billion with a syndicate of banks in October 2018 (due in October 2023)).

The credit line and credit used as of December 31, 2021 and 2020 were as follows:

	Credit Line (In Thousands)	Credit Used		Duration Period	Interest Rate
		2021	2020		
Loan (A)	\$ 6,550,000	\$ 3,740,000	\$ 6,222,500	Within 5 years from the first drawdown date until the maturity date, inclusive of a grace period of 24 months.	1.8% and 2.1% as of December 31, 2021 and 2020, respectively
Loan (B)	1,880,000	-	1,100,000	Within 5 years from the first drawdown date until the maturity date.	2% as of December 31, 2020
Loan (C)	3,370,000	-	-	Within 5 years from the first drawdown date until the maturity date.	-
Loan (D)	700,000	-	700,000	Within 1 years from the first drawdown date until the maturity date. Under the syndicated loan agreement, Loan (D) is renewable.	0.5%-1.262% as of December 31, 2020
	<u>\$ 12,500,000</u>	<u>\$ 3,740,000</u>	<u>\$ 8,022,500</u>		

Repayment terms were as follows:

Loan (A): Within 24 months from the first drawdown date until the maturity date, repayable in seven semiannual installments. The first two installments each repays 5% of the unsettled balance of principal; the third to sixth installments each repays 10% of the unsettled balance of principal; and the seventh installment repays 50% of the unsettled balance of principal (all the outstanding principal remained).

Loan (B) and Loan (C): The loan must be repaid on the maturity date, mentioned in the drawdown notice; otherwise, the payment shall be made in accordance with the syndicated loan agreement.

Loan (D): From the first drawdown date until the maturity date, the loan is allowed to be used on a revolving basis. The commercial paper is renewable under the syndicated loan agreement with the proceeds from the newly issued commercial paper repaying the originally issued.

Under the syndicated loan agreement, the land, buildings and other facilities were pledged as collateral.

The syndicated loan agreement contains certain financial covenants as follows:

- 1) Current ratio: At least 120%
- 2) Debt ratio: No more than 290%
- 3) Interest coverage ratio: At least 2 times
- 4) Tangible net worth: At least \$13.5 billion

All of the liabilities and interest expenses attributed to the application of IFRS 16 are excluded from the computation of debt ratio and interest coverage ratio above.

The Company is required to comply with those financial covenants in each of its annual audited financial statements and semi-annual reviewed financial statements.

As of and for the year ended December 31, 2021, the Company had complied with the above requirements.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Notes payable</u>		
Operating	\$ 50,958	\$ 33,171
Non-operating	<u>23,762</u>	<u>29,471</u>
	<u>\$ 74,720</u>	<u>\$ 62,642</u>

The non-operating notes payable listed above were used for purchasing property, plant, and equipment.

Accounts payable

Accounts payable resulted from operating activities. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

18. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	December 31	
	2021	2020
Other payables		
Salaries and incentive bonus	\$ 508,846	\$ 54,330
Remuneration of directors	48,088	-
Employees' compensation	310,526	59,662
Interest payables	10,231	17,838
Labor and health insurance payables	12,525	10,583
Utilities payables	5,180	4,223
Accrued expenses	61,025	36,709
Payables for annual leave	<u>12,680</u>	<u>12,680</u>
	<u>\$ 969,101</u>	<u>\$ 196,025</u>
Other current liabilities		
Advance receipts	\$ 10,754	\$ 9,439
Receipts under custody	<u>4,165</u>	<u>2,666</u>
	<u>\$ 14,919</u>	<u>\$ 12,105</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The Company adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company makes contributions, equal to 15% of total monthly salaries, to a pension fund, for which the contributions are deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 313,773	\$ 315,231
Fair value of plan assets	<u>(379,826)</u>	<u>(371,954)</u>
Net defined benefit assets	<u>\$ (66,053)</u>	<u>\$ (56,723)</u>

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	\$ 322,418	\$ (345,876)	\$ (23,458)
Service cost			
Current service cost	4,654	-	4,654
Net interest expense (income)	<u>2,417</u>	<u>(2,684)</u>	<u>(267)</u>
Recognized in profit or loss	<u>7,071</u>	<u>(2,684)</u>	<u>4,387</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(11,100)	(11,100)
Actuarial loss - changes in demographic assumptions	566	-	566
Actuarial loss - changes in financial assumptions	7,160	-	7,160
Actuarial gain - experience adjustments	(11,878)	-	(11,878)
Recognized in other comprehensive income	<u>(4,152)</u>	<u>(11,100)</u>	<u>(15,252)</u>
Contributions from the employer	<u>-</u>	<u>(22,400)</u>	<u>(22,400)</u>
Benefits paid	<u>(10,106)</u>	<u>10,106</u>	<u>-</u>
Balance at December 31, 2020	<u>315,231</u>	<u>(371,954)</u>	<u>(56,723)</u>
Service cost			
Current service cost	3,841	-	3,841
Net interest expense (income)	<u>1,576</u>	<u>(1,917)</u>	<u>(341)</u>
Recognized in profit or loss	<u>5,417</u>	<u>(1,917)</u>	<u>3,500</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,632)	(4,632)
Actuarial loss - changes in demographic assumptions	7,947	-	7,947
Actuarial gain - changes in financial assumptions	(3,468)	-	(3,468)
Actuarial loss - experience adjustments	<u>9,023</u>	<u>-</u>	<u>9,023</u>
Recognized in other comprehensive income	<u>13,502</u>	<u>(4,632)</u>	<u>8,870</u>
Contributions from the employer	<u>-</u>	<u>(21,700)</u>	<u>(21,700)</u>
Benefits paid	<u>(20,377)</u>	<u>20,377</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 313,773</u>	<u>\$ (379,826)</u>	<u>\$ (66,053)</u>

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

	For the Year Ended December 31	
	2021	2020
Operating costs	\$ 2,305	\$ 2,987
Selling and marketing expenses	273	320
General and administrative expenses	<u>922</u>	<u>1,080</u>
	<u>\$ 3,500</u>	<u>\$ 4,387</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and, debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.625%	0.50%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	\$ (6,919)	\$ (7,161)
0.25% decrease	\$ 7,163	\$ 7,419
Expected rate of salary increase/decrease		
0.25% increase	\$ 6,945	\$ 7,183
0.25% decrease	\$ (6,744)	\$ (6,970)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	\$ 18,946	\$ 16,305
Average duration of the defined benefit obligation	9.1 years	9.3 years

20. EQUITY

a. Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	2,200,000	1,800,000
Shares authorized	\$ 22,000,000	\$ 18,000,000
Number of shares issued and fully paid (in thousands)		
Ordinary shares	2,008,466	1,658,466
Shares issued		
Ordinary shares	\$ 20,084,659	\$ 16,584,659

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

The portion of shares reserved for employees' subscription has been recognized as salary expense of \$158,642 thousand based on the fair value of the stock options, which was also included in capital surplus – employee stock options. The capital increase in cash had been approved by the Securities and Futures Bureau of the FSC on August 17, 2021, the board of directors determined the base date of the capital increase as October 25, 2021, and the registration for the change had been completed.

In June 2020, the shareholders resolved in their meeting to issue 24,676 thousand ordinary shares with a par value of NT\$10 as the appropriation of the 2019 earnings, which were fully paid for in the amount of \$246,758 thousand. On June 30, 2020, the above transaction was approved by the FSC, and the subscription base date was determined as July 21, 2020. The registration for the change had also been completed.

On July 10, 2020, the Company's board of directors resolved to issue 500,000 thousand ordinary shares with a par value of \$10, for a tentative consideration of \$20 per share. On August 7, 2020, the above transaction was approved by the FSC.

Subsequently, on August 13, 2020, the Company's board of directors resolved to reduce the number of ordinary shares issued to 400,000 thousand, for an adjusted consideration of \$18 per share. The portion of shares reserved for employees' subscription has been recognized as salary expense of \$19,708 thousand based on the fair value of the stock options, which was also included in capital surplus – employee stock options. The amendment of the above capital increase in cash had been approved by the Securities and Futures Bureau of the FSC on August 24, 2020, and the payments for the shares have been fully collected. The board of directors determined the base date of the capital increase as October 27, 2020, and the registration for the change had been completed.

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 22,054,172	\$ 11,672,302
Treasury share transactions	458,048	305,094
The difference between the consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	315,032	360,277
Expired employee share options	13,503	13,503
<u>May only be used to offset a deficit</u>		
Shares of changes in capital surplus of subsidiary	<u>153,061</u>	<u>3,186</u>
	<u>\$ 22,993,816</u>	<u>\$ 12,354,362</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

The board of directors of BBI-TW, which is the subsidiary of the Company, resolved to transfer all treasury shares to employees for \$26.5 per share, The portion of share-based payment transferred for the Company's employees' has been recognized as capital surplus – share of changes in capital surplus of subsidiary of \$116,395 thousand.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 22(i) "Employees' compensation and remuneration of directors and supervisors for 2021 and 2020."

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

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

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

The appropriations of earnings for 2020 and 2019, approved in the shareholders' meetings in July 2021 and June 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Legal reserve	\$ -	\$ 182,078		
Special reserve	621,056	1,300,610		
Cash dividends	-	1,048,722	\$ -	\$ 0.85
Share dividends	-	246,758	-	0.2

The issuance of cash dividends of \$1,326,772 thousand and \$185,069 thousand from the capital surplus at NT\$0.8 and NT\$0.15 per share was also approved in the shareholders' meeting in July 2021 and June 2020, respectively.

The appropriations of earnings for 2021 was proposed by the Company's board of directors on March 25, 2022. The appropriations were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 966,840	
Special reserve	1,775,669	
Cash dividends	3,615,239	\$ 1.8
Share dividends	200,847	\$ 0.1

The appropriation of earnings for 2021 is subject to resolution of the shareholders in their meeting to be held in 2022.

d. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (2,527,406)	\$ (974,583)
Exchange differences on translating the financial statements of foreign operations	(942,732)	(1,420,491)
Shares from subsidiaries and associates accounted for using the equity method	<u>(136,181)</u>	<u>(132,332)</u>
Balance at December 31	<u>\$ (3,606,319)</u>	<u>\$ (2,527,406)</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (7,745)	\$ 515
Recognized for the year		
Shares from subsidiaries and associates accounted for using the equity method	<u>26,315</u>	<u>(8,260)</u>
Balance at December 31	<u>\$ 18,570</u>	<u>\$ (7,745)</u>

3) Gain (loss) on hedging instruments

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (960,368)	\$ (379,532)
Gain (loss) arising on changes in the fair value of hedging instruments		
Cross-currency swaps	28,405	(5,638)
Related income tax	(3,643)	3,694
Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss		
Cross-currency swaps	(10,193)	(12,830)
Shares from subsidiaries and associates accounted for using the equity method	<u>649,743</u>	<u>(566,062)</u>
Balance at December 31	<u>\$ (296,056)</u>	<u>\$ (960,368)</u>

e. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2021	76,933
Increase during the year	171,252
Decrease during the year	<u>(8,624)</u>
Number of shares at December 31, 2021	<u>239,561</u>
Number of shares at January 1, 2020	66,746
Increase during the year	18,817
Decrease during the year	<u>(8,630)</u>
Number of shares at December 31, 2020	<u>76,933</u>

BBI-TW and Ta Chen Empire Co., Ltd. (TCE) held shares of the Company and classified them as financial assets at FVTPL and financial assets at FVTOCI. The Company recognized treasury shares by ownership percentage of BBI-TW.

For the purpose of investment, related information regarding shares of the Company held by subsidiaries on the balance sheet date was as follows:

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Cost	Market Price
<u>December 31, 2021</u>			
BBI-TW	<u>137,954</u>		<u>\$ 6,380,373</u>
TCE	<u>101,607</u>		<u>\$ 4,699,350</u>
Belonging to the Company	<u>93,644</u>	<u>\$ 4,004,953</u>	<u>\$ 4,331,035</u>
<u>December 31, 2020</u>			
BBI-TW	<u>65,149</u>		<u>\$ 2,039,173</u>
TCE	<u>11,784</u>		<u>\$ 368,852</u>
Belonging to the Company	<u>30,065</u>	<u>\$ 1,132,861</u>	<u>\$ 941,035</u>

Treasury shares held by BBI-TW and TCE are bestowed shareholders' rights because the ownership percentage held by the Company was under 50%.

21. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 15,232,827</u>	<u>\$ 6,237,417</u>

Contract balances

	<u>December 31</u>		January 1, 2020
	2021	2020	
Accounts receivable (Note 9)	\$ <u>6,901,691</u>	\$ <u>3,040,254</u>	\$ <u>2,264,165</u>

Refer to Statement 14 for segment revenue information.

22. PROFIT (LOSS) BEFORE INCOME TAX

a. Other operating income and expenses

	<u>For the Year Ended December 31</u>	
	2021	2020
Loss on disposal of property, plant and equipment	\$ <u>(2,279)</u>	\$ <u>(6,055)</u>

b. Interest income

	<u>For the Year Ended December 31</u>	
	2021	2020
Bank deposits and financial assets at amortized cost	\$ <u>3,682</u>	\$ <u>7,988</u>

c. Other income

	<u>For the Year Ended December 31</u>	
	2021	2020
Rental income	\$ 2,673	\$ 2,525
Dividends	836	302
Others	<u>7,151</u>	<u>4,861</u>
	\$ <u>10,660</u>	\$ <u>7,688</u>

d. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2021	2020
Foreign exchange gains	\$ 1,054,245	\$ 843,929
Foreign exchange losses	(1,193,279)	(996,782)
Net gain on financial assets designated as at FVTPL	6,672	196,367
Property, plant and equipment loss of impairment	(37,965)	-
Deemed as gain on disposal of associates accounted for using the equity method	12,197	-
Others	<u>(12,327)</u>	<u>(88)</u>
	\$ <u>(170,457)</u>	\$ <u>43,426</u>

e. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	\$ 272,167	\$ 367,874
Interest on lease liabilities	746	615
Amortization of arrangement fees of syndicated bank loans	7,669	7,670
Gain arising on derivatives designated as hedging instruments in cash flow hedge accounting relationships reclassified from equity to profit or loss	<u>(10,193)</u>	<u>(12,830)</u>
	270,389	363,329
Less: Amounts included in the cost of qualifying assets	<u>3,726</u>	<u>2,803</u>
	<u>\$ 266,663</u>	<u>\$ 360,526</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	\$ 3,726	\$ 2,803
Capitalization rate	1.51%	1.71%

f. Impairment loss

	For the Year Ended December 31	
	2021	2020
Other receivables	<u>\$ (16,928)</u>	<u>\$ (12,869)</u>

g. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating costs	\$ 108,607	\$ 183,053
Operating expenses	<u>27,234</u>	<u>29,680</u>
	<u>\$ 207,841</u>	<u>\$ 212,733</u>
An analysis of amortization by function		
Operating costs	<u>\$ 605</u>	<u>\$ 709</u>

h. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 1,885,548	\$ 642,650
Post-employment benefits (refer to Note 19)		
Defined contribution plans	23,702	22,022
Defined benefit plans	<u>3,500</u>	<u>4,387</u>
	<u>27,202</u>	<u>26,409</u>
 Total employee benefits expense	 <u>\$ 1,912,750</u>	 <u>\$ 669,059</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 517,545	\$ 463,528
Operating expenses	<u>1,395,205</u>	<u>205,531</u>
	<u>\$ 1,912,750</u>	<u>\$ 669,059</u>

i. Employees' compensation and remuneration of directors for 2021 and 2020

In accordance with the Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates of 3% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the year ended December 31, 2021, which was approved by the Company's board of directors on March 25, 2022, were as follows:

Accrual rate

	For the Year Ended December 31, 2021
Employees' compensation	3%
Remuneration of directors	0.46%

Amount

	For the Year Ended December 31, 2021
Employees' compensation - cash	\$ 310,526
Remuneration of directors - cash	48,088

If there is a change in the amounts after the annual standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

No employees' compensation and remuneration of directors were estimated due to the loss before income tax for the year ended December 31, 2020.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2020 and 2019

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAX

- a. Major components of tax expense (benefit) recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 503,847	\$ -
Adjustments for prior years	<u>20,852</u>	<u>(19,597)</u>
	<u>524,699</u>	<u>(19,597)</u>
Deferred tax		
In respect of the current year	<u>(205,380)</u>	<u>(9,137)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 319,319</u>	<u>\$ (28,734)</u>

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

	For the Year Ended December 31	
	2021	2020
Profit (loss) before tax	<u>\$ 9,992,236</u>	<u>\$ (602,155)</u>
Income tax expense (benefit) calculated at the statutory rate	\$ 1,998,447	\$ (120,431)
Nondeductible expenses (income) in determining taxable income	(1,684,877)	111,187
Adjustments for prior years	20,852	(19,597)
Unrecognized deductible temporary differences	<u>(15,103)</u>	<u>107</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 319,319</u>	<u>\$ (28,734)</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current year:		
Fair value changes of hedging instruments for cash flow hedges	\$ (3,643)	\$ 3,694
Remeasurement of defined benefit plans	<u>1,774</u>	<u>(3,050)</u>
Total income tax recognized in other comprehensive income	<u>\$ (1,869)</u>	<u>\$ 644</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	\$ <u> -</u>	\$ <u> 588</u>
Current tax liabilities		
Income tax payable	\$ <u> 503,680</u>	\$ <u> -</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized at in Other Comprehensive Income	Closing Balance
Temporary differences				
Difference between tax reporting and financial reporting - depreciation expenses	\$ 15,217	\$ (10,992)	\$ -	\$ 4,225
Associates	49,496	416,043	-	465,539
Defined benefit obligations	13,898	-	1,774	15,672
Unrealized loss on inventories	2,764	3,779	-	6,543
Payables for annual leave	2,536	-	-	2,536
Unallocated fixed manufacturing costs	2,525	2,076	-	4,601
Unrealized exchange losses	25,923	(16,973)	-	8,950
Unrealized loss on financial liabilities	407	(105)	-	302
Derivative financial liabilities for hedging	3,538	-	(3,538)	-
	<u>116,304</u>	<u>393,828</u>	<u>(1,764)</u>	<u>508,368</u>
Tax losses	<u>186,526</u>	<u>(186,526)</u>	<u>-</u>	<u>-</u>
	<u>\$ 302,830</u>	<u>\$ 207,302</u>	<u>\$ (1,764)</u>	<u>\$ 508,368</u>
Deferred Tax Liabilities				
Temporary differences				
Derivative financial assets for hedging	\$ -	\$ -	\$ 105	\$ 105
Unrealized gain or loss on financial instrument	-	57	-	57
Net defined benefit assets	<u>11,345</u>	<u>1,865</u>	<u>-</u>	<u>13,210</u>
	<u>\$ 11,345</u>	<u>\$ 1,922</u>	<u>\$ 105</u>	<u>\$ 13,372</u>

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized at in Other Comprehensive Income	Closing Balance
Temporary differences				
Difference between tax reporting and financial reporting - depreciation expenses	\$ 17,596	\$ (2,379)	\$ -	\$ 15,217
Associates	60,606	(11,110)	-	49,496
Defined benefit obligations	16,948	-	(3,050)	13,898
Unrealized loss on inventories	19,600	(16,836)	-	2,764
Payables for annual leave	2,536	-	-	2,536
Unallocated fixed manufacturing costs	2,073	452	-	2,525
Unrealized exchange losses	18,917	7,006	-	25,923
Unrealized loss on financial liabilities	474	(67)	-	407
Derivative financial liabilities for hedging	-	-	3,538	3,538
	<u>138,750</u>	<u>(22,934)</u>	<u>488</u>	<u>116,304</u>
Tax losses	<u>147,801</u>	<u>38,725</u>	<u>-</u>	<u>186,526</u>
	<u>\$ 286,551</u>	<u>\$ 15,791</u>	<u>\$ 488</u>	<u>\$ 302,830</u>

(Continued)

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized at in Other Comprehensive Income	Closing Balance
Temporary differences				
Derivative financial assets for hedging	\$ 156	\$ -	\$ (156)	\$ -
Net defined benefit assets	<u>4,691</u>	<u>6,654</u>	<u>-</u>	<u>11,345</u>
	<u>\$ 4,847</u>	<u>\$ 6,654</u>	<u>\$ (156)</u>	<u>\$ 11,345</u>

(Concluded)

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

	<u>December 31</u>	
	2021	2020
Deductible temporary differences	<u>\$ 16,228</u>	<u>\$ 1,125</u>

- f. Aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

The Company determined that the unappropriated earnings of overseas subsidiaries would be reinvested permanently for the continuous expansion of the scale of operations and to support the needs for operating funds of overseas subsidiaries (the unappropriated earnings as of December 31, 2021 were approved by the Company's board of directors in March 2022). As a result, no deferred tax liability has been recognized on the related investment income recognized under the equity method.

As of December 31, 2021 and 2020, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$16,062,103 thousand and \$8,495,712 thousand, respectively.

- g. Income tax assessments

The tax returns through 2019 have been assessed by the tax authorities.

24. EARNINGS (LOSS) PER SHARE

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2021	2020
Profit (loss) for the year attributable to owners of the Company	<u>\$ 9,672,917</u>	<u>\$ (573,421)</u>

Number of Shares

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	1,679,072	1,306,681
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>6,714</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>1,685,786</u>	<u>1,306,681</u>

The Company offered to settle compensation paid to employees in cash or shares, therefore, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees in their meeting in the following year.

In consideration of the net loss for the year 2020, the dilutive effect of the potential shares attributed to employees' compensation was excluded from the computation of diluted earnings per share.

25. ACQUISITION OF A SUBSIDIARY THAT CONSTITUTES A BUSINESS - WITH OBTAINED CONTROL

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Lung Mei Cloth Co., Ltd.	Manufacture and sale of curtains and decorations	April 1, 2022	20.42	\$ 81,668

The Company originally held 9,750 thousand (48.75%) of the shares of Lung Mei Cloth Co., Ltd. and further acquired 4,083 thousand (20.42%) of the shares from non-related parties on April 1, 2022; as its total shareholding percentage of Lung Mei Cloth Co., Ltd. is 69.17%, it is deemed as a subsidiary of the Company. Lung Mei Cloth Co., Ltd. was acquired in order to continue the expansion of the Company's activities in curtains. For details about the acquisition of Lung Mei Cloth Co., Ltd., refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2021.

26. PARTIAL ACQUISITION OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

For details about the partial acquisition of subsidiaries, refer to Note 29 to the Group's consolidated financial statements for the year ended December 31, 2021.

27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged for 2021 and 2020. The capital structure of the Company consists of net debt and equity of the Company. Key management personnel of the Company review the

capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to improve the Company's earnings and manage the overall capital structure, the Company may adjust the amount of dividends paid to shareholders or existing debt redeemed and invested in financial instruments.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments that are not measured at fair value, such as cash, receivables, other financial assets, bank borrowings, short-term notes and bills payable and accounts payable, approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 64,427	\$ -	\$ -	\$ 64,427
Financial assets at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 75,872	\$ 75,872
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 74	\$ -	\$ 74
Financial liabilities for hedging				
Derivatives	\$ -	\$ 1,204	\$ -	\$ 1,204

December 31, 2020

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

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

The fair value measurement of foreign exchange swap contracts and cross currency swaps are based on the exchange rate quotations and corresponding yield curves. The fair value measurement of metal swap contracts are based on the forward quotations of the metal and the corresponding yield curves.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ -	\$ 56,078
Mandatorily classified as at FVTPL	64,427	33,476
Financial assets at amortized cost (Note 1)	15,509,890	6,488,267
Financial assets at FVTOCI	75,872	16,353
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	74	1,636
Financial liabilities for hedging	1,204	51,779
Financial liabilities at amortized cost (Note 2)	12,514,167	18,411,930

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

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (long-term loans due in one year included), short-term bills payable, notes payable, accounts payable (related parties included) and other payables (related parties included).

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable, accounts payable, short-term bills payable and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, other price risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price risk (refer to (c) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company has foreign currency sales and purchases, which exposes the Company to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange swap contracts, foreign exchange forward contracts and foreign exchange option contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD. The following table details the Company's sensitivity to an increase and decrease in the functional currency against the relevant foreign currencies. A positive number below indicates an increase in pre-tax profit (loss) associated with the functional currency strengthening 1% against the relevant currency. For a 1% weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss), and the balances below would be negative.

	<u>USD Impact (Note)</u>	
	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Profit or loss	\$ 103,990	\$ 46,844

Note: \$265,728 thousand and \$654,186 thousand of short-term loans that were hedged with cross-currency swaps had been deducted from the impact of USD for the years ended December 31, 2021 and 2020, respectively.

This was mainly attributable to the exposure of outstanding cash, receivables, payables and borrowings denominated in USD which were not hedged at the balance sheet date.

The Company's sensitivity to foreign currency increased during the current period due to the increase in the sales of the US dollar denominated goods, which results in the increase in foreign currency denominated trade receivables. The management believes that the sensitivity analysis cannot represent the inherent risk of the exchange rate because the foreign currency risk at the balance sheet date cannot be reflected on the interim period that the sales in US dollar will vary with orders and asset investment position.

Hedge accounting

For the year ended December 31, 2021

Cross currency swaps

The Company's hedging strategy is to enter into cross-currency swap contracts to avoid fair value interest rate risks as well as cash flow fluctuating risks, resulted from changes in market

interest rates and exchange rates of outstanding floating rates and foreign currency denominated borrowings.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Company's own credit risk on the fair value of the cross currency swaps, which is not reflected in the cash flow of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness is expected to emerge from these hedging relationships.

The outstanding cross-currency swap contracts at the end of the reporting period were as follows:

For the year ended December 31, 2021

Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Forward Price	Line Item in Balance Sheet	Carrying Amount
						Liability
US\$9,600	2021.4.29-2022.4.29	0%	2.5%	(USD 1:NTD 27.68)	Financial liabilities for hedging	\$ 1,204

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

For the year ended December 31, 2020

Notional Amount	Maturity	Range of Interest Rates Paid	Range of Interest Rates Received	Forward Price	Line Item in Balance Sheet	Carrying Amount
						Liability
US\$5,000	2020.3.20-2021.3.22	0%	1.46%	(USD 1:NTD 30.245)	Financial liabilities for hedging	\$ 12,428
US\$9,600	2020.4.29-2021.5.4	0.25%	2.75%	(USD 1:NTD 29.90)	Financial liabilities for hedging	21,235
US\$8,370	2020.5.4-2021.5.6	0.10%	2.6%	(USD 1:NTD 29.87)	Financial liabilities for hedging	18,116

Hedged Item	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or losses on Hedging Instruments in Other Equity	
		Continuing Hedges	Hedge Accounting No Longer Applied
Cash flow hedge			
Long-term borrowings	\$ -	\$ (17,688)	\$ -

For the year ended December 31, 2021

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

For the year ended December 31, 2020

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount Reclassified to P/L and the Adjusted Line Item
		Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedge		
Forecast floating interest rate risk of foreign currency denominated borrowings	\$ (18,466)	\$ (12,830)

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company through maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Cash flow interest rate risk		
Financial assets	\$ 5,890,316	\$ 2,954,235
Financial liabilities	10,280,536	16,139,804

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have been lower by \$41,245 thousand and \$125,314 thousand, respectively (which deducted the impact of loans hedged with cross currency swaps amounting to \$265,728 thousand and \$654,186 thousand, respectively).

c) Other price risk

The Company was exposed to market price risk through its investments in metal (namely aluminum and nickel) price swap contracts which aimed to lower the impact of material price fluctuations on profitability.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to market price risks at the end of the reporting period.

If the difference between the market price and exercise price of the unsettled aluminum and nickel price derivative instrument contracts had been 1% higher or lower, pre-tax profit for years ended December 31, 2020 would have increased or decreased by \$ 561 thousand, as a result of the changes in fair value of investments at fair value through profit or loss. With regard to the unsettled aluminum and nickel price swap contracts, the Company had recognized unrealized gains of \$56,078 thousand for years ended December 31, 2020.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from:

- a) The carrying amount of the respective recognized financial assets as stated in the standalone balance sheets; and
- b) The amount of contingent liabilities in relation to financial guarantees issued by the Company.

Apart from subsidiary TCI, which is the largest customer, the Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Accounts receivable consisted of a large number of customers which are spread across diverse industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of customers with accounts receivable.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized short-term bank loan facilities set out in (C) below.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest rates are floating, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

	On Demand or Less than 1 Year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 2,153,641	\$ -
Lease liabilities	11,612	31,657
Fixed interest rate bank loans	80,000	-
Floating interest rate bank loans	5,763,092	4,688,738
Financial guarantee contracts	<u>4,951,174</u>	<u>1,904,384</u>
	<u>\$ 12,959,519</u>	<u>\$ 6,624,779</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 11,612</u>	<u>\$ 25,104</u>	<u>\$ 6,553</u>

December 31, 2020

	On Demand or Less than 1 Year	More than 1 Year
<u>Non-derivative financial liabilities</u>		
Non-interest bearing liabilities	\$ 393,132	\$ -
Lease liabilities	13,488	40,406
Fixed interest rate bank loans	1,880,039	-
Floating interest rate bank loans	7,289,704	9,359,667
Financial guarantee contracts	<u>761,776</u>	<u>1,780,000</u>
	<u>\$ 10,338,139</u>	<u>\$ 11,180,073</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	<u>\$ 13,488</u>	<u>\$ 31,673</u>	<u>\$ 8,733</u>

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settled on a net basis. When the amount payable or receivable was not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2021

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Interest rate swap contracts	\$ 74	\$ -
Cross-currency swap contracts	<u>1,204</u>	<u>-</u>
	<u>\$ 1,278</u>	<u>\$ -</u>

December 31, 2020

	Less than 1 Year	1-5 Years
<u>Net settled</u>		
Interest rate swap contracts	\$ 1,636	\$ -
Cross-currency swap contracts	<u>51,779</u>	<u>-</u>
	<u>\$ 53,415</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank loan facilities, reviewed annually:		
Amount used	\$ 5,999,598	\$ 8,484,035
Amount unused	<u>13,460,402</u>	<u>8,885,965</u>
	<u>\$ 19,460,000</u>	<u>\$ 17,370,000</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 4,375,000	\$ 9,557,500
Amount unused	<u>10,960,000</u>	<u>4,677,500</u>
	<u>\$ 15,335,000</u>	<u>\$ 14,235,000</u>

29. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and related parties are disclosed below.

- a. The names of the related parties and their relationships with the Company

Related Party Name	Relationship
Ta Chen International, Inc. (“TCI”)	Subsidiary
Empire Resources, Inc. (“ERI”)	Subsidiary
Primus Pipe and Tube, Inc. (PPT)	Subsidiary
Ta Chen (B.V.I.) Holdings Ltd. (“Ta Chen BVI”)	Subsidiary
Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiary
Ta Chen (Changshu) Co., Ltd.	Subsidiary (Note 1)
Ta Chen (Boye) Co., Ltd.	Subsidiary
Wei Mei Roller Blind Co., LTD.	Subsidiary
Brighton - Best International, Inc. (BBI-USA)	Subsidiary
Ta Chen (Hong Kong) Limited (TCHK)	Subsidiary
Lung Mei Cloth Co., Ltd.	Subsidiary (Note 2)
Ou Bo Hua Company	Related party in substance
Brighton-Best International (Taiwan) Inc. (BBI-TW)	Subsidiary
Ta Chen Empire Co., Ltd. (TCE)	Subsidiary

Note 1: The Company’s subsidiary, Ta Chen BVI, had sold 100% of its shares of Ta Chen (Changshu) Co., Ltd. to non-related parties.

Note 2: The Company originally held 48.75% of the shares of Lung Mei Cloth Co., Ltd. and further acquired 20.42% of the shares from non-related parties on April 1, 2022; as its total shareholding percentage of Lung Mei Cloth Co., Ltd. is 69.17%, it is deemed as a subsidiary of the Company.

- b. Sales of goods

Line Item	Related Party Category/Name	<u>For the Year Ended December 31</u>	
		2021	2020
Revenue from sale of goods	TCI	\$ 13,081,124	\$ 3,733,217
	TCHK	168,648	976,478
	Lung Mei Cloth Co., Ltd.	66,398	70,677
	Subsidiaries	<u>7,246</u>	<u>-</u>
		<u>\$ 13,323,416</u>	<u>\$ 4,780,372</u>

- 1) Transaction prices

- a) The prices of goods sold to the U.S. were determined in consideration of both local market prices in the U.S. and related operating costs of subsidiaries. There are no similar transactions for the prices on goods sold to the U.S.
- b) The prices of items sold to subsidiaries in China and other related parties do not have similar transactions to which they can be compared.
- c) The prices of items sold to subsidiaries in Taiwan do not have similar transactions to which they can be compared.

2) Collection terms

For sales to subsidiaries, collections were 6 months after sales. As for unrelated parties, collection term is 3 months for domestic sales and 1 to 3 months for export sales.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ 12,498	\$ 127,538

1) Transaction prices

The items and prices of the purchases from related parties do not have similar transactions to which they can be compared.

2) Payment terms

The Company's payment terms to subsidiaries are 1 to 3 months or prepaid (depending on transaction terms); and the payment terms for third parties are 1 to 3 months.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Accounts receivable	TCI	\$ 6,543,647	\$ 2,861,698
	Lung Mei Cloth Co., Ltd.	8,438	8,239
	Subsidiaries	-	49,436
		<u>\$ 6,552,085</u>	<u>\$ 2,919,373</u>
Other receivables	Wei Mei Roller Blind Co., LTD.	\$ 60,000	\$ 4,000
	Subsidiaries	2,768	1,088
	Lung Mei Cloth Co., Ltd.	57	33
		<u>\$ 62,825</u>	<u>\$ 5,121</u>

The outstanding accounts receivable from related parties are unsecured. No impairment loss was recognized for receivables from related parties for the years ended December 31, 2021 and 2020.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2021	2020
Accounts payable	Subsidiaries	\$ 8,576	\$ 12,110
Other payable	TCHK	\$ 694,250	\$ -

The outstanding accounts payable to related parties are unsecured.

f. Refundable deposits

Line Item	Related Party Category/Name	December 31	
		2021	2020
Financial assets at amortized cost - non-current	Related parties in substance	\$ 1,900	\$ 1,600

g. Lease arrangements - the Company is lessee

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
<u>Interest expense</u>		
Related parties in substance	\$ 41	\$ 12
<u>Lease expense</u>		
Subsidiaries	\$ 17,143	\$ 12,857
Related parties in substance	11,886	9,936
	\$ 29,029	\$ 22,793

The Company entered into a contract with its related parties in substance to rent office space, dormitories, and vehicles from December 2020 to August 2023, and the rental is based on similar asset's market rental rates and fixed lease payments are paid quarterly.

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

	December 31	
	2021	2020
Future lease payables	\$ 9,331	\$ 3,952

h. Lease arrangements

Lease arrangements - the Company is lessor under operating leases

The Company entered into a contract with its subsidiaries to rent out office space from May 2019 to November 2025. The rental is based on the market rental rates of similar properties, and fixed lease payments are received quarterly. As of December 31, 2021 and 2020, the gross lease payments received were \$3,660 thousand and \$4,740 thousand, respectively. Rental income was both \$1,080 thousand for the years ended December 31, 2021 and 2020.

The Company entered into a contract with Lung Mei Cloth Co., Ltd. to rent out office space from September 2021 to August 2022. As of December 31, 2021 and 2020, other receivables were \$57 thousand and \$33 thousand, respectively, and the commission from the gross lease payments received was based on the percentage of revenue. Rental income was \$627 thousand and \$481 thousand for the years ended December 31, 2021 and 2020, respectively.

i. Endorsements and guarantees

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

j. Other transactions with related parties

1) Information service income

The Company authorized its subsidiaries to use the information system and provided assistance to maintain the system. The information service income, included in other income, were both \$960 thousand for the years ended December 31, 2021 and 2020.

2) Meal service income

The Company charges its subsidiaries for providing lunch meal service to employees. The meal service income, included in other income, were \$2,188 thousand and \$364 thousand for the years ended December 31, 2021 and 2020, respectively.

3) Management service income

The Company supports its subsidiaries on purchasing of goods and charges management service fees. The management service income were both \$1,920 thousand for the years ended December 31, 2021 and 2020.

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 95,519	\$ 27,873
Post-employment benefits	557	641
Share-based payment	<u>5,896</u>	<u>621</u>
	<u>\$ 101,972</u>	<u>\$ 29,135</u>

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31	
	2021	2020
Financial assets at amortized cost (pledged time deposits and reserve account)	\$ 5,306,359	\$ 1,316,290
Property, plant and equipment, net	2,244,543	2,275,702
Investment accounted for using the equity method (shares of BBI-TW)	<u>867,143</u>	<u>1,711,768</u>
	<u>\$ 8,418,045</u>	<u>\$ 5,303,760</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2021 and 2020 were as follows:

- a. Unused letters of credit for purchases of raw materials as of December 31, 2021 and 2020 were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Unused letters of credit for purchases of raw materials	\$ 701,708	\$ 411,965

- b. Unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Acquisition of property, plant and equipment	\$ 385,574	\$ 289,115

- c. As of December 31, 2021 and 2020, the Company's provision of endorsement and guarantee to the subsidiaries for bank borrowings were as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Amount endorsed and guaranteed	\$ 7,077,165	\$ 2,622,019
Amount utilized	\$ 3,094,615	\$ 2,622,019

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 414,553	27.68	\$ 11,474,815
Non-monetary items			
Investment accounted for using the equity method			
USD	2,038,348	27.68	56,421,470

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 48,467	27.68	\$ 1,341,565 (Concluded)

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 176,894	28.48	\$ 5,037,930
Non-monetary items			
Investment accounted for using the equity method			
USD	1,632,527	28.48	46,494,358

Financial liabilities

Monetary items			
USD	35,384	28.48	1,007,731

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

	For the Year Ended December 31			
	2021		2020	
	Foreign Currency	Exchange Rate	Exchange Rate	Net Foreign Exchange Gain (Loss)
		Net Foreign Exchange Gain (Loss)		Net Foreign Exchange Gain (Loss)
USD	27.68 (USD:NTD)	\$ (137,740)	28.48 (USD:NTD)	\$ (151,065)
EUR	31.32 (EUR:NTD)	(1,318)	35.02 (EUR:NTD)	(45)
CNY	4.3415 (CNY:NTD)	92	4.377 (CNY:NTD)	(1,630)
GBP	37.3 (GBP:NTD)	<u>(68)</u>	37.30 (GBP:NTD)	<u>(113)</u>
		<u>\$ (139,034)</u>		<u>\$ (152,853)</u>

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 9) Trading in derivative instruments (Notes 7 and 28)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1, 2 and 8):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

TA CHEN STAINLESS PIPE CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	
													Item	Value			
0	The Company	Wei Mei Window, Inc.	Other receivables from related parties	Y	\$ 60,000	\$ 60,000	\$ 60,000	-	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 4,902,521	\$ 19,610,084	
1	Ta Chen (B.V.I.) Holdings Ltd.	TMCT Product, Inc.	Other receivables from related parties	Y	277,380	-	-	2%	2	-	Operating capital	-	None	-	1,763,546	1,763,546	
2	Brighton-Best International (Taiwan) Inc.	Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	1,443	-	-	-	1	7,254	-	-	None	-	7,254	8,505,981	
		Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	5,068	4,723	-	-	2	-	Operating capital	-	None	-	3,920,631	7,841,261	
		Brighton-Best International (AU), Pty Ltd.	Other receivables from related parties	Y	202,302	105,750	105,750	-	1	587,170	-	-	None	-	587,170	8,505,981	
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	37,027	36,197	30,371	-	1	77,550	-	-	None	-	77,550	8,505,981	
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	17,121	-	-	-	2	-	Operating capital	-	-	None	-	3,920,631	7,841,261
		Brighton-Best International (UK), Limited	Other receivables from related parties	Y	8,639	-	-	-	1	136,803	-	-	-	None	-	136,803	8,505,981
		Brighton-Best International, Inc.	Other receivables from related parties	Y	197,456	-	-	-	1	6,724,348	-	-	-	None	-	6,724,348	8,505,981
		Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Other receivables from related parties	Y	85,605	83,040	83,040	-	2	-	Operating capital	-	-	None	-	1,807,691	3,615,383
3	Brighton-Best International, Inc.	Brighton-Best International (Canada), Inc.	Other receivables from related parties	Y	71,338	69,200	-	-	2	-	"	-	None	-	1,807,691	3,615,383	
		Brighton-Best International (NZ), Limited	Other receivables from related parties	Y	44,176	44,176	39,355	-	2	-	"	-	None	-	170,769	341,538	
4	Brighton-Best International (AU), Pty Ltd.	Ta Chen International, Inc.	Other receivables from related parties	Y	2,036,515	-	-	-	1	1,550,573	-	-	None	-	1,550,573	2,356,112	
		Empire Resources, Inc.	Other receivables from related parties	Y	564,934	-	-	-	1	347,713	-	-	None	-	347,713	2,356,112	
		Brighton-Best International (Taiwan) Inc.	Other receivables from related parties	Y	1,000,000	-	-	-	2	-	Operating capital	-	-	None	-	1,178,056	2,356,112
5	Ta Chen Empire Co., Ltd.	8911 Kelso Drive	Other receivables from related parties	Y	104,825	-	-	-	2	-	"	-	None	-	3,377,410	3,377,410	
		Ta Chen International, Inc.	Other receivables from related parties	Y	2,758,405	2,758,405	960,496	-	2	-	"	-	None	-	3,377,410	3,377,410	
		Imbali Metals BVBA	Other receivables from related parties	Y	222,480	222,480	175,432	1M LIBOR+1.75%	2	-	Operating capital	-	-	None	-	3,377,410	3,377,410
		Primus Pipe and Tube Holding, Inc.	Other receivables from related parties	Y	13,400	13,400	13,400	1M LIBOR+1.75%	2	-	"	-	-	None	-	944,690	944,690
6	Empire Resources, Inc.	Ta Chen (Hong Kong) Limited	Other receivables from related parties	Y	333,136	194,298	194,298	4.5%	2	-	"	-	None	-	1,125,170	1,125,170	
		The Company	Other receivables from related parties	Y	692,000	692,000	692,000	-	2	-	"	-	None	-	1,125,170	1,125,170	
		Ta Chen International, Inc.	Other receivables from related parties	Y	740,480	-	-	-	2	-	"	-	None	-	1,125,170	1,125,170	
7	Ta Chen International, Inc.	Primus Pipe and Tube, Inc.	Other receivables from related parties	Y	245,880	-	-	Prime-0.125%	2	-	"	-	None	-	34,821,769	34,821,769	
8	TCI Investment Group, Inc.	Ta Chen International, Inc.	Other receivables from related parties	Y	44,235	-	-	-	2	-	"	-	None	-	160,403	160,403	
9	8911 Kelso Drive	Empire Resources, Inc.	Other receivables from related parties	Y	83,790	80,655	80,655	-	2	-	"	-	None	-	81,450	81,450	

Note 1:

Financing Limit for Each Borrower

The Company	10% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (B.V.I.) Holdings Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (Taiwan) Inc.	For business transaction: Recently business transaction amount For short-term financing: 20% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International, Inc.	20% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (AU), Pty Ltd.	20% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen Empire Co., Ltd.	20% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen International, Inc.	Recently business transaction amount or 20% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
TA CHEN (Changshu) Co., Ltd.	Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (Hong Kong) Limited	100% of net worth in recently audited financial statements or reviewed financial statements
TCI Investment Group, Inc.	Recently business transaction amount and not exceed 40% of net worth in recently audited financial statements or reviewed financial statements

Aggregate Financing Limit

The Company	40% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (B.V.I.) Holdings Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (Taiwan) Inc.	For business transaction: Recently business transaction amount plus 40% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International, Inc.	40% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (AU), Pty Ltd.	40% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen Empire Co., Ltd.	40% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen International, Inc.	Recently business transaction amount plus 40% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements
TA CHEN (Changshu) Co., Ltd.	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen (Hong Kong) Limited	500% of net worth in recently audited financial statements or reviewed financial statements
TCI Investment Group, Inc.	100% of net worth in recently audited financial statements or reviewed financial statements

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

Note 2: The nature for financing is as follows:

- 1) Business transaction
- 2) The need for short-term financing

TA CHEN STAINLESS PIPE CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note2)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	
		Name	Relationship											
0	The Company	Ta Chen (B.V.I.) Holdings Ltd.	Subsidiary	\$ 98,050,420	\$ 4,082,423	\$ 4,082,423	\$ 99,873	\$ -	8		Y	N	N	
		Ta Chen (Hong Kong) Limited	Subsidiary	98,050,420	2,138,760	2,138,760	2,138,760	-	4		Y	N	N	
		Lungmei Curtain Inc.	Subsidiary	98,050,420	200,000	200,000	200,000	-	-		Y	N	N	
		Ta Chen (Shijiazhuang) Co., Ltd.	Sub-subsubsidiary	98,050,420	145,700	145,700	145,700	-	-		Y	N	N	
		Empire Resources, Inc.	Sub-subsubsidiary	98,050,420	181,170	181,170	181,170	-	-		Y	N	N	
		Ta Chen (Boye) Co., Ltd.	Sub-subsubsidiary	98,050,420	162,396	162,396	154,980	-	-		Y	N	N	
		TMCT Products, Inc.	Sub-subsubsidiary	98,050,420	174,132	174,132	174,132	-	-		Y	N	N	
		Brighton-Best International (Taiwan) Inc.	Subsidiary	15,682,522	132,987	120,722	-	-	0.62		\$ 98,050,420	Y	N	N
1	Brighton-Best International (Taiwan) Inc.	Ta Chen Empire Co., Ltd.	Subsidiary	15,682,522	3,065,000	-	-	-	-		Y	N	N	
		Brighton-Best International (NZ), Limited	Subsidiary	15,682,522	93,568	87,198	-	-	0.45		19,603,153	Y	N	N
		Empire Resources Pacific, Ltd.	Sub-subsubsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84			N	N	N
		TCI Investment Group, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84			N	N	N
		Empire Resources, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84			N	N	N
		TCI Texarkana, Inc.	Subsidiary	69,643,538	33,396,800	33,396,800	31,044,000	-	96			N	N	N
		Primus Pipe and Tube Holding, Inc.	Subsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84			N	N	N
		Primus Pipe and Tube, Inc.	Sub-subsubsidiary	69,643,538	29,230,500	29,230,500	29,230,500	-	84			N	N	N
2	Ta Chen International, Inc.	Imbali Metals BVBA	Sub-subsubsidiary	69,643,538	711,400	711,400	711,400	-	2			N	N	N
		Empire Resources (UK) Limited.	Sub-subsubsidiary	69,643,538	711,400	711,400	711,400	-	2		69,643,538	N	N	N
		Ta Chen International, Inc.	Parent company	67,548,200	29,230,500	29,230,500	29,230,500	-	865			N	N	N
		Empire Resources Pacific, Ltd.	Subsidiary	67,548,200	29,230,500	29,230,500	29,230,500	-	865			N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865			N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865			N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865			N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	67,548,200	29,230,500	29,230,500	29,230,500	-	865		67,548,200	N	N	N
3	Empire Resources, Inc.	Ta Chen International, Inc.	Parent company	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223			N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223			N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223			N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223			N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223			N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223			N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	56,141,050	29,230,500	29,230,500	29,230,500	-	18,223		56,141,050	N	N	N
		Ta Chen International, Inc.	Parent company	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761			N	N	N
4	TCI Investment Group, Inc.	TCI Investment Group, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761			N	N	N
		Empire Resources, Inc.	Parent company	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761			N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761			N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761			N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	8,280,000	29,230,500	29,230,500	29,230,500	-	10,590,761		8,280,000	N	N	N
		Ta Chen International, Inc.	Parent company	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094			N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094			N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094			N	N	N
5	Primus Pipe and Tube Holding, Inc.	Empire Resources Pacific, Ltd.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094			N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094			N	N	N
		Primus Pipe and Tube, Inc.	Subsidiary	33,064,150	29,230,500	29,230,500	29,230,500	-	3,094		33,064,150	N	N	N
		Ta Chen International, Inc.	Parent company	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112			N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112			N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112			N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112			N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112			N	N	N
6	Primus Pipe and Tube, Inc.	Primus Pipe and Tube Holding, Inc.	Parent company	39,097,190	29,230,500	29,230,500	29,230,500	-	4,112			N	N	N
		Empire Resources Pacific, Ltd.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445		39,097,190	N	N	N
		TCI Texarkana, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445			N	N	N
		Primus Pipe and Tube Holding, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445			N	N	N
		Primus Pipe and Tube, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445			N	N	N
		TCI Investment Group, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445			N	N	N
		Empire Resources, Inc.	Fellow subsidiaries	32,864,120	29,230,500	29,230,500	29,230,500	-	445			N	N	N
		Ta Chen International, Inc.	Parent company	32,864,120	29,230,500	29,230,500	29,230,500	-	445		32,864,120	N	N	N

Note 1:

Endorsements/Guarantees Limit for Each Borrower

Aggregate Endorsements/Guarantees Limit

The Company	200% of net worth in recently audited financial statements or reviewed financial statements	200% of net worth in recently audited financial statements or reviewed financial statements
Brighton-Best International (Taiwan) Inc.	80% of net worth in recently audited financial statements or reviewed financial statements	100% of net worth in recently audited financial statements or reviewed financial statements
Ta Chen International, Inc.	200% of net worth in recently audited financial statements or reviewed financial statements	200% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources, Inc.	2,000% of net worth in recently audited financial statements or reviewed financial statements	2,000% of net worth in recently audited financial statements or reviewed financial statements
TCI Investment Group, Inc.	35,000% of net worth in recently audited financial statements or reviewed financial statements	35,000% of net worth in recently audited financial statements or reviewed financial statements
Empire Resources Pacific, Ltd.	3,000,000% of net worth in recently audited financial statements or reviewed financial statements	3,000,000% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube Holding, Inc.	3,500% of net worth in recently audited financial statements or reviewed financial statements	3,500% of net worth in recently audited financial statements or reviewed financial statements
Primus Pipe and Tube, Inc.	5,500% of net worth in recently audited financial statements or reviewed financial statements	5,500% of net worth in recently audited financial statements or reviewed financial statements
TCI Texarkana, Inc.	500% of net worth in recently audited financial statements or reviewed financial statements	500% of net worth in recently audited financial statements or reviewed financial statements

TABLE 3

TA CHEN STAINLESS PIPE CO., LTD.

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Mutual funds						
	Nomura Global High Dividend Fund Accumulate TWD	None	Financial assets at fair value through profit or loss - current	42,757.8	\$ 983	-	\$ 983
	Yuanta New ASEAN Balanced Fund USD	"	"	600,000	5,316	-	5,316
	Capital ASEAN Fund TWD	"	"	61,156.3	664	-	664
	O-Bank No.1 Real Estate Investment Trust	"	"	1,000,000	9,110	-	9,110
	Eastspring Investment Capital Protected Fund Series	"	"	15,000	4,351	-	4,351
	Capital Conservative Allocation Fund of Funds A TWD	"	"	200,000	1,946	-	1,946
	Union Multi-Asset High Income Fund A TWD	"	"	200,000	1,818	-	1,818
	Amundi TW - US Dollar Core Fixed Income Fund - A2 TWD	"	"	100,000	1,001	-	1,001
	Shin Kong Hang Seng TECH Index Fund (TWD)	"	"	100,000	548	-	548
	UBS (TW) Bond Fund - Fixed Income Fund of Funds (TWD) A	"	"	200,000	1,814	-	1,814
	PGIM USD High Yield Bond Fund-TWD(A)	"	"	200,000	2,020	-	2,020
	TCB Global Healthcare M-A Income Fund A TWD	"	"	500,000	5,020	-	5,020
	PineBridge ESG Quantitative Income & Growth Fund A USD	"	"	27,863.17	8,210	-	8,210
	KGI ESG Sustainable Emerging Market Bond Fund - TWD A	"	"	500,000	4,907	-	4,907
	KGI ESG Sustainable Emerging Market Bond Fund - USD A	"	"	15,000	4,076	-	4,076
	PineBridge ESG Quantitative Global Equity Fund A (TWD)	"	"	150,000	1,576	-	1,576
	Amundi Funds - Global Ecology ESG U USD (C)	"	"	373.92	855	-	855
	HSBC ESG Sustainable Multi-Asset Fund of Funds ACHTWD	"	"	150,000	1,485	-	1,485
	FSITC Gbl Artifcl Intligne Fd TWD	"	"	78,658	1,455	-	1,455
ABITL US Umbrella Fund - ABITL US Growth Fund - A2 TWD	"	"	250,417	3,100	-	3,100	
BlackRock Global Funds - Global Allocation Fund A2	"	"	1,947.29	4,172	-	4,172	
				<u>\$ 64,427</u>		<u>\$ 64,427</u>	
Unlisted shares - ROC	IBT VII Venture Capital Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	435,296	\$ 4,353	2.5	\$ 4,353
	Sunny Bank Ltd.	"	"	1,633,531	12,000	0.05	12,000
	JING YUH Metal Industrial Co., Ltd.	"	"	870,000	48,720	9.09	48,720
	Greencasa Co., Ltd.	"	"	553,824	10,799	18	10,799
				<u>\$ 75,872</u>		<u>\$ 75,872</u>	
Los Osos Holding, Inc.	Foreign listed shares						
	PT Alumindo Light Metal Industry Tbk	None	Financial assets at fair value through other comprehensive income - non-current	32,822,200	\$ 19,097	0.86	\$ 19,097
	Hulamin Ltd.	"	"	6,530,732	52,102	2.12	52,102
				<u>\$ 71,199</u>		<u>\$ 71,199</u>	
Brighton-Best International (Taiwan) Inc.	Unlisted shares - ROC						
	Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	34,174,790	\$ 420,350	9.6	\$ 420,350
	Listed shares - ROC						
Right Way Industrial Co., Ltd.	"	"	16,000,000	\$ 176,480	8.93	\$ 176,480	
Listed shares - ROC	Ta Chen Stainless Pipe Co., Ltd.	Parent company	Financial assets at fair value through profit or loss - current	4,218,720	\$ 195,116	0.21	\$ 195,116
	Ta Chen Stainless Pipe Co., Ltd	Parent company	Financial assets at fair value through other comprehensive income - non-current	133,735,280	\$ 6,185,257	6.66	\$ 6,185,257
Ta Chen Empire Co., Ltd. (TEC)	Listed shares - ROC						
	Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent company	Financial assets at fair value through profit or loss - current	5,137,423	\$ 237,606	0.26	\$ 237,606
Ta Chen Stainless Pipe Co., Ltd.	"	"	Financial assets at fair value through other comprehensive income - non-current	96,470,145	\$ 4,461,744	4.8	\$ 4,461,744

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

Note2: Refer to Table 7 and Table 8 for information regarding investment in subsidiaries.

TA CHEN STAINLESS PIPE CO., LTD.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Other Amount	Ending Balance (None 2)		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount		Gain (Loss) on Disposal	Number of Shares	Amount
Ta Chen (B.V.I) Holdings. Ltd.	Ta Chen (Changshu) Co., Ltd.	Investments accounted for using the equity method	—	Subsidiary	-	\$ 412,092	-	\$ -	-	\$ 370,485	\$ 412,092	(\$ 41,607)	\$ -	-	\$ -
Brighton-Best International (Taiwan) Inc.	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through other comprehensive income - on-current	—	Parent company	60,930,600	1,907,127	72,804,680	3,240,091	-	-	-	-	1,038,039 (Note)	133,735,280	6,185,257
Ta Chen Empire Co., Ltd.	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through profit or loss – current	—	ultimate parent entity	11,784,423	368,852	1,977,000	49,733	8,624,000	497,014	497,014	-	316,035 (Note)	5,137,423	237,606
	Ta Chen Stainless Pipe Co., Ltd. - Listed shares - ROC	Financial assets at fair value through other comprehensive income - on-current	—	ultimate parent entity	-	-	96,470,145	4,302,889	-	-	-	-	158,855 (Note)	96,470,145	4,461,744

Note: Valuation interest.

TA CHEN STAINLESS PIPE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Ta Chen International, Inc.	Subsidiaries (100% ownership)	(Sale)	\$ (13,081,124)	(86)	Within 120-180 days	The price is decided taking both local market price in the US and the operation costs of TCI into consideration. There is no third-party that could be compared	For third-party, 90 days for domestic sales and 30-90 days for export sales.	\$ 6,543,647	95	-
	Ta Chen (Hong Kong) Limited.	Subsidiaries (100% ownership)	(Sale)	(168,648)	(1)	Within 180 days	No third-party could be compared	No third-party could be compared	-	-	-
Ta Chen International, Inc.	Empire Resources, Inc.	Fellow subsidiaries	(Sale)	(1,047,580)	(2)	Within 60 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	6,515	-	-
	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	Purchase	11,712,773	28	Within 30 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	Same	(675,503)	(8)	-
	Primus Pipe and Tube, Inc.	Fellow subsidiaries	Purchase	526,732	1	Within 30 days	General market price	Same	(51,934)	(1)	-
	Ta Chen (Hong Kong) Limited.	Fellow subsidiaries	Purchase	168,648	-	Within 120-180 days	The price is decided taking both local market price in the US and the operation cost of TCI into consideration	No third-party could be compared	-	-	-
Empire Resources, Inc.	TCI Texarkana, Inc.	Subsidiaries (100% ownership)	Purchase	1,760,624	69	Within 30 days	General market price	Same	(104,375)	(53)	-
Ta Chen (Shijiazhuang) Co., Ltd.	Ta Chen (Boye) Co., Ltd.	Subsidiaries (100% ownership)	Purchase	214,351	51	T/T 90 days	General market price consideration. There is no third-party that could be compared.	Same	(41,960)	(51)	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	(Sale)	(6,720,795)	(84)	Within 180 days	No third-party could be compared	No third-party could be compared	2,077,534	78	-
Brighton-Best International (Taiwan), Inc.	Brighton-Best International (AU), Pty Ltd.	Subsidiaries (100% ownership)	(Sale)	(586,623)	(7)	Within 180 days	No third-party could be compared	No third-party could be compared	304,376	11	-
	Brighton-Best International (Canada), Inc.	Subsidiaries (100% ownership)	(Sale)	(452,660)	(6)	Within 180 days	No third-party could be compared	No third-party could be compared	175,587	7	-
	Brighton-Best International (UK), Limited	Subsidiaries (100% ownership)	(Sale)	(136,592)	(2)	Within 180 days	No third-party could be compared	No third-party could be compared	43,040	2	-
	Fang Sheng Screw Co., Ltd.	Corporate directors	Purchase	440,106	7	Within 45-90 days or prepaid	No third-party could be compared	Note	(55,919)	(9)	-
	Jinn Her Enterprise Co., Ltd.	Corporate directors	Purchase	303,226	4	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(5,460)	(1)	-
	Tong Win International Co., Ltd.	Referred party in substance	Purchase	1,088,355	16	T/T 5 days after acceptance	No third-party could be compared	Note	(16,833)	(3)	-
	Winlink Fasteners Co., Ltd.	Referred party in substance	Purchase	209,926	3	T/T 5 days after acceptance	No third-party could be compared	Note	(19,326)	(3)	-
Brighton-Best International, Inc.	Jinn Her Enterprise Co., Ltd.	Corporate directors of parent entity	Purchase	541,059	6	T/T 45 days after final acceptance or prepaid	No third-party could be compared	Note	(6,424)	-	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	(Sale)	(2,127,060)	(100)	Within 180 days	No third-party could be compared	No third-party could be compared	466,859	100	-

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

TA CHEN STAINLESS PIPE CO., LTD.

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	Ta Chen International, Inc.	Subsidiaries (100% ownership)	\$ 6,543,647	2.78	\$ -	-	\$ 1,904,789	\$ -
Ta Chen (B.V.I.) Holdings Ltd.	Ta Chen (Shijiazhuang) Co., Ltd.	Subsidiaries (93.14% ownership)	197,688	Note 3	-	-	-	-
TCI Texarkana, Inc.	Ta Chen International, Inc.	Parent company	675,503	13.84	-	-	-	-
Empire Resources, Inc.	Empire Resources, Inc.	Fellow subsidiaries	104,375	10.17	-	-	-	-
	Ta Chen International, Inc.	Parent company	960,496	Note 2	-	-	-	-
Ta Chen (Hong Kong) Limited	Imbali Metals BVBA	Subsidiaries (100% ownership)	175,432	Note 2	-	-	-	-
	Ta Chen (Boye) Co., Ltd.	Subsidiaries (100% ownership)	194,298	Note 2	-	-	-	-
	The Company	Parent Company	692,000	Note 2	-	-	-	-
Brighton-Best International (Taiwan) Inc.	Brighton-Best International, Inc.	Subsidiaries (100% ownership)	2,077,534	2.99	-	-	2,077,534	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	304,376	2.24	-	-	106,646	-
	Brighton-Best International (AU) , Pty Inc.	Subsidiaries (100% ownership)	105,750	Note 2	-	-	25,322	-
	Brighton-Best International (Canada) , Inc.	Subsidiaries (100% ownership)	175,587	3.01	-	-	132,314	-
Ta Chen Empire Co., Ltd.	Ta Chen International, Inc.	Fellow subsidiaries	466,859	4.05	-	-	97,907	-

Note1: The ending balance of receivables includes both trade receivables-related parties and other receivables-related parties.

Note2: The ending balance primarily consists of other receivables for financing purpose, which is not applicable for the calculation of turnover rate.

Note3: The ending balance primarily consists of dividends receivable, which is not applicable for the calculation of turnover rate.

TA CHEN STAINLESS PIPE CO., LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
The Company	Ta Chen International, Inc.	U.S.A	Manufacture and sale of stainless steel pipes, rolls and pipe fittings	\$ 23,327,317	\$ 23,327,317	734,836	100	\$ 32,614,117	\$ 7,641,401	\$ 7,776,840	Note 2
	Ta Chen (B.V.I.) Holdings Ltd.	British Virgin Islands	Investment	990,817	990,817	32,625,300	100	1,762,704	(69,546)	(63,211)	Note 3
	Brighton-Best International (Taiwan) Inc.	Taiwan	Import, export and sale of screws and nuts	7,202,307	7,099,391	403,258,040	39.09	3,122,164	3,575,993	1,185,097	Note 7
	Pyramid Stainless Steel Co., Ltd.	Taiwan	Manufacture and sale of stainless steel rolls and plates	30,600	100,000	10,000,000	100	29,861	(705)	(705)	
	Lung Mei Cloth. Ltd.	Taiwan	Manufacture and sale of curtains and cloth products	206,468	124,800	13,833,414	69.17	164,774	(77,932)	(57,567)	Note 9
	Ta Chen (Hong Kong) Limited.	Hong Kong	Trade	279,720	279,720	10,000,000	100	225,034	(9,161)	(9,161)	
	TA CHEN (SAMOA) Holdings Ltd.	Samoa	Investment	-	-	-	-	-	-	-	Note 4
	Ta Chen Interior Design Co., Ltd.	Taiwan	Interior design	50,000	-	5,000,000	100	49,956	(44)	(44)	
	Ta Chen International, Inc.	Ta Chen Interior Design Co., Ltd.	Taiwan	Interior design	50,000	-	5,000,000	100	49,956	(44)	(44)
Ta Chen International, Inc.	TCI Investment Group, Inc.	U.S.A	Import, export and sale of screws and nuts	94,950	94,950	3,000	100	160,403	23,575		
	Empire Resources, Inc.	U.S.A	Import, export and sale of stainless steel and aluminum products	1,714,340	1,714,340	8,250,455	100	3,377,410	464,750		
	Primus Pipe and Tube Holding, Inc.	U.S.A	Investment	877,540	877,540	29,000	100	944,690	97,066		
Primus Pipe and Tube Holding, Inc.	TCI Texarkana, Inc.	U.S.A	Manufacture and sale of aluminum products	9,286,500	9,286,500	60,000	100	6,572,824	252,258		
	Primus Pipe and Tube, Inc.	U.S.A	Manufacture and sale of stainless steel	873,575	873,575	1,000	100	710,858	94,655		
Empire Resources, Inc.	Empire Resources Pacific, Ltd.	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	100	100	276	(2,309)		Note 6
	Imbali Metals BVBA	Belgium	Import, export and sale of stainless steel and aluminum products	624	624	1,000	100	209,866	33,047		"
	Empire Resources (UK) Ltd.	United Kingdom	Import, export and sale of stainless steel and aluminum products	208,224	208,224	5,400,000	100	288,193	21,922		"
Brighton-Best International (Taiwan) Inc.	8911 Kelso Drive	U.S.A	Import, export and sale of stainless steel and aluminum products	-	-	-	100	-	233		"
	Brighton-Best International, Inc.	U.S.A	Import, export, and sale of screws and nuts	5,801,521	5,801,521	186,480	100	8,322,140	2,078,651		Note 2
	Brighton-Best International (AU), Pty Ltd.	Australia	Import and sale of screws and nuts	1,498,544	1,498,544	54,000,000	100	855,358	1,798		"
	Brighton-Best International (Canada), Inc.	Canada	Import and sale of screws and nuts	381,149	381,149	12,003,893	100	664,549	147,148		"
	Brighton-Best International (UK), Limited	United Kingdom	Import and sale of screws and nuts	453,097	453,097	9,200,000	100	406,722	44,106		"
	Brighton-Best International (NZ), Limited	New Zealand	Import and sale of screws and nuts	19,328	19,328	1,000	100	14,139	4,895		"
	Ta Chen Empire Co., Ltd.	Taiwan	Import, export, and sale of aluminium products	5,300,000	5,300,000	530,000,000	100	5,890,281	421,671		
	Brighton-Best (Hong Kong) Limited	Hong Kong	Investment	-	-	-	-	-	-	-	Note 8
	Brighton-Best International, Inc.	Brighton-Best International (Cayman)	Cayman	Investment	-	-	-	-	-	-	Note 5
Brighton-Best International, Inc.	Brighton-Best International (Brasil), Comercio de Parafusos Ltda.	Brazil	Import and sale of screws and nuts	6,486	6,486	3,996,000	100	(61,217)	7,645		
	Brighton-Best (Hong Kong) Holding Inc. Limited	Hong Kong	Investment	-	-	-	-	-	-	-	Note 8
Ta Chen (B.V.I.) Holding, Inc.	TMCT Products, Inc.	U.S.A	Investment	126,140	14,740	4,500	100	106,461	(12,060)		
	Los Osos Holdings, Inc.	U.S.A	Investment	68,462	68,462	-	100	113,463	(36)		
	Clarke St. Property Holding, LLC	U.S.A	Investment	14,240	14,240	-	100	13,736	(102)		
TMCT Products, Inc.	Amerinox Texarkana, LLC	U.S.A	Manufacture of aluminum products	28	28	-	49	2,029	4,462		
Los Osos Holding, Inc.	Procurmore Trading, Inc.	U.S.A	Trade	557	-	-	100	554	-		

Note 1: Refer to Table 8 for information regarding investment in mainland China.

Note 2: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of tax rate of unrealized gross profit.

Note 3: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of realized gross profit from upstream transactions with sub-subsidiaries.

Note 4: Established in December 2015 and no investment funding has been remitted.

Note 5: Established in February 2016 and no investment funding has been remitted.

Note 6: It's the trans-investment company of the acquired company; hence, no original investment amount is listed.

Note 7: The difference between the share of profit (loss) and net income (loss) of the investee was the effect of unrealized gross profit from sidestream transactions among subsidiaries.

Note 8: Established in May 2019 and no investment funding has been remitted.

Note 9: The difference is due to increasing shareholding of Lung Mei on April 1, 2021.

TA CHEN STAINLESS PIPE CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 2)	Method of Investment (Note 4)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 2)	Remittance of Funds (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1 and 7)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Ta Chen (Shijiazhuang) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	\$ 141,168	(2) Ta Chen (B.V.I.) Holdings Ltd.	\$ 116,347	\$ -	\$ -	\$ 116,347	\$ 9,236	93.14	\$ 8,602	\$ 287,322	\$ -	
Ta Chen (Boye) Co., Ltd.	Manufacture and sale of stainless steel valves and casting products	330,361	(2) Ta Chen (B.V.I.) Holdings Ltd.(Note 5)	275,195	-	-	275,195	144	100	144	421,069	-	
Ta Chen (Changshu) Co., Ltd.	Manufacture and sale of automotive casting products	276,800	(2) Ta Chen (B.V.I.) Holdings Ltd.	276,800	-	276,800	-	-	-	-	-	-	
Yinrong (Shanghai) Investment Management Limited	Investment	2,138	(3) The Company	2,138	-	-	2,138	33	100	32	6,022	-	
Cheng-Rong (Shanghai) International Trading Ltd. (Note 6)	Investment	-	(2) Brighton-Best International Inc. (Cayman)	-	-	-	-	-	-	-	-	-	

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021 (Note 2)	Investment Amount Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ 393,680	\$ 881,676	\$ 29,415,126

Note 1: Calculated from the financial statements reviewed and attested by Taiwan parent company's CPA.

Note 2: The amounts were calculated based on the foreign exchange rate as of December 31, 2021. (USD1:NTD27.68)

Note 3: The limit on investment in mainland China pursuant to "Principle of investment or Technical Cooperation in mainland China" is calculated as shown below:
\$49,025,210 thousand x 60% = \$29,415,126 thousand

Note 4: Methods of investment are classified as below:

- 1) Direct investment.
- 2) Investments through a holding company registered in a third region.
- 3) Others

Note 5: Inclusive of \$61,424 thousand (US\$1,993 thousand) capital increase out of retained earnings.

Note 6: Established in June 2016 and no investment funding has been remitted.

Note 7: The difference is caused by the recognition of amortization attributed to unrealized gain on selling assets.

TABLE 9**TA CHEN STAINLESS PIPE CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.	137,954,000	6.86
Ta Chen Empire Co., Ltd.	101,607,568	5.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Ta Chen Stainless Pipe Co., Ltd.

**MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Land	Land Improvements	Buildings	Machinery Equipment	Electrical Equipment	Transportation Equipment	Office Equipment	Molding Equipment	Leasehold Improvements	Other Equipment	Property Under Construction	Total
<u>Cost</u>												
Balance at January 1, 2020	\$ 1,681,371	\$ 65,077	\$ 1,200,131	\$ 2,711,694	\$ 320,317	\$ 99,054	\$ 36,040	\$ 249,377	\$ 84,890	\$ 154,162	\$ 83,752	\$ 6,685,865
Additions	39,246	7,150	8,778	42,624	7,292	3,626	-	2,597	-	1,778	66,748	179,839
Disposals	-	-	(20,749)	(102,496)	(4,232)	(3,644)	(8,865)	(27,161)	-	(14,047)	-	(181,194)
Reclassifications	12,809	500	-	16,073	18,750	-	-	240	-	131	(27,634)	20,869
Balance at December 31, 2020	\$ 1,733,426	\$ 72,727	\$ 1,188,160	\$ 2,667,895	\$ 342,127	\$ 99,036	\$ 27,175	\$ 225,053	\$ 84,890	\$ 142,024	\$ 122,866	\$ 6,705,379
<u>Accumulated Depreciation</u>												
Balance at January 1, 2020	\$ -	\$ 31,024	\$ 426,657	\$ 2,276,201	\$ 158,981	\$ 73,204	\$ 25,362	\$ 243,042	\$ 84,250	\$ 117,628	\$ -	3,436,349
Depreciation expenses	-	4,283	46,270	98,537	21,742	8,120	3,082	3,161	428	10,235	-	195,858
Disposals	-	-	(17,638)	(100,786)	(4,232)	(1,656)	(8,865)	(27,161)	-	(9,771)	-	(170,109)
Disposals	\$ -	\$ 35,307	\$ 455,289	\$ 2,273,952	\$ 176,491	\$ 79,668	\$ 19,579	\$ 219,042	\$ 84,678	\$ 118,092	\$ -	\$ 3,462,098
Carrying amount at December 31, 2020	\$ 1,733,426	\$ 37,420	\$ 732,871	\$ 393,943	\$ 165,636	\$ 19,368	\$ 7,596	\$ 6,011	\$ 212	\$ 23,932	\$ 122,866	\$ 3,243,281
<u>Cost</u>												
Balance at January 1, 2021	\$ 1,733,426	\$ 72,727	\$ 1,188,160	\$ 2,667,895	\$ 342,127	\$ 99,036	\$ 27,175	\$ 225,053	\$ 84,890	\$ 142,024	\$ 122,866	\$ 6,705,379
Additions	-	-	12,294	137,749	230	10,546	345	5,620	-	4,403	197,133	368,320
Disposals	-	-	-	(69,508)	(600)	(6,744)	(3,842)	(1,125)	-	(8,404)	-	(90,223)
Reclassifications	-	-	68,879	11,707	-	-	-	243	-	-	(68,279)	12,550
Balance at December 31, 2021	\$ 1,733,426	\$ 72,727	\$ 1,269,333	\$ 2,747,843	\$ 341,757	\$ 102,838	\$ 23,678	\$ 229,791	\$ 84,890	\$ 138,023	\$ 251,720	\$ 6,996,026
<u>Accumulated Depreciation and Impairment</u>												
Balance at January 1, 2021	\$ -	\$ 35,307	\$ 455,289	\$ 2,273,952	\$ 176,491	\$ 79,668	\$ 19,579	\$ 219,042	\$ 84,678	\$ 118,092	\$ -	\$ 3,462,098
Depreciation expenses	-	5,099	49,483	93,586	22,100	7,767	2,956	3,686	212	8,915	-	193,804
Disposals	-	-	-	(66,892)	(600)	(6,744)	(3,842)	(1,125)	-	(8,362)	-	(87,565)
Impairment loss	-	-	-	37,965	-	-	-	-	-	-	-	37,965
Balance at December 31, 2021	\$ -	\$ 40,406	\$ 504,772	\$ 2,338,611	\$ 197,991	\$ 80,691	\$ 18,693	\$ 221,603	\$ 84,890	\$ 118,645	\$ -	\$ 3,606,302
Carrying amount at December 31, 2021	\$ 1,733,426	\$ 32,321	\$ 764,561	\$ 409,232	\$ 143,766	\$ 22,147	\$ 4,985	\$ 8,188	\$ -	\$ 19,378	\$ 251,720	\$ 3,389,724

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

Chairman: Li-Yun, Hsieh