

Mayer Steel Pipe Corporation
MAYER STEEL PIPE CORPORATION
2020 Annual Report

The Annual Report is available at: <http://mops.twse.com.tw/>

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Notice to readers:

This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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Chapter 1. Letter to Shareholders

I. Introduction

Dear shareholders,

Welcome to the 2021 General Shareholders' Meeting of Mayer Steel Pipe Corporation.

Under the impact of the COVID-19 epidemic, the global economy has experienced a downturn. Driven by the stimulus and relief measures implemented the governments around the globe, the demand across industries has recovered, especially for infrastructure construction, residential investment, and automotive industries which are highly related to steel consumption.

The COVID-19 epidemic is well-controlled by the Taiwan government with proactive and prompt relief measures, thereby only had a limited impact on economic activities in 2020. In 2021, with the optimistic trend of global economic recovery, Taiwan's economy is expected to remain robust.

With respect to the prospects for 2021, there is a wide range of adverse factors, such as uncertainties on whether the COVID-10 can be controlled successfully, the rise of conservatism of international trade, the start of multilateral trade agreements signed by countries around the globe, the tension of US-China trade conflicts, and the increasing volatility of global currency exchange rate. In the upcoming year, we must keep a positive and prudent attitude.

The management of Mayer expresses their gratitude to our shareholders for their continuous trust and support. We are committed to making greater efforts and we also wish the shareholders' meeting can be held smoothly.

Chairman Chun-Fa Huang

II. 2020 Business Report

(I) Results of the 2020 Business Plan:

1. In 2020, revenue amounted to NT\$4,811,114 thousand (comprehensive: NT\$5,073,767 thousand), representing an increase of approximately 14.69% as compared to NT\$4,194,836 thousand (comprehensive: NT\$4,483,371 thousand) in 2019.
2. In the first half of 2020, domestic steel product users experienced a significant downturn due to panic and low demand arising from the epidemic. The willingness to purchase inventory resumed successively in May and June. Since July, as the demand for steel pipes and steel sheets for infrastructure, factories, and residential construction was gradually released to the market, domestic prices of steel products were able to gradually increase from the decline, while upstream steel factories were able to slowly turn a loss into profit. The Company's and construction demands for galvanized steel pipes, galvanized electrical wires and stainless steel pipes have already returned to the normal level.

(II) Budget:

Unit: NT\$1,000

Items	2020 Actual amount (Consolidated)	2020 Actual amount (Parent company only)	2020 Expected amount (Parent company only)	Differences (Parent company only)	Rate of fulfillment (Parent company only)
Net operating income	5,073,767	4,811,114	3,905,875	905,239	123.18
Operating costs	4,583,199	4,330,519	3,559,457	771,062	121.66
Gross operating profit, net	490,405	480,432	346,418	134,014	138.69
Operating Expenses	222,945	187,001	185,995	1,006	100.54
Operating Profit	267,460	293,431	160,423	133,008	182.91
Income before income tax	445,931	440,482	313,815	126,667	140.36

Note: Net operating profit includes realized/(unrealized) (loss)/profit from sales of goods.

(III) Financial Performance:

Unit: NT\$'000

Items	2020 (Consolidated)	2020 (Parent company only)
Net operating income	5,073,767	4,811,114
Operating costs	4,583,199	4,330,519
Gross operating profit, net	490,405	480,432
Operating Profit	267,460	293,431
Total non-operating income and expenses	178,471	147,051
Other income	86,317	74,819
Other gain and loss, net	59,675	58,294
Finance cost	(48,663)	(32,042)
Share of profit and loss of associates and joint ventures accounted for using the equity method, net	81,142	45,980
Net income from continuing operations, net	445,931	440,482
Net profit	392,144	392,624

Note: Net operating profit includes realized/(unrealized) (loss)/profit from sales of goods.

(IV) Profitability Analysis:

Descriptions		2020 (Consolidated)	2020 (Parent company only)
Profitability	Return on assets (%)	6.59	7.17
	Return on shareholders' equity (%)	12.5	12.52
	Ratio of net profit before tax to paid-in capital (%)	20.04	19.79
	Net profit margin (%)	7.73	8.16
	Earnings per share (NT\$)	1.76	1.76

(V) Research and Development:

1. Equipment

In 2021, we will inspect the factory machine parts that are often malfunctioning and affecting the normal operation of the production lines in 2020, and prioritize the modification and renewal of thread, alignment, heat treatment, and water pressure testing equipment.

2. Skills

The research and improvement of the welding skills of medium and low carbon alloy steel products, as well as the further improvement of the flexibility quality of welding steel pipes with low-diameter and thick walls, are the key projects that the Company will be continuously implementing in the long term.

3. Environment protection

In 2020, the investigation and evaluation of soil and groundwater pollution at the Pushin Plant was completed, which were, together with the results, submitted to the Taoyuan City Government for review. With regard to industrial sewage, air, and noise pollutions, we have implemented operations in compliance with environmental protection regulations and continued to make improvements to fulfill our social responsibilities.

III. Summary of the 2021 Business Plan

(I) Business Philosophy: Harmony and Innovation, Sustainable Operation.

(II) Business Strategies:

1. Promotion of the new concepts of the manufacturing service industry.
2. Implementation of business strategy of diversified cooperation.
3. Building an energetic organizational environment with smooth communication and coordination.
4. Maintenance and continuous improvement of the quality assurance system.
5. Continuous product upgrade and equipment transformation.
6. Strengthening the training of middle and senior management talents.

(III) Expected Sales Volume and Basis:

1. The expected sales targets in 2021 are 76,758 tonnes of carbon steel pipes, 5,760 tonnes of stainless steel pipes, and 39,000 tonnes of stainless steel coils.

2. Basis of Forecast

- (1) In 2020, the globe was hit by COVID-19, especially in the Americas and Europe, where the number of confirmed cases and deaths were still increasing in December. The service sector around the globe bore the brunt of the epidemic. The manufacturing sector has unexpectedly recovered since the second half of the year after taking the first hit of the epidemic in March and April, and is expected to maintain the expansion trend.

The US presidential election has come to an end, but the economic and trade disputes between the US and China have yet to dissipate or defuse in December, which has been adding uncertain turmoil to the global economic and political condition.

The transition period of Brexit will end at the end of December, substantive agreements are still yet to be reached by mid-December. The political and economic relationship between the UK and the EU is still uncertain.

On November 15, ten members of ASEAN signed the Regional Comprehensive Economic Partnership (RCEP) with China, Japan, South Korea, Australia, and New Zealand, reaching the world's largest free trade agreement, which will have a significant impact on our export to Southeast Asian markets.

- (2) The International Monetary Fund (IMF) report released in October 2020 predicts that the global GDP may decrease to -4.40% by 2020, the positive forecast is primarily due to the recovery of the global economy and China's Q2-Q3 performance.

IMF expects economic growth in 2021 will reach +5.20%, but it is still difficult to expect an accelerated recovery to the level prior to the epidemic outbreak.

- (3) The Directorate-General of Budget, Accounting and Statistics of the Executive Yuan predicted that Taiwan's GDP growth will be +3.83% by 2021, maintaining the growth trend of +2.54% in 2020. Taiwan's economic performance is better than most economies in the world.

- (4) According to the statistics of Worldsteel, the global demand for crude steel in 2020 is 1.725 billion tonnes, which is estimated to be 1.795 billion tonnes in 2021, representing an annual growth rate of +4.1%.

In 2020, China's strong demand for steel effectively alleviated the huge impact of the COVID-19 on the global steel industry, which reduced the global reduction to -2.4% and further expanded its influence in the global steel industry.

- (5) From January to October 2020, the production volume of crude steel in China reached 873.93 million tonnes, representing an increase of +5.5% and reaching a record high as compared to the same period in 2019.

During the same period in January to October 2020, China's steel exports decreased by -19.3%, compared to the previous year, to 44.43 million tonnes.

The strong demand for steel in China's domestic market has a direct and positive effect on the stability of steel prices in Asia in 2020 and further demonstrates China's significant influence on the global steel industry.

- (6) Under the impact of the COVID-19 epidemic, the global economy has experienced a downturn. Driven by the stimulus and relief measures successively implemented the governments around the globe, the economy along with the demand across industries has recovered.

As the demand for steel raw materials grows, the rising demand for coal and iron will not be reversed in the short term. In addition, due to the pressure brought by the epidemic outbreak during the first half of the year, major steel factories around the world commenced early maintenance or reduced production capacity. Although they gradually resumed production, the increase in short-term supply is limited and the steel price will remain high for a period of time.

- (7) The COVID-19 epidemic is well-controlled by the Taiwan government with proactive and prompt relief measures, thereby only had a limited impact on economic activities. In 2021, with the optimistic trend of global economic recovery, Taiwan's economy is expected to remain robust next year.

- (8) With respect to the prospects for 2021, there is a wide range of adverse factors, such as the risk of resurfacing of COVID-19, uncertainties on whether the COVID-10 can be controlled successfully after the vaccine rollout, the rise of conservatism of international trade, the start of multilateral trade agreements signed by countries around the globe, the tension of US-China trade conflicts, and the increasing volatility of global currency exchange rate. In the upcoming year, we must keep a positive and prudent attitude.

(IV) Key Production and Sales Policies:

1. Actively invest in automation of production equipment, reduce the impact of human factors, improve product quality, increase unit production capacity, and reduce production costs.
2. Strengthen inventory control, reduce costs, and improve operational efficiency.
3. Improve sales services, enhance customer satisfaction, and consolidate market share.
4. Actively acquire new customers and develop new products to expand market share.
5. Facilitate upstream and downstream mutually beneficial cooperation to ensure stable and adequate supply of raw materials.

IV. Future Development Strategies:

- (I) Focus on technology: Continue to focus on the professional field of steel pipe manufacturing technology to maintain its leading position in the industry.
- (II) Development of new products: Develop new products and new product applications to extend product lifecycles.
- (III) Expand channels: Develop new domestic and overseas sales channels, expand market share, and spread sales risks.
- (IV) Diversified operations: We will prudently carry out diversified operations in pursuit of a new path of growth.

V. Effect of External Competition, the Legal Environment, and the Overall Business Environment:

(V) Smooth recovery of the steel industry

COVID-19 has been a global disaster. Fortunately, vaccine development is successful, it is positive that the economy can be recovered in the near future. As the steel industry and the global economy are closely related, it started to recover during the fourth quarter last year, the upward trend will be even more optimistic in 2021.

(VI) Excluded from the international economic and trading integration

As the regional economic cooperation and integration of North-East Asia and South-East Asia have been completed, the fact that Taiwan is excluded from such markets has not shown any effective improvements and breakthroughs, which has built a tough barrier against product exports. Failure to join the Asia-Pacific Economic Cooperation has led to competitive disadvantages in the future, such as high tariffs imposed on domestic steel products. Together with non-tariff barriers, such as import verification in the export market of most countries, business activities that involve products made in and exported from Taiwan are affected continuously. The Company pays great attention to the fact that Taiwan's trade relationship is gradually marginalized and the development strategy in recent years has focused on investment and construction of overseas production bases.

(VII) China dominates global steel production and sales

The outstanding performance of China's steel industry under the epidemic in 2020 played a key role in supporting the industry and further secured its global leading position without a doubt.

(VIII) Excess steel production capacity will normalize price volatility

Excess production capacity will become a common burden for the global steel industry in the long run, and may lead to the price volatility of raw materials, which may affect the market supply and market price of products. Unpredictable and rapid price changes in the industry will be normalized in the future, which will increase the uncertainties of the industry.

(V) Anticipated Future of the Investment Environment

Investments returning to Taiwan are gradually accumulating, bringing active economic activities that will drive the demand for steel materials. We can expect a bright future for the steel industry. Despite the positive future, there are still risks involved.

In recent years, the rapid changes in Taiwan's labor laws and environmental regulations have brought uncertainties to the changes in the interests between the government and enterprises, society and enterprises, labor and enterprises, adding uncertainty to the diverse changes in Taiwan's future competitiveness.

Chapter 2. Company Profile

I. Company Profile

(I) Date of Establishment:

Founded on September 29, 1959, with a registered capital of NT\$12 million.

(II) Company History:

1. October 1970

The capital was NT\$200 million after a number of changes.

2. August 1987

Acquired the Youth-Shih Factory with a land area of 8,637 square meters.

3. October 1989

Acquired of the Taipei office of 200 Taiwanese pings, which is located at the former Formosa Plastic Building on Nanjing East Road, Taipei.

4. August 1990

Approved by the Securities and Futures Bureau, Ministry of Finance, the capital was increased by NT\$210 million and issued publicly, the paid-in capital was NT\$410 million.

5. September 1991

Approved by the Securities and Futures Bureau, Ministry of Finance, the capital was increased by NT\$147.6 million, the paid-in capital was NT\$557.6 million.

6. October 1992

The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT\$635,667,000.

7. December 1993

The listing application of 55,760,000 ordinary shares was approved by Letter (1993) Tai-Cai-Zheng (1) No. 00270, dated February 4, 1993 issued by the Securities and Futures Bureau, Ministry of Finance and Letter Tai-Zheng-Shang-Zi (1993) No. 01749 dated February 10, 1993. The shares were listed for trading on April 27, 1993 (Saturday).

8. April 1993

In addition, the Company issued 7,806,400 new shares with the unappropriated earnings at the end of the year, which was approved by Letter Tai-Zheng-Shang-Zi (1993) No. 06540 dated April 20, 1993 to be listed for trading along with the issued shares. The total issued capital was NT\$635,664,000 and the number of issued share was 63,566,400 shares.

9. June 1993

The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT\$737,370,240.

10. August 1994

The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT\$884,844,290.

11. June 1995

The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT\$1,026,419,370.

12. November 1995
Obtained certificates of the International Standard Quality Management System (ISO9002) from the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs.
13. July 1996
The capital increase application obtained approval from the Securities and Futures Bureau, Ministry of Finance, the paid-in capital after the capital increase was changed to NT\$1,170,118,080.
14. June 1998
Amended the Articles of Association, the number of Directors increased from 5 to 7, the number of Supervisors increased from 2 to 3.
15. April 2002
Registered the "cancellation of treasury shares, reduction of capital", the paid-in capital was changed to NT\$1,132,728,080.
16. February - April 2004
The issuance of the first domestic unsecured convertible corporate bond amounted to NT\$700 million was approved by Letter Tai-Cai-Zheng-Yi-Zi No. 0920161804 date February 19, 2004 issued by the Securities and Futures Bureau, Ministry of Finance. Date of issue: April 5, 2004 with an issue period of five years.
17. February 2005
The cash capital increase of 15,000,000 ordinary shares, amounted to NT\$150,000,000, was approved by Letter Jin-Guan-Zheng-Yi-Zi No. 0940102649 dated February 3, 2005 issued by the Financial Supervisory Commission.
18. May 2005
The convertible corporate bonds were converted into ordinary shares, the capital was NT\$1,375,888,860 after several changes.
19. June 2005
Cash capital increase by issuing ordinary shares, the capital was changed to NT\$1,525,888,860.
20. November 2005
Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$1,475,888,860.
21. September 2006
Cash capital increase by issuing ordinary shares, the capital was changed to NT\$1,623,477,740.
22. October 2006
The convertible corporate bonds were converted into ordinary shares, the capital was NT\$1,623,834,880 after several changes.
23. June 2007
(1) The issuance of the second domestic unsecured convertible corporate bond amounted to NT\$700 million was approved by Letter Tai-Cai-Zheng-Yi-Zi No. 0960028228 date June 11, 2007 issued by the Securities and Futures Bureau, Ministry of Finance. Date of issue: July 12, 2007 with an issue period of five years.
The cash capital increase of 18,000,000 ordinary shares, amounted to NT\$180,000,000, was approved by Letter Jin-Guan-Zheng-Yi-Zi No. 09600282281 dated June 11, 2007 issued by the Financial Supervisory Commission.
24. August 2007

- (1) Cash capital increase by issuing ordinary shares, the capital was changed to NT\$1,803,834,880.
 - (2) Established the Wugu Branch.
25. November 2007
- (1) The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT\$1,838,705,910.
 - (2) Merger with its wholly-owned subsidiary, Mei Kuan Metal Co., Ltd. The Company was the surviving company of the merger. There was no issuance or conversion of new shares. After the merger, the Company's paid-in capital remained unchanged.
26. April - November 2008
- The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT\$1,941,551,680.
27. May 2009
- Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$1,862,031,680.
28. August - November 2009
- The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT\$2,054,134,840.
29. April - November 2010
- The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT\$2,544,976,760.
30. March - May 2011
- The convertible corporate bonds were converted into ordinary shares, the capital was changed to NT\$2,551,232,410.
31. September 2011
- Issuance of new shares through capital increase by earning, the capital was changed to NT\$2,755,331,000.
32. September 2012
- Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,655,331,000.
33. February 2013
- Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,625,331,000.
34. July 2014
- Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,595,331,000.
35. January 2015
- Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,591,261,000.
36. June 2015
- Amended the Articles of Association, the number of Directors increased from 7 to 9, established the Audit Committee comprising all Independent Directors to replace the Supervisors.

37. October 2015

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,531,261,000.

38. February 2016

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,471,261,000.

39. April 2016

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,441,261,000.

40. May 2016

Registered the "cancellation of the Wugu branch".

41. July 2016

Registered the "amendments to the Articles of Association", "by-election of Directors and Supervisors", and "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,441,261,000.

42. November 2016

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,371,261,000.

43. April 2017

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,365,261,000.

44. October 2017

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,335,261,000.

45. April 2018

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,305,261,000.

46. January 2019

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,245,261,000.

47. May 2019

Registered the "cancellation of treasury shares, reduction of capital", the capital was changed to NT\$2,225,261,000.

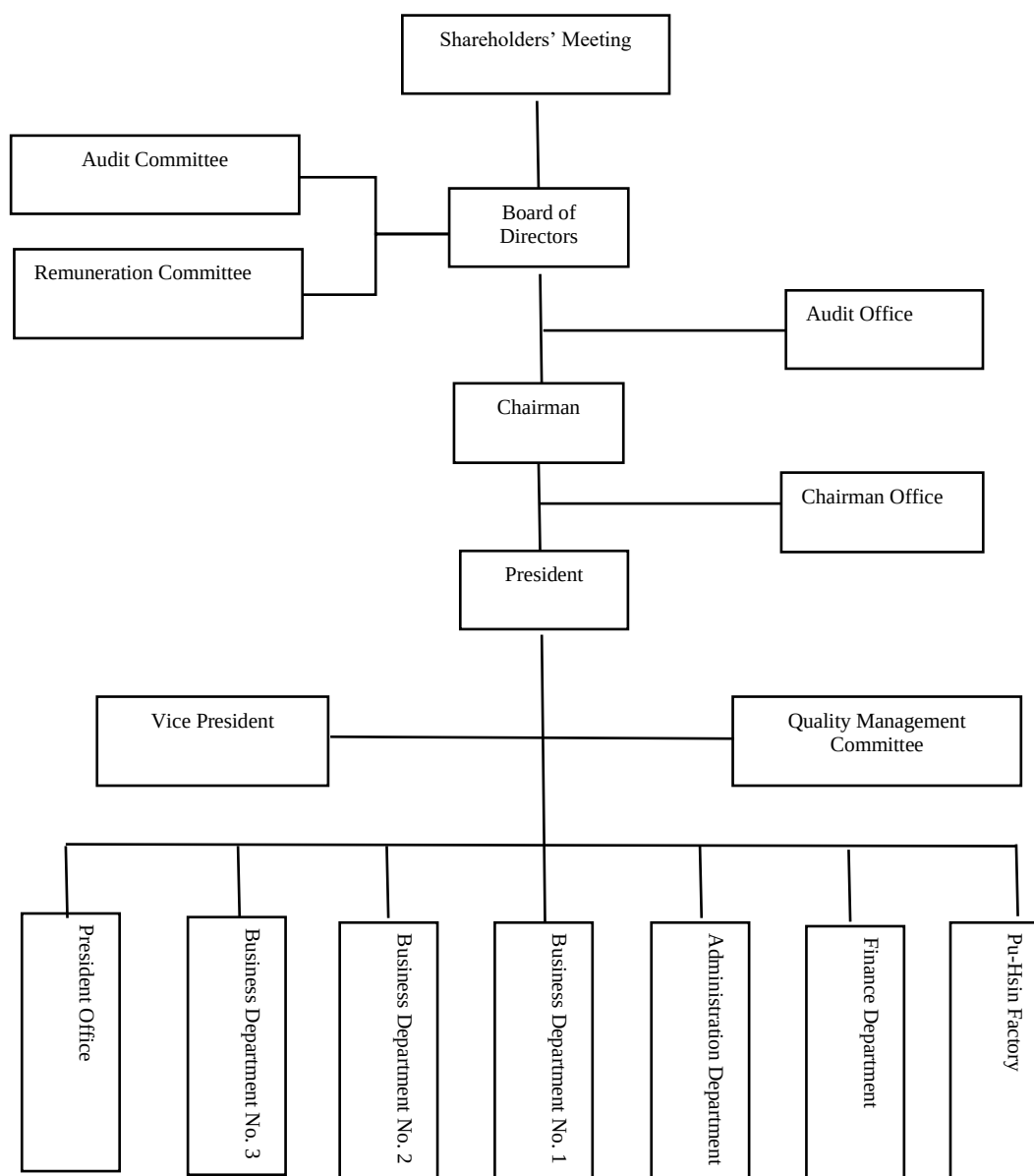
48. June 2019

"Amended the Articles of Association", elected 9 Directors (including 3 Independent Directors) of the 21st Board of Directors.

Chapter III. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Business Operation of Key Department:

1. Pu-Hsin Factory

- (1) Handling of administrative affairs of all factories.
- (2) Negotiation of and entering into factory contracts.
- (3) Manufacturing business of steel pipes, steel plates, zinc, and other products.
- (4) Management of factory equipment, raw materials, semi-finished goods, work in progress, and finished goods.
- (5) Management of product quality.
- (6) Handling of affairs of relevant authorities.
- (7) Research and implementation of productivity-related matters.
- (8) New product development.

2. Business Department No. 1:

- (1) Domestic and overseas sales of carbon steel, water, and electricity pipes, and stainless steel pipes.
- (2) Sales of stainless steel pipe components.
- (3) Market survey, customer credit investigation and services.
- (4) New product development and recommendation.
- (5) Negotiation of and entering into business contracts.

3. Business Department No. 2:

- (1) Domestic and overseas sales of carbon steel pipes.
- (2) Market survey, customer credit investigation and services.
- (3) New product development and recommendation.
- (4) Negotiation of and entering into business contracts.

4. Business Department No. 3:

- (1) Domestic and overseas sales of stainless steel plates and carbon and stainless steel coils.
- (2) Market survey, customer credit investigation and services.
- (3) New product development and recommendation.
- (4) Negotiation of and entering into business contracts.
- (5) Production scheduling and raw material procurement for stainless steel coils.

5. Administration Department

- (1) Domestic and overseas procurement of raw materials and materials.
- (2) Sales of carbon steel coils and stainless steel coils.
- (3) Contact service of peers and relevant associations.
- (4) Negotiation of and entering into business contracts.
- (5) Contact, notice and record of meetings.
- (6) Handling of employee and general affairs.
- (7) Assisting in the review of cases submitted.
- (8) Document collection, management, announcement, and issuance of company-wide human resources and general affairs.
- (9) Document acceptance and issuance, and management of the Taipei office.
- (10) Salary distribution.

6. Finance Department

- (1) Use of funds and custody of marketable securities.
- (2) Accounting, taxation, cost calculation, and preparation of financial statements.
- (3) Analysis and report of business operation.

- (4) Asset management.
- (5) Preparation of annual budget and analysis of cost and profit.
- (6) Negotiation of and entering into financial contracts.
- (7) Stock related business.
- (8) Planning of information disclosure and improvement of operation procedures.

7. Audit Office

- (1) Audit of sales and account receivables.
- (2) Audit of production and quality management.
- (3) Audit of financial accounting and financing.
- (4) Audit of employee salaries.
- (5) Audit of procurement and acquisition.
- (6) Responsible for the audit of affiliated companies.

8. President Office

- (1) Assisting in the review of legal cases.
- (2) Responsible for developing new businesses.
- (3) Formulation and reporting of feasibility analysis of investment plans.
- (4) Overall planning, implementation, and effectiveness assessment of domestic and overseas new businesses.
- (5) Planning of medium and long-term operation and development.
- (6) Responsible for land acquisition, land development, joint construction, construction, and sales of property.

9. Quality Management Committee

Composition, rules, and duties are stipulated separately.

II. Information on the Directors, President, Vice President, Assistant Managers, and the Supervisors of each Division and Branch:

(I) Director:

Director Information (I)

April 10, 2021

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date of First Election (Note 2)	Shareholding when Elected		Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 3)	Other Positions Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
Director	ROC	Yuan Chuan Steel Corporation		2019.6.12	3 years	2004.6.23	36,962,353	16.46	36,962,353	16.61	0	0.00	0	0						
	ROC	Representative: Chun-Fa Huang	Male			2001.6.23	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of International Trade, Hsing Wu University	Chairman, Mayer Steel Pipe Corporation Chairman, Meikung Development Co., Ltd. Director, Vietnam Mayer Corp., Ltd. Chairman, Durban Development Co., Ltd. Chairman, Tze Shin International Co., Ltd. Chairman, Sincere Department Store Co., Ltd. Chairman, Miramar Resort Co., Ltd. Director, Hotel Taipei Miramar Director, Yuan Chuan Steel Corporation Chairman, Taiwan SsangYong Co., Ltd. Chairman, Tehsien Co., Ltd. Chairman, Mayer Inn Corporation Chairman, Tening Co., Ltd Director, Taiwan Navigator Asset Investment Co., Ltd. Director, Miramar Development (HK) Limited Supervisor, Tewe Investment Co., Ltd Chairman, Yingshun Construction Co., Ltd. Director, Singleton Pharma Logistics Co. Ltd.	Director Director	Chun-Chao Huang Hsiu-Mei Huang Yung-Chieh Huang	Siblings Sister and brother Father and son	
	ROC	Representative: Hsiu-Mei Huang	Female	2019.6.12	3 years	2007.6.25	0	0.00	0	0.00	0	0.00	0	0.00	Thunderbird American Graduate School of International Management	Director, Mayer Steel Pipe Corporation Supervisor, Hotel Taipei Miramar Director, Miramar Resort Co., Ltd. Chairman, Tewe Investment Co., Ltd Supervisor, Durban Information Co., Ltd. Supervisor, Yingshun Construction Co., Ltd. Supervisor, Meiwei Investment Co., Ltd.	Chairman Director	Chun-Fa Huang Chun-Chao Huang	Sister and younger brother Sister and younger brother	
Director	ROC	Representative: Chun-Chao Huang	Male	2019.6.12	3 years	2007.6.25	0	0.00	0	0.00	0	0.00	0	0.00	EMBA, National Taiwan University	Director, Mayer Steel Pipe Corporation Chairman, Chuhsin Technology Co., Ltd. Director, Hotel Taipei Miramar Director, Tze Shin International Co., Ltd. Supervisor, Durban Development Co., Ltd.	Chairman Director	Chun-Fa Huang Hsiu-Mei Huang	Siblings Sister and brother	

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date of First Election (Note 2)	Shareholding when Elected		Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 3)	Other Positions Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
																Supervisor, Meikung Development Co., Ltd. Director, Yuan Chuan Steel Corporation Director, Miramar Hotel Co., Ltd. Director, Tehsien Co., Ltd. Supervisor, Miramar Resort Co., Ltd. Director, Durban Information Co., Ltd. Chairman, Yuhung Investment Co., Ltd. Director, Tewe Investment Co., Ltd. Director, Chunan Information Co., Ltd.				
Director	ROC	Representative: Yung-Chieh Huang	Male	2019.6.12	3 years	2013.6.19	0	0.00	0	0.00	0	0.00	0	0.00	Department of Journalism, Shih Hsin University	Director, Mayer Steel Pipe Corporation Chairman, Durban Dive Corporation Director, Sincere Department Store, Co., Ltd. Director, Durban Development Co., Ltd. Supervisor, Miramar Hotel Co., Ltd. Director, Meikung Development Co., Ltd. Director, Tehsien Co., Ltd.	Chairman	Chun-Fa Huang	Father and son	
Director	ROC	Chengta International Investment Co., Ltd.		2019.6.12	3 years	2010.6.25	211,000	0.09	211,000	0.09	0	0.00	0	0.00						
Director	ROC	Representative: Ta-Teng Cheng	Male	2019.6.12	3 years	1995.5.2	0	0.00	0	0.00	0	0.00	0	0.00	MBA, University of Santa Clara	Director of Mayer Steel Pipe Corporation, Director of Glory Word Development Ltd., Director of Vietnam Mayer Corp., Ltd., Sinowise Development Ltd., Director of Elternal Galaxy Ltd., Director of Grace Capital Group Ltd., Chairman of Yuanta Investment Co., Ltd., Director of Hsienta Investment Co., Ltd.	Director	Yung-Fen Lin	Brother-In-Law	
Director	ROC	Representative: Yung-Fen Lin	Male	2019.6.12	3 years	2019.3.14	436	0.00	636	0.00	0	0.00	0	0.00	Master of Law at National Taipei University, President of Tainan District Court, Judge of Kaohsiung High Administrative Court	Director, Mayer Steel Pipe Corporation	Director	Ta-Teng Cheng	Brother-in-law	
Independent Director	ROC	Chih-Ling Chen	Male	2019.6.12	3 years	2016.6.21	0	0.00	0	0.00	0	0.00	0	0.00	Master of Accounting at National Chengchi University, Researcher at Accounting Research and Development Foundation, Lecturer of the Accounting Department and Officer of the	Joint Accountant at Nexia International Limited, Supervisor at Gordon Biersch Brewery Restaurant, Supervisor at SmartAnt Telecom Co., Ltd., Supervisor at HC Photonics Corporation, Independent Director at Unifosa Corp.,	None	N/A	N/A	

Title (Note 1)	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date of First Election (Note 2)	Shareholding when Elected		Shareholding		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 3)	Other Positions Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %			Title	Name	Relationship	
															Accounting Office at Tamkang University, Auditor at Wanfa CPAs, Senior Consultant at Moores Rowland CPAs, Joint Accountant at Jiang Sheng & Co., CPAs, Lecturer at Corporate Management Department of National Taiwan University of Science and Technology, Supervisor at System General, Member of the Professional Committee of The National Federation of CPA Associations of the R.O.C., Member of the Accounting and Audit Committee of the Taipei CPA Associations, Member of the Taxation Committee of the Taiwan CPA Associations	Independent Director at Mayer Steel Pipe Corporation				
Independent Director	ROC	Ching-Chuan Lo	Male	2019.6.12	3 years	2016.6.21	0	0.00	0	0.00	0	0.00	0	0.00	Master of Accounting at Chengchi University, President at Taichung Branch of Dinkum & Co., CPAs, Research Team Leader at Accounting Research and Development Foundation	Independent Director, Mayer Steel Pipe Corporation	N/A	N/A	N/A	
Independent Director	ROC	Huang-Chi Liu	Male	2019.6.12	3 years	2016.6.21	0	0.00	0	0.00	0	0.00	0	0.00	Judge and Chief Judge of the Taipei District Court, Reserve Judge of Taiwan High Court, Director of Chenwei Electronics Co., Ltd., Director of United Fiber Optic Communication Inc., Director of Eastern Hotels & Resorts Co., Ltd., Independent Director of CTBC Insurance Co., Ltd., Independent Director of Taiwan Life Taiwan Life Insurance Co., Ltd.	Lawyer of Tsocheng Law Firm, Supervisor of SunEast Engineering & Development Co., Taiwan, Director of Lian Teh Industrial Development Foundation, Director of Longbon Inc., Director of Everwin Investment Co., Ltd., Director of Shengcheng Co., Ltd., Director of ETtoday.net, Director of Eastern Home Shopping & Leisure Co., Ltd., Director of Eastern Commerce Co., Ltd., Independent Director of Mayer Steel Pipe Corporation	N/A	N/A	N/A	

Note 1: The corporate shareholder shall be identified by name and representative (in the case of a corporate representative, please specify the corporate shareholder's name) and also complete the following Table 1.

Note 2: Please also specify if the initial term of office for the Company's director or supervisor is interrupted.

Note 3: Refers to experiences related to the current post. If the officer once assumed a post in a CPA Office or an affiliate of the Company, please specify the job title and responsibilities.

Note 4: Where the Chairman and the President or person of an equivalent position (the highest level of management) of the Company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of Independent Directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).

Table 1: Major Shareholders of the Corporate Shareholders

April 10, 2021

Name of institutional shareholder	Major Shareholders of the Corporate Shareholders
Yuan Chuan Steel Corporation	Hotel Taipei Miramar (81.43%), Tze Shin International Co., Ltd. (18.57%)
Chengta International Investment Co., Ltd.	Fei-Hung Chen (89%) and Ta-Teng Cheng (1%)

Note 1: For a Director or Supervisor who acts as a corporate shareholder's representative, please specify the corporate shareholder's name.

Note 2: Please specify names of the major shareholders of the given corporate shareholder (top ten shareholders) and the ratio of shareholding. Where the major shareholder is a corporation, please complete the following Table 2.

Note 3: If the legal person shareholder is not organized as a company, the "names of shareholders" and the "ratio of shareholding" in the preceding paragraph shall be "names of funders or donors" and the "ratio of fund or donation".

Table 2: Major Shareholders of Major Corporate Shareholder in Table 1

April 10, 2021

Name of institutional shareholder	Major shareholders
Hotel Taipei Miramar	Tewei Investment Co., Ltd (38.2%), Chun-Chao Huang (15.80%), Chun-Fu Huang (11.12%), I-Yun Hung (9.99%), Hsiu-Mei Huang (3.56%), Meiwei Investment Co., Ltd. (13.03%)
Tze Shin International Co., Ltd.	Wellarti International Co., Ltd. (29.61%); Yuan Chuan Steel Corporation (8.73%); Mayer Steel Pipe Corporation (5.24%); Hotel Taipei Miramar (4.19%); Tian Ding Co., Ltd. (3.80%); Durban Development Co. Ltd. (3.41%); The Sincere Department Store Ltd. (2.33%); The Berkeley Capital Securities Company SBL/PB Investment Account under custody of Citibank Taiwan (1.20%); Hui-Wen Chen (1.11%); Hsiu-Feng Wu (1.01%)

Note 1: The names of the major corporate shareholders referred to in Table 1, if any, shall be specified.

Note 2: Please specify names of the major shareholders of the given shareholder (top ten shareholders) and the ratio of shareholding.

Note 3: If the legal person shareholder is not organized as a company, the "names of shareholders" and the "ratio of shareholding" in the preceding paragraph shall be "names of funders or donors" and the "ratio of fund or donation".

Information on Directors (II)

Criteria Name (Note 1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Yuan Chuan Steel Corporation Representative: Chun-Fa Huang			V	V		V			V	V		V		V		N/A
Representative: Hsiu-Mei Huang			V	V	V	V			V	V		V		V		N/A
Representative: Chun-Chao Huang			V	V		V			V	V		V		V		N/A
Representative: Yung-Chieh Huang			V	V		V		V	V	V		V		V		N/A
Chengta International Investment Co., Ltd. Representative: Ta-Teng Cheng			V	V		V	V		V	V		V	V	V		N/A
Chengta International Investment Co., Ltd. Representative: Yung-Fen Lin		V	V	V	V	V	V	V	V	V	V	V	V	V		N/A
Chih-Ling Chen	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	1
Ching-Chuan Lo		V	V	V	V	V	V	V	V	V	V	V	V	V	V	N/A
Huang-Chi Liu	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	N/A

Note 1: The number of spaces shall be adjusted subject to the actual circumstances.

Note 2: Respective Directors and Supervisors who meet the following qualifications 2 years before assumption of office and at the time of assumption of office shall put a "✓" in the appropriate space.✓

- (1) Not an employee of the Company or any of its affiliated companies.
- (2) Not serving as a Director or Supervisor of the Company or any affiliated company (This does not apply in cases where the person is an Independent Director of the Company, its parent company, subsidiaries, or subsidiaries that belong to the same parent company established in pursuant to this law or local laws).
- (3) Not individual shareholders who hold shares, together with those held by their spouses, minor children or held under others' name, in an aggregate amount of more than 1% of the total outstanding shares of the Company or ranks among the top ten shareholders who are natural persons in terms of the share volume held.
- (4) Not spouses or relatives within the second degree of kinship or lineal relative within the third degree of kinship, or any of the persons in the preceding three subparagraphs.
- (5) Not Directors, Supervisors, or employees of a corporate shareholder who directly holds 5% or more of the total outstanding shares of the Company or the Directors, Supervisors or employees assumed by a representative authorized by a corporate shareholder or Supervisor of the Company in accordance with Article 27 Paragraph 1 or 2, the Company Act (This does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary established in pursuant to this law or local laws).
- (6) Not a director, supervisor, or employee of other company who has a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person (This does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary established in pursuant to this law or local laws).
- (7) Not a director, supervisor, or employee of other company or institutions who is the Chairman, President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution that are the same person or are spouses (This does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary established in pursuant to this law or local laws).
- (8) Not a Directors, Supervisors, managers, or major shareholders with over 5% shareholdings of specific companies or institutions that have financial or business relationships with the Company (However, this does not apply if the specific companies or institutions are holding over 20%, but no more than 50%, of the Company's issued shares, as well as Independent Directors appointed by a subsidiary under the same parent company of the Company's parent company, subsidiary, or associated company in accordance to these rules and the local regulations).
- (9) Does not provide the Company or affiliated companies with auditing or in the past 2 years, obtained compensation cumulated over NT\$500,000 in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, Directors, Supervisors, managers, and spouses. However, remuneration committee, M&A audit committee members, established in accordance with local securities regulations or mergers & acquisition regulations, are not included.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other Director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

(II) President, Vice President, Assistant Managers, and the Supervisors of each Division and Branch:

Information on the President, Vice President, Assistant Managers, and the Supervisors of each Division and Branch

April 10, 2021

Title (Note 1)	Nationality	Name	Gender	Date taking office	Share Holdings		Spouse & Minor Shareholding		Shareholding in the Names of Others		Key Working Experiences and Education (Note 2)	Other Position	Managers who are Spouses or Within the second degree of Kinship			Remarks (Note 3)
					Number of Shares	Shareholding	Number of Shares	Shareholding	Number of Shares	Shareholding			Title	Name	Relationship	
President	ROC	Min-Chih Hsiao	Male	2018.2.7	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, Tunghai University	Director, Meikung Development Co., Ltd. Director, Grand Tech Precision Manufacturing (Thailand) Co., Ltd. Independent Director, Zenitron Corporation Independent Director, Universal Vision Biotechnology Co., Ltd. Supervisor, Mayer Inn Corporation	N/A	N/A	N/A	
Vice President	ROC	Lung-Chi, Wu	Male	1996.1.1	0	0.00%	0	0.00%	0	0.00%	Corporate Management Department, Chengchi University	Director, hung Mao Trading Co., Director, Kanglien International Investment Development Co., Ltd.	N/A	N/A	N/A	
Vice President	ROC	Chen-Chang Huang	Male	2014.1.1	0	0.00%	0	0.00%	0	0.00%	Department of Electrical Engineering, Chien Hsin University of Science and Technology	Director, Grand Tech Precision Manufacturing (Thailand) Co., Ltd. Director, Vietnam Mayer Corp., Ltd.	N/A	N/A	N/A	
Business Assistant Manager	ROC	Jen-Chin Chiang	Male	2018.11.1	7,841	0.00%	0	0.00%	0	0.00%	Corporate Management Department, Tamkang University	N/A	N/A	N/A	N/A	

Chief Financial Officer (Assistant Manager)	ROC	Yu-Chi Huang	Male	2018.11.1	7,448	0.00%	0	0.00%	0	0.00%	Department of Industrial Engineering, Tunghai University	N/A	N/A	N/A	
Chief Auditor	ROC	Yu-Cheng Huang	Male	1997.1.30	0	0.00%	0	0.00%	0	0.00%	Department of Accounting, Feng Chia University	N/A	N/A	N/A	

Note 1: It shall include the information on the President, Vice President, Assistant Managers, and the Supervisors of each division and branch; any position equivalent to the President, Vice President, Assistant Managers, regardless of job title, shall also be disclosed.

Note 2: For the experience related to holding the current position, if one has worked in the CPA firm conducting the auditing and attesting business or related company, he/she shall state the job title and responsible position. Assistant vice president, regardless of job title, should also be disclosed.

Note 3: Where the Chairman and the President or person of an equivalent post (the highest level of management) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (for example, increase the number of independent directors, and there shall be more than half of the directors who do not concurrently serve as employees or managers).

(III) Where the Chairman and the President or person of an equivalent post (the highest level of management) are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

None.

III. Remuneration Paid During the Most Recent Fiscal Year to Directors, President, and Vice President

(I) Remuneration of Directors, Independent Directors, Supervisors, President, and Deputy General Manager

(II) If any of the following applies to the Company, the name of the Director or Supervisor involved and the remuneration paid to him/her shall be disclosed. For the remaining Directors or Supervisors, the Company may opt to either disclose information in aggregate remuneration with their names indicated in each numerical range or disclose their names and method of remuneration individually (If the latter is chosen, please fill their positions, names and remuneration amounts individually. The Company shall not need to fill the Table of Remuneration Levels):

1. Where it was a loss after tax in the parent company only or individual financial statements in the last three years, the name and remuneration of individual "Directors and Supervisors" shall be disclosed; provided that it is net income after tax in the parent company only or individual financial statements in the most recent year, and the said net income is sufficient to make up for the accumulated losses.
2. For directors whose shareholding percentages have been insufficient for three or more consecutive months during the most recent fiscal year, the Company shall disclose the remuneration of individual directors. For Supervisors whose shareholding percentages have been insufficient for three (3) or more consecutive months during the most recent fiscal year, the Company shall disclose the remuneration of individual supervisors.
3. For an average ratio of shares pledged by directors or supervisors that exceeds 50% in any three months during the most recent fiscal year, the Company shall disclose the remuneration paid to each individual director or supervisor who owns a ratio of shares pledged that exceeds 50% for each of these three months.
4. If the total amount of remuneration received by all the Directors and Supervisors from all the companies listed in its financial statements exceeds two percent of its net income after taxes, and the amount of remuneration received by any individual director or supervisor exceeds NT\$15 million, the Company shall disclose the amount of remuneration paid to individual directors or supervisors. (Description: The remuneration of Directors and Supervisors is calculated based on "Remuneration of Directors" plus "Remuneration of Supervisors" as in the Appendix without including the relevant remuneration received as concurrent employees.)
5. Any result of evaluation made on corporate governance in the most recent year is in the last level, or any trading method changes, any trading or marketing stops, or any evaluation is rejected by the Corporate Governance Evaluation Committee in the most recent year and up to the date of publication of the Annual Report as a listed company.
6. The average annual salary of a full-time employee of a listed company who does not hold a managerial position in the most recent year has not reached NT\$500,000.

Remuneration to Directors and Independent Directors (names and remuneration thereof to be disclosed individually)

Unit: NT\$'000

Title	Name	Director Remuneration								Total Amount (A+B+C+D) to Net Profit After Tax Ratio (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Total Amount (A+B+C+D+E+F+G) to Net Profit After Tax Ratio (Note 10)		Remuneration Received from an Invested Company other than the Company's subsidiaries or Parent Company (Note 10)
		Salary (A) (Note 2)		Pension (B)		Directors' Compensation (C) (Note 3)		Business Expenses (D) (Note 4)				Salaries, Bonus and Special Allowances (E) (Note 5)		Pension (F)		Employees' Compensation (G) (Note 6)						
		The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company	All Companies in the Financial Report (Note 7)	The Company		All Companies in the Financial Report (Note 7)		The Company	All Companies in the Financial Report	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
	Yuan Chuan Steel Corporation	0	0	0	0	10,260	10,260	0	0	2.61	2.61	0	0	0	0	0	0	0	0	2.61	2.61	None
Chairman	Representative: Chun-Fa Huang	1,800	1,800	0	0	0	0	180	180	0.50	0.50	0	0	0	0	0	0	0	0	0.50	0.50	2,345
Director	" :Hsiu-Mei Huang	0	0	0	0	0	0	180	180	0.05	0.05	0	0	0	0	0	0	0	0	0.05	0.05	102
Director	" : Chun-Chao Huang	0	0	0	0	0	0	180	180	0.05	0.05	0	0	0	0	0	0	0	0	0.05	0.05	240
Director	" : Yung- Chieh Huang	0	0	0	0	0	0	180	180	0.05	0.05	0	0	0	0	0	0	0	0	0.05	0.05	420
	Chengta International Investment Co., Ltd.	0	0	0	0	4,104	4,104	0	0	1.05	1.05	0	0	0	0	0	0	0	0	1.05	1.05	None
Director	Representative: Ta-Teng Cheng	1,080	1,080	0	0	0	0	180	180	0.32	0.32	0	0	0	0	0	0	0	0	0.32	0.32	None
Director	" : Yung- Fen Lin	0	0	0	0	0	0	120	120	0.03	0.03	0	0	0	0	0	0	0	0	0.03	0.03	None
Independent Director	Chih-Ling Chen	720	720	0	0	0	0	180	180	0.23	0.23	0	0	0	0	0	0	0	0	0.23	0.23	None
Independent Director	Ching-Chuan Lo	720	720	0	0	0	0	180	180	0.23	0.23	0	0	0	0	0	0	0	0	0.23	0.23	None
Independent Director	Huang-Chi Liu	720	720	0	0	0	0	180	180	0.23	0.23	0	0	0	0	0	0	0	0	0.23	0.23	None

Note 1: Directors' names shall be identified one by one (corporate shareholders shall be identified by the corporate shareholder's name and representative individually), and shall list the general Directors and Independent Directors separately and disclose the amount of various payments in summary. If a Director also serves as a President or Vice President, this form and form (3-1) below or form (3-2-1) and (3-2-2) below should be filled.

Note 2: The remuneration to Directors in the most recent year (including Director's salary, duty allowance, severance pay, bonus and reward, etc.).

Note 3: Fill in the compensation distributed to the Directors approved by the Board of Directors in the most recent year.

Note 4: The Directors' professional practicing fees in the most recent year (including transportation allowance, special allowance, various subsidies, and provision of such tangible objects as dormitory and car, etc.). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please disclose the salary paid to the driver in a note, which shall be excluded from the remuneration. The salary of the Company's Directors with a driver was approximately NT\$680,000.

Note 5: It means the salary, duty allowance, severance pay, bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car received by the Directors who acted as employees concurrently (including President and Vice President, manager and employee) in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please disclose the salary paid to the driver in a note, which shall be excluded from the remuneration. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.

Note 6: If the Directors who acted as employees concurrently (including President and Vice President, manager and employee) received employee bonus (including stock dividend and cash dividend) in the most recent year, please disclose the employee bonus approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also fill in Appendix I-III.

Note 7: The aggregate of the remuneration to Directors of the Company from the companies included in the consolidated financial reports (including the Company) should be disclosed.

Note 8: The aggregate of the remuneration to each Director by the Company shall include the Director's name disclosed in the relevant space of the following table.

Note 9: The aggregate of the remuneration paid to each of the Company's Directors by the companies included into the consolidated financial reports (including the Company) shall include the Director's name disclosed in the relevant space of the following table.

Note 10: The earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 11: a. To specify whether the Company's Directors have received remuneration from investees other than the subsidiaries (If there is none, please fill in "none").

b. If the Company's Directors have received remuneration from investees other than the subsidiaries, please include the same into Section I in the Table of Remuneration Levels and changed the name of the section into "Parent Company and All Investees".

c. The remuneration refers to the salary, compensation, employee bonus and professional practicing fees received by the Company's Directors who acted as the Directors, Supervisors or managers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

Supervisor Remuneration

As the Company established the Audit Committee to replace the Supervisors on June 21, 2016, the compensation for Supervisors is not disclosed.

Remuneration to President and Vice President (Summarized in accordance with the Range of Remuneration disclosed)

Unit: NT\$'000

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus and Special Allowances (C) (Note 3)		Compensation (D) (Note 4)				Employees' Total Amount (A+B+C+D) to Net Profit After Tax Ratio (Note 8)		Remuneration from Investees other than the Subsidiaries or the Parent Company (Note 9)
		The Company	All Companies in the Financial Report (Note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company		All Companies in the Financial Report (Note 5)		The Company	All Companies in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Min-Chih Hsiao	3,895	3,895	345	345	1,239	1,239	4,062	0	4,062	0	2.43	2.43	1,139
Vice President	Lung-Chi, Wu	1,486	1,486	101	101	530	530	1,862	0	1,862	0	1.01	1.01	0
Vice President	Chen-Chang Huang	1,477	1,477	101	101	528	528	2,012	0	2,012	0	1.05	1.05	1,193

* Any positions correspondent to the President and Vice President (e.g. President, CEO or Director, et al.) shall be disclosed, irrelevant with job titles.

Table of Remuneration Levels (Items not applicable to this table have already been disclosed)

Remuneration Levels of Remuneration Paid to the Company's President and Vice President	Name of President and Vice President	
	The Company (Note 6)	Parent Company and All Investees (Note 7) E
Under NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000		
NT\$2,000,000 (inclusive) ~ NT\$3,500,000	-	
NT\$3,500,000 (inclusive) ~ NT\$5,000,000	Lung-Chi Wu and Chen-Chang Huang	Lung-Chi Wu
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	Min-Chih Hsiao	Chen-Chang Huang
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	-	Min-Chih Hsiao-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000		

NT\$30,000,00 (inclusive) ~ NT\$50,000,000		
NT\$50,000,00 (inclusive) ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	17,639	19,971

Note 1: The name of the President and Vice President shall be identified specifically, and the various payments shall be summarized and then disclosed. If a director also serves as a President or Vice President, this form and the above form (1-1), or (1-2-1) and (1-2-2) should be filled.

Note 2: Please specify the salary, duty allowance and severance paid to the President and Vice President in the most recent year.

Note 3: Please specify the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the President and Vice President in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please disclose the salary paid to the driver in a note, which shall be excluded from the remuneration. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration. The salary paid to managers with a driver is NT\$727,000.

Note 4: Please specify the employee bonus (including stocks and cash). to be allocated to the presidents and vice presidents as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also fill in Appendix I-III.

Note 5: Please disclose the aggregate of the remuneration paid to the Company's President and Vice President by all companies included into the consolidated financial reports (including the Company).

Note 6: The aggregate of the remuneration to each President or Vice President by the Company shall include the President's or Vice President's name disclosed in the relevant space of the following table.

Note 7: The aggregate of the remuneration paid to each of the Company's President and Vice President by the companies included into the consolidated financial reports (including the Company) shall include the President's and Vice President's names disclosed in the relevant space of the following table.

Note 8: The earnings after tax shall refer to the earnings after tax identified in the parent company only or individual financial statement for the most recent year.

Note 9: a. To specify whether the Company's President and Vice President have received remuneration from investees beyond subsidiaries (If there is none, please fill in "none").

b. If the Company's President and Vice President have received remuneration from investees beyond subsidiaries, please include the same into Section E in the Table of Remuneration Levels and changed the name of the section into "Parent Company and All Investees".

c. The remuneration refers to the salary, compensation, employee bonus and professional practicing fees received by the Company's President and Vice President who acted as the Directors, Supervisors or managerial officers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

(III). If any of the foregoing events 1 or 5 occurs to a listed company, the remuneration information of the five highest paid individuals (such as President, Vice President, Chief Executive Officer, or Chief Financial Officer) shall be disclosed separately.
The results of the Company's 2020 corporate governance evaluation were not in the last range, so there is no need to disclose the table below.

(4-1) The remuneration of the top 5 remuneration executives of the listed OTC company (it shall disclose the remuneration paid to each individual) (Note 1) Unit: NT\$'000; %

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonus and Special Allowances (C) (Note 3)		Employees' Compensation (D) (Note 4)				Total Amount (A+B+C+D) to Net Profit After Tax Ratio (Note 6)		Remuneration from Investees other than the Subsidiaries or the Parent Company (Note 7)
		The Company	All Companies in the Financial Report (Note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company	All Companies in the Financial Report (Note 5)	The Company		All Companies in the Financial Report (Note 5)		The Company	All Companies in the Financial Report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
None														

Note 1: The "top five managerial officers with the highest remuneration" refer to the Company's managers; the definition of managers are based on the Ministry of Finance Official Letter No. Zheng-San 0920001301 regarding the scope of managers issued by the former Securities and Futures Commission, Ministry of Finance on March 27, 2003. As for the principle of determining the "top five highest remuneration amounts, it is based on the aggregate amount of the salary, pension, bonus and special fee received by managers of the Company from all companies in the consolidated financial statements, as well as the total amount of employee bonus (that is, A + B + C + D); after sorted by amount, and the top five remuneration amounts are determined. If the Director also serves as the above Supervisor, this table and the above table (1-1) shall be filled in.

Note 2: Please specify the salary, duty allowance and severance paid to the top five senior management in the most recent year.

Note 3: Please specify the bonus, reward, transportation allowance, special allowance, various allowances, and provision of such tangible objects as dormitory and car, as well as other remunerations, received by the top five senior management in the most recent year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please disclose the salary paid to the driver in a note, which shall be excluded from the remuneration. Any

salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.

Note 4: Please specify the employee bonus (including stocks and cash). to be allocated to the top five senior management as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year, and please also fill in Appendix I-III.

Note 5: Please disclose the aggregate of the remuneration paid to the Company's top five senior management by all companies included into the consolidated financial reports (including the Company).

Note 6: The earnings after tax shall refer to the earnings after tax identified in the parent company only or individual financial statement for the most recent year.

Note 7: a. To specify whether the Company's top five senior management have received remuneration from investees beyond subsidiaries (If there is none, please fill in "none").

b. The remuneration refers to the salary, compensation, employee bonus and professional practicing fees received by the Company's top five senior management who acted as the Directors, Supervisors or managers of investees other than subsidiaries.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

Names of the managers who receive employees' compensation and the distribution status **Unit: NT\$'000; %**

May 20, 2021

	Title (Note 1)	Name (Note 1)	Stock Amount	Cash Amount	Total	Total Amount to Net Profit After Tax Ratio (%)
Manager	President	Min-Chih Hsiao	0	10,638	10,638	2.71
	Vice President	Lung-Chi, Wu				
	Vice President	Chen-Chang Huang				
	Assistant Manager	Jen-Chin Chiang				
	Chief Financial Officer	Yu-Chi Huang				
	Chief Accounting Officer	Hui-Wen Li				
	Corporate Governance Officer	Jui-Chun Wang				

Note 1: Please disclose the name and job title individually, while the allocation of earnings may be summarized and then disclosed.

Note 2: Please specify the employee compensation (including stocks and cash) to be allocated to the managers as approved by the Board of Directors prior to the motion for allocation of earnings submitted to the shareholders' meeting in the most recent year. If it is impossible to impute the same, the amount to be allocated this year shall be based on that allocated physically last year. The earnings after tax refers to the earnings after tax in the most recent year. If the IFRSs are adopted, the earnings after tax shall refer to the earnings after tax identified in the entity or individual financial statement for the most recent year.

Note 3: The scope of managers shall be defined in the following manner, as per the Board's decree under Tai-Tsai-Cheng-3-Tze No. 0920001301 dated March 27, 2003:

(1) President and equivalent (2) Vice President and equivalent (3) Assistant Manager and equivalent

(4) Chief Financial Officer (5) Chief Accounting Officer (6) Other persons who have the right to manage affairs and sign for the Company

Note 4: If any Director, President and Vice President has received employee compensation (including stock dividend and cash dividend), please complete table 1-2 and also this table.

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link.

Analysis table of the ratio of the total remuneration of Directors, Supervisors, President and Vice President of the Company to the net profit after tax in the parent only financial report:

Unit: NT\$'000; %

Years	2019				2020			
	Total Remuneration (NT\$'000)		Total Amount to Net Profit After Tax Ratio (%)		Total Remuneration (NT\$'000)		Total Amount to Net Profit After Tax Ratio (%)	
	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements	The Company	All Companies in the Consolidated Financial Statements
Director	23,457	24,155	5.37	5.53	20,964	20,964	5.34	5.34
President and Vice President	18,042	18,042	4.13	4.13	17,639	17,639	4.49	4.49

Description:

- Compensations paid to the Directors of the Company include (A) Salary, (C) Directors' Compensation, and (D) Business Expenses. The payments include
 - Salary is mainly salaries paid to Directors. Pursuant to Article 21 of the Company's Articles of Association, the Board of Directors is authorized to pay and determine the remuneration according to the degree of participation and contribution value of Directors, with reference to the industry standards.
 - Directors' compensation is paid in accordance with Article 40 of the Company's Articles of Association. If there are earnings for the year, no more than 3% shall be set aside for the Directors' compensation. Therefore, it is highly relevant to the Company's operating performance.
 - Business expenses refer mainly to commuting expenses.
- Remuneration paid to the managers of the Company (including the President and Vice President) includes (A) Salary, (B) Pension, (C) Bonus, and (D) Employees' Compensation. In addition to salaries and pensions, the remuneration to managers (including the President and Vice President) is based on the Company's operating performance. Article 40 of the Company's Articles of Incorporation stipulates that 1% to 5% of the Company's annual profit shall be allocated to employee compensation, taking into account the manager's performance evaluation, which includes financial indicators (such as the Company's revenue, net profit before tax and net profit after tax attainment rates) and non-financial indicators (such as the manager's ethical risk or other risk events that may adversely affect the Company's image and goodwill, internal mismanagement, personnel misconduct, or significant deficiencies in compliance with laws and regulations and operational risks of the departments under his or her supervision) for appropriately adjustment and allocation. Such amount is also regularly evaluated by the Company's Remuneration Committee. Therefore, it is highly relevant to the Company's operating performance.
- The Company established the Audit Committee to replace Supervisors on June 21, 2016.

IV. Implementation of Corporate Governance

(I) Operations of the Board

(1) Operation of the Board of Directors

A total of 9 (A) Board of Directors meetings were held in 2020. The attendance of the Directors was as follows:

Title	Name (Note 1)	Actual attendance (B)	By Proxy	Actual attendance rate (%) (B/A) (Note 2)	Note
Chairman	Yuan Chuan Steel Corporation Representative: Chun-Fa Huang	9	0	100	
Director	Yuan Chuan Steel Corporation Representative: Hsiu-Mei Huang	9	0	100	
Director	Yuan Chuan Steel Corporation Representative: Chun-Chao Huang	9	0	100	
Director	Yuan Chuan Steel Corporation Representative: Yung-Chieh Huang	9	0	100	
Director	Chengta International Investment Co., Ltd. Representative: Ta-Teng Cheng	9	0	100	
Director	Chengta International Investment Co., Ltd. Representative: Yung-Fen Lin	6	0	66.67	
Independent Director	Chih-Ling Chen	9	0	100	
Independent Director	Ching-Chuan Lo	9	0	100	
Independent Director	Huang-Chi Liu	9	0	100	

Other mentionable items:

- I. If any of the following events occurred, the dates of the Board of Directors meetings, sessions, a summary of proposals, opinions of all the Independent Directors and the Company's responses should be specified:
(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Date	Session	Proposals	All Independent Directors' Opinions	The Company's Response on Independent Directors' Opinions
2020.3.19	21st Board of Directors 12th Meeting	Approved the Company's 2019 "Statement on Internal Control System".	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	Reviewed the 2019 Business Report, parent company only financial statements, and consolidated financial statements of the Company.	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	Approved the 2020 General Shareholdings' Meeting of the Company to be held on June 16, 2020	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	Approved the Directors' proposals at the Company's 2019 General Shareholdings' Meeting.	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	Approved the distribution of the Company's 2019 employees' compensation and directors' compensation.	Approved	Approved

2020.3.19	21st Board of Directors 12th Meeting	Approved the amendments to the Company's Rules of Procedure for Shareholders Meetings and Rules of Procedure for Board of Directors Meetings.	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	Approved the Company's 2020 CPA fees.	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	The Company applied for a consolidated credit line of NT\$170 million from Bank of Taiwan Taipei Branch.	Except for the recusal of Director Chih-Ling Chen due to his interest, all other members present agreed to approve the resolution.	Approved
2020.3.19	21st Board of Directors 12th Meeting	Approved the loan to Tingpang Development Co., Ltd. amounted to NT\$16 million.	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	Approved the distribution of pension to the Company's managers.	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	Approved the cause of action of the Company's sale of the land within the requested scope of the Taipei District Court Judgment No. 594 and the High Court Judgment No. 739 (currently requested for transfer of registered land).	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	Agreed to amend the condition of purchasing the land in "Xitou Section, Qidu District, Keelung City", and authorize its subsidiary, Meikung Development Co., Ltd., to purchase such land: The purchased land shall not exceed 2,700 pings, the land price shall be no more than NT\$200,000 per ping, and the total amount shall not exceed NT\$486 million.	Approved	Approved
2020.4.29	21st Board of Directors 13th Meeting	Approved of the base date and distribution date of the Company's 2019 earnings and cash dividend distribution.	Approved	Approved
2020.4.29	21st Board of Directors 13th Meeting	Approved the Company's participation in the cash capital increase in its wholly-owned subsidiary, Mayer Inn Corporation.	Approved	Approved
2020.5.12	21st Board of Directors 14th Meeting	Reporting on the Company's 2020 Q1 consolidated financial report.	Approved	Approved
2020.8.11	21st Board of Directors 15th Meeting	Amendments to the Company's internal control system and internal audit rules.	Approved	Approved
2020.8.11	21st Board of Directors 15th Meeting	Proposed the loan to Tingpang Development Co., Ltd. amounted to NT\$16 million.	Approved	Approved
2020.10.16	21st Board of Directors 17th Meeting	The Company proposed to participate in the cash capital increase in its wholly-owned subsidiary, Mayer Inn Corporation.	Approved	Approved

2020.10.16	21st Board of Directors 17th Meeting	The Company proposed to amend the loan contracts of the loan to Tingpang Development Co., Ltd.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Amendments to the Company's Best Practice Principles.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Establishment of the Company's Procedures for the Evaluation of the Board of Directors.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Proposed to establish the Company's Corporate Governance Officer.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Established the Company's Ethical Corporate Management Best Practice Principles.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Established the Company's Procedures for Ethical Management and Guidelines for Conduct.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Regular evaluation of the independence of the CPAs.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Proposed the Company's 2021 Internal Audit Plan.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Established the Company's Risk Management Policies and Procedures.	Approved	Approved
2020.12.14	21st Board of Directors 19th Meeting	The Company proposed to loan to Tingpang Development Co., Ltd. amounted to NT\$4 million.	Approved	Approved

(II) Any recorded or written Board of Directors resolutions to which Independent Directors have objections or reservations to be noted in addition to the above: None

- II. The recusal of a Director from a proposal shall include the name of the Director, the content of the proposal, the reason for the recusal, and the participation in voting: In the case of the Company's application for a consolidated credit line from the Bank of Taiwan, Taipei Branch, as the spouse of Director Chih-Ling Chen is an employee of the Bank of Taiwan and the position has restrictions on interested parties, Director Chih-Ling Chen shall be recused and shall not participate in the discussion and voting of the proposal.
- III. Listed companies shall disclose the evaluation cycles and periods, scope and method, and contents of the Self-Evaluation or Peer Evaluation of the Board of Directors, and fill in (2) Evaluation of the Board of Directors in Appendix (II):
- IV. Targets and measures taken to strengthen the functionality of the Board of Directors in the current and the latest year (e.g. establishing the Audit Committee, enhancing information transparency):
1. Implementation of corporate governance and enhancement of information transparency: The Board of Directors operates in accordance with the "Corporate Governance Best Practice Principles" and the "Rules of Procedure for Board of Directors Meetings", and convenes meetings in compliance with these regulations, which are conducted smoothly.
 2. The Company upholds the principle of operational transparency and posts important resolutions on the Market Observation Post System (MOPS) right after a Board of Directors meeting to protect investors' rights.
 3. The Company purchased liability insurance on behalf of all Directors and reported the purchases made according to relevant laws and regulations.
 4. The Company has established the Remuneration Committee, which is able to establish the best remuneration system effectively.
 5. The Company elected Independent Directors and established the Audit Committee at the 2016 General Shareholders' Meeting to strengthen its corporate governance.
- Implementation status: Good.

6. Directors' further education: The Company arranges further education courses for Directors to obtain relevant information in order to maintain their core values and professional advantages and capabilities. Further education for Directors are as follows:

Director	Juridical Person	Name	Course Subject	Hours
Director	Yuan Chuan Steel Corporation	Chun-Fa Huang	Corporate M&A Practices Sharing with a Focus on Hostile Takeover	3
			Discussion on the Issues of Integration of Human Resources and Mergers and Acquisition during the Merging Procedure of the Companies	3
		Hsiu-Mei Huang	Discussion of the Employee and Director Remuneration from the Amendment to Article 14 of the Securities and Exchange Act	3
			5G Key Technology and Application	3
		Chun-Chao Huang	Trends and Challenges in Information Security Governance	3
			5G Key Technologies and Application Opportunities	3
		Yung-Chieh Huang	Impact of Latest Tax Regulation Changes on Corporate Operation and the Adaptive Strategy	3
			Trends and Challenges in Information Security Governance	3
	Chengta International Investment Co., Ltd.	Ta-Teng Cheng	Legal risks and responses of directors and supervisors - Material corporate frauds case studies	3
			Case Study of Directors' and Supervisors' Breach of Trust and Special Breach of Trust	3
		Yung-Fen Lin	Planning of Equity with Case Study on the Fight for Ownership, and Board of Directors, Shareholders' Meetings Strategies	3
			5G Key Technologies and Application Opportunities	3
Independent Director	Individuals	Chih-Ling Chen	Corporate M&A Practices Sharing - Focusing on Hostile Takeover	3
			Discussion on Fraud Cases of Corporate Financial Statements	3
	Individuals	Huang-Chi Liu	Impact Investment Do Well by Doing Good	1
			How to Strengthen Corporate Governance by Preventing Fraud and Establishing a Whistle-Blowing Mechanism	3
			Collapse of Corporate Governance and its Influence based on the Datong Case	1
			Fight for Ownership: What Did the Supreme Court Say?	1
	Individuals	Ching-Chuan Lo	Analysis of International Tax Trends and Countermeasures under the New Corporate Governance Blueprint	3
			Discussions on Information Security Governance of Companies - Focusing on Legal Practices	3

Note 1: For a Director or Supervisor who is a corporation, please specify the corporate shareholder's name and its representative's name.

Note 2: (1) If a Director or Supervisor resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of Board of Directors meetings held during his or her tenure and the number of such meetings attended.

(2) If a director or supervisor is re-elected before the end of the accounting year, the names of the current and previous director or supervisor shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. Their attendance rate (%) to Board session shall be calculated based on the number of meetings called and the actual number of sessions they attended, during the term of office.

(2) Evaluation of the Board of Directors

Frequency (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)	Content (Note 5)
Once a year	2020.01.01 ~ 2020.12.31	1. Overall Board of Directors 2. Individual Directors. 3. Functional Committees (including the Audit Committee and Remuneration Committee).	The performance evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Directors, appointment of external professional institutions or experts, or other appropriate methods. The Secretariat of the Board of Directors is responsible for the execution of the evaluation of the Board of Directors in 2020, which is conducted by Director self-evaluation. The Company has completed the evaluation of the Board of Directors in December 2020 and has reported to the Board of Directors on February 4, 2021. The evaluation results are presented in five levels, where 1 represents very poor (strongly disagree), 2 represents poor (disagree), 3 represents moderate (average), 4 represents good (agree), and 5 represents very good (strongly agree). 2020 internal self-evaluation results: The Board of Directors scored 4.78 and the average self-evaluation score of the board members was 4.74; the functional committees: the Audit Committee scored 4.95 and the Remuneration	1. The evaluation of the Board of Directors includes five major aspects: "participation in the operation of the Company," "improvement of the quality of decisions made by the Board of Directors", "composition and structure of the Board of Directors", "election and continuing education of Directors" and "internal control". 2. The evaluation of the board members includes six major aspects: "understanding of the Company's goals and missions", "knowledge of Directors' duties", "participation in the Company's operations", "internal relationship management and communication", "professional and continuing education of Directors", and "internal control". 3. The evaluation of functional committees includes five major aspects: "participation in the Company's operations", "knowledge of functional committee responsibilities", "improvement of the quality of decisions made by the

			Committee scored 4.53, all of which scored good or above. In addition, the Company's Board of Directors resolved in 2020 to conduct an evaluation by an external professional independent institution or a team of external experts at least once every three years.	functional committees", "composition and election of functional committee members", and "internal control.

Note 1: The frequency of the evaluation of the Board of Directors, e.g. annually.

Note 2: The period covered by the Board of Directors' evaluation, e.g., the evaluation of the Board of Directors from January 1, 2019 to December 31, 2019.

Note 3: The scope of the evaluation includes the evaluation of the Board of Directors, individual board members and functional committees.

Note 4: The evaluation methods include self-evaluation of the Board of Directors, self-evaluation of the Directors, peer evaluation, appointment of external professional institutions or experts, or other appropriate methods.

Note 5: The evaluation contents shall include at least the following items according to the scope of evaluation:

- (1) Evaluation of the Board of Directors: At least includes the degree of participation in the operation of the Company, the quality of decisions made by the Board of Directors, the composition and structure of the Board of Directors, the election and continuing education of Directors, and internal control, etc.
- (2) Evaluation of individual board members: At least includes the understanding of the Company's goals and missions, knowledge of the Directors' duties, participation in the Company's operations, internal relationship management and communication, professional and continuing education of Directors, and internal control, etc.
- (3) Evaluation of functional committees: participation in company operations, awareness of functional committee responsibilities, quality of decisions made by the functional committee, composition and election of functional committee members, internal control, etc.

(II) Audit Committee's operation and Supervisors' participation in the Board of Directors:

Audit Committee's Operation

In 2020, the Audit Committee held 8 meetings (A), attendance of the Independent Directors is as follows:

Title	Name (Note 1)	Actual attendance (B)	By Proxy	Actual attendance rate (%) (B/A) (Note 2)	Note
Independent Director	Chih-Ling Chen	8	0	100	
Independent Director	Ching-Chuan Lo	8	0	100	
Independent Director	Huang-Chi Liu	8	0	100	

A: Duties of the Audit Committee:

1. Review of financial statements and communication of key audit matters.
2. Audit and accounting policies and procedures.
3. Internal control system and relevant policies and procedures.
4. The Company's risk management.
5. Trading of material assets or derivatives.
6. Material loans of funds or provision of endorsements/guarantees.
7. Appointment, discharge of CPAs, and salary, independence, and evaluation.
8. Derivatives and cash investment.
9. Appointment or dismissal of the Chief Financial Officer, Chief Accounting Officer or Chief Internal Auditor.
10. Legal Compliance

Key duties:

1. Review of business reports, financial statements and earnings distribution: The Audit Committee reviews the business reports, financial statements and earnings distribution, and the convener of the Audit Committee issues an audit report.
2. Review material asset transactions, major capital loans, and endorsement/guarantees.
3. Evaluate the effectiveness of the internal control system.
4. Appoint of CPAs (CPA Independence Evaluation): The Audit Committee formulated an independence and suitability evaluation form with reference to The Norm of Professional Ethics for Certified Public Accountant No. 10, "Integrity, Objectivity, and Independence," which was approved at the Board of Directors Meeting. The Board of Directors is of opinion that Chin-Feng Lin and Ya-Chuan Chang from Crowe (TW) CPAs fulfilled the independence and suitability standards of the evaluation and are sufficient to be the Company's CPAs.
5. Establish and amend the Articles of Association and relevant procedures.

B: Other mentionable items:

- I. If any of the following events occurred, the dates of the meetings, sessions, summary of proposals, opinions of all the Independent Directors and the Company's responses should be specified:
(I) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date	Session	Proposals	Audit Committee Resolution	The Company's Response on the Audit Committee's Opinions
2020.3.19	21st Board of Directors 12th Meeting	Regarding the Company's 2019 "Statement on Internal Control System".	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	The Company's 2019 Business Report, parent company only financial statements, and consolidated financial statements are submitted for approval.	Approved	Approved

2020.3.19	21st Board of Directors 12th Meeting	The Company's 2020 CPA fees.	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	The Company applied for a consolidated credit line of NT\$170 million from Bank of Taiwan Taipei Branch.	Except for the recusal of Director Chih-Ling Chen due to his interest, all other members present agreed to approve the resolution.	Approved
2020.3.19	21st Board of Directors 12th Meeting	Proposed the loan to Tingpang Development Co., Ltd. amounted to NT\$16 million, submitted for discussion.	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	The Company proposed the cause of action of its sale of the land within the requested scope of the Taipei District Court Judgment No. 594 and the High Court Judgment No. 739 (currently requested for transfer of registered land).	Approved	Approved
2020.3.19	21st Board of Directors 12th Meeting	The Company's wholly-owned subsidiary, Meikung Development Co., Ltd., purchased the land in order to meet the needs of business development and to integrate and accelerate land development.	Approved	Approved
2020.4.29	21st Board of Directors 13th Meeting	The Company's 2019 earnings distribution.	Approved	Approved
2020.4.29	21st Board of Directors 13th Meeting	The Company proposed to participate in the cash capital increase in its wholly-owned subsidiary, Mayer Inn Corporation.	Approved	Approved
2020.5.12	21st Board of Directors 14th Meeting	The Company's 2020 Q1 consolidated statements submitted for approval.	Approved	Approved
2020.8.11	21st Board of Directors 15th Meeting	Amendments to the Company's internal control system and the internal audit procedures, submitted for discussion.	Approved	Approved
2020.8.11	21st Board of Directors 15th Meeting	The Company's 2020 Q2 consolidated financial statements are submitted for approval.	Approved	Approved
2020.8.11	21st Board of Directors 15th Meeting	Proposed the loan to Tingpang Development Co., Ltd. amounted to NT\$16 million, submitted for discussion.	Approved	Approved
2020.10.16	21st Board of Directors 17th Meeting	The Company proposed to participate in the cash capital increase in its wholly-owned subsidiary, Mayer Inn Corporation.	Approved	Approved

2020.10.16	21st Board of Directors 17th Meeting	The Company intended to amend the loan contracts of the loan to Tingpang Development Co., Ltd., submitted for discussion.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	The Company's 2020 Q2 consolidated financial statements are submitted for approval.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Proposed to establish the Company's Corporate Governance Officer, submitted for discussion.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Regular evaluation of the independence of the CPAs, submitted for approval.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Establishment of the Company's Ethical Corporate Management Best Practice Principles, submitted for discussion.	Approved	Approved
2020.11.11	21st Board of Directors 18th Meeting	Established the Company's Procedures for Ethical Management and Guidelines for Conduct, submitted for discussion.	Approved	Approved
2020.12.14	21st Board of Directors 19th Meeting	The Company proposed to loan to Tingpang Development Co., Ltd. amounted to NT\$4 million, submitted for discussion.	Approved	Approved

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors : None.

II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of proposals, reasons for recusal, and voting results shall be specified: In the case of the Company's application for a consolidated credit line from the Bank of Taiwan, Taipei Branch, as the spouse of Director Chih-Ling Chen is an employee of the Bank of Taiwan and the position has restrictions on interested parties, Director Chih-Ling Chen shall be recused and shall not participate in the discussion and voting of the proposal. The rest of the attending member approved the application, which is submitted to the Board of Directors for approval.

III Communications between the Independent Directors, the Company's Chief Internal Auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.).

1. At the Audit Committee meeting in March 2020, the Chief Auditor reported and explained the internal audit plan and improvement plan for the audit to the Independent Directors based on the assessment of the 2019 Statement on Internal Control System that there were no significant deficiencies.
2. At the Audit Committee meeting in August 2020, the Chief Auditor reported and explained the amendments to the Company's internal control system and internal audit procedures to the Independent Directors.
3. At the Audit Committee meeting in November 2020, the Chief Auditor reported and explained the 2021 Internal Audit Plan to the Independent Directors.

Note 1: Where an Independent Director may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the "Remarks" Section. His/her actual attendance rate (%) shall be calculated on the basis of the number of Audit Committee meetings held and the actual number of sessions he/she attended during his/her term of office.

Note 2: Where an election may be held for filling the vacancies of Independent Director before the end of the fiscal year, please list out both the new and the discharged Independent Directors and specify if they are the former Independent Directors, or newly elected, re-elected, and also the date of the reelection. The actual attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held and the actual number of sessions he/she attended during his/her term of office.

Supervisors' Participation in the Board of Directors

The Company established the Audit Committee to replace the Supervisors on June 21, 2016.

(III) Implementation of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Corporate Governance Implementation Status, Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles according to Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company formulated the Corporate Governance Best-Practice Principles.	No deviation.
II. Shareholding structure & shareholders' interests				
(I) Did the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	✓		(I) The Company's spokespersons, deputy spokespersons, stock agency, and specialized personnel are responsible for handling shareholder advice and inquiries.	(I) No deviation.
(II) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	✓		(II) The Company currently maintains a good relationship with its major shareholders and is able to keep track of the list of major shareholders.	(II) No deviation.
(III) Did the Company establish and enforce risk control and firewall systems with its affiliated businesses?	✓		(III) The Company oversees and control its operation through a pre-approval mechanism.	(III) No deviation.
(IV) Did the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	✓		(IV) The Company has formulated the Code of Conduct to prevent insider trading.	(IV) No deviation.
III. Composition and responsibilities of the Board of Directors				
(I) Has a policy of diversity been established and implemented for the composition of the Board of Directors?	✓		(I) 1. The Company adopted the "Corporate Governance Code" at the 18th meeting of the 11th Board of Directors on November 11, 2020, and strengthen the functions of the Directors in Chapter 3 by setting a diversity policy. The nomination and election of members of the Company's Board of Directors is conducted in accordance with the Articles of Association, wherein a	(I) No deviation.

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			candidate nomination system is adopted. In addition to the evaluation of the education background and work experience of candidates, stakeholders' opinions are also taken into consideration in accordance with "Regulations Governing Election of Directors and Supervisors" and "Corporate Governance Code of Practice", in order to ensure the diversity and independence of members of the Board of Directors. 2. For details of the diversity of Board members, please refer to (Note 3).	
(II) In addition to Remuneration Committee and Audit Committee established according to law, has the Company voluntarily established other functional committees?		✓	(II) Under discussion by the Company.	(II) In the future, measures will be taken in accordance with the Company's needs and related regulations.
(III) Has the Company established Procedures for the Evaluation of the Board of Directors and its evaluation methods, and does the Company implement such annually? Does it report the results of the evaluation to the Board of Directors and use them as a reference for each Director's remuneration and nomination of term renewal?	✓		(III) The Company has resolved at the 18th meeting of the 11th Board of Directors on November 11, 2020 to establish the Procedures for the Evaluation of the Board of Directors, which should be conducted by an external professional independent institution or a team of external experts at least once every three years. According to the procedures, the Company's Board of Directors shall conduct an internal evaluation of the Board of Directors every year according to the evaluation procedures and the evaluation indexes stipulated in the procedures. Internal and external evaluation of the Board of Directors shall be completed before the end of the first quarter of the following year. The Company has established the following evaluation items for the evaluation of the Board of Directors, taking into account the Company's situation and needs: I. Participation in the Company's operation. II. Quality of decisions made by the Board of Directors. III. Composition and structure of the Board of Directors. IV. Election and continuing education of Directors. V. Internal control. VI. Others. The evaluation items for the evaluation of the Board of Directors are as follows: I. Understanding of the Company's goals and	(III) No deviation.

Evaluation Item	Status (Note 1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	
(IV) Has the Company implemented a regular evaluation of the independence of the CPAs?	✓		missions. II. Knowledge of Directors' duties. III. Participation in the Company's operations. IV. Internal relationship management and communication. V. Professional and continuing education of Directors. VI. Internal control. VII. Others. The evaluation items for the evaluation of the functional committees are as follows: I. Participation in the Company's operation. II. Knowledge of functional committee responsibilities. III. Improvement of the quality of decisions made by the functional committees. IV. Composition and election of functional committee members. V. Internal control. VI. Others. The evaluation of the Board of Directors was conducted by the Secretariat of the Board of Directors in December 2020, where information related to the activities of the Board of Directors was collected and self-evaluation questionnaires were distributed to the members of the Board of Directors for the period from January 1, 2020 to December 31, 2020. The scope of evaluation covers the entire Board of Directors, individual board members and two functional committees, including the Audit Committee and the Remuneration Committee. The results of the evaluation of the Board of Directors were submitted to and reported at the 20th meeting of the 21st Board of Directors. According to the evaluation of the Board of Directors in 2020, the self-evaluation results are good. (IV) CPAs appointed by the Company are independent, they are evaluated regularly according to The Norm of Professional Ethics for Certified Public Accountant No. 10 (Note 2). Every year, the Company evaluates the independence of the CPAs and submits the results and the statement issued by the CPAs to the 15th meeting of the 2nd Audit Committee on November 11, 2020 and the 18th meeting of the 21st Board of Directors on November 11, 2020 for review and

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			approval. After the evaluation, Chin-Feng Lin and Ya-Chuan Chang from Crowe (TW) CPAs fulfilled the independence standards of the evaluation and are sufficient to be the Company's CPAs.	
IV. Does the TWSE Listed Company have allocated a sufficient number of qualified corporate governance staff and appointed a Corporate Governance Officer (including but not limited to providing information required for Director/Supervisor's operations, assisting Directors and Supervisors in complying with laws and regulations, handling the matters concerning the Board and Annual General Meeting in accordance with the law and making their records)?	✓		The Company appointed Jui-Chun Wang as the Corporate Governance Officer at the 18th meeting of the 21st Board of Directors on November 11, 2020. Jui-Chun Wang has served as the secretary of the Board of Directors of the Company for many years and has more than three years of experience as the head of legal compliance and stock affairs of a public company, and is qualified as the head of corporate governance under Article 23 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers". The Corporate Governance Officer is responsible for holding Board of Directors meetings and shareholders meetings, preparing minutes of Board of Directors meetings and shareholders' meetings, assisting Directors in their appointment and continuing education, providing information necessary for Directors to perform their duties, and assisting Directors in complying with laws and regulations. The following are the highlights of our operations in 2020: a. Assisted Directors in carrying out their duties, providing necessary information and arranging for their further education and liability insurance: 1. The Corporate Governance Officer compiled the latest laws and regulations related to the business areas of the Company and corporate governance, arranged discussions at the Board of Directors meetings and provided educational information to the board members from time to time. 2. Assisted Directors, upon request, to understand the regulations for which compliance is required for the execution of their business. 3. Provided Directors with the necessary information of the Company. They are also provided with assistance for communicating and exchanging ideas with business managers. 4. Assisted Independent Directors in arranging meetings with the Chief Internal Auditor or CPAs to understand the financial and business needs of the Company. 5.	No deviation

Evaluation Item	Status (Note 1)		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
			Assisted board members to complete at least 6 hours of education courses. 6. Verified that the Company has purchased the liability insurance for Directors and key persons" for members of the Board of Directors and reported to the Board of Directors. II. Procedures for Board of Directors meetings and the shareholders' meetings and compliance regarding confirmation of resolutions: 1. Produced meeting notices and agenda for the Board of Directors; reminded Directors to recuse themselves in advance for discussions on issues that require their recusal due to conflicts of interests; produced meeting minutes within the statutory time limit. 2. Handled the pre-registration of the shareholders' meeting date in accordance with the law; prepared the notice of meeting, the Meeting Handbook, and the minutes of the shareholders' meeting. 3. Confirm that the organization, resolution procedures, and meeting minutes of the Board of Directors and shareholders' meetings meet related regulations and the Corporate Governance Best Practice Principles. 4. Changed registration items. III. Maintain relations with investors: The Company's website is updated from time to time to keep investors abreast of the Company's financial, business, and corporate governance information in order to protect shareholders' rights and interests. Education in 2020: Pursuant to Article 24 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers," a listed company shall arrange continuing professional education for its Corporate Governance Officer. The Corporate Governance Officer shall receive at least 12 hours of continuing education each year, except for at least 18 hours within one year for the first term commencing from the date of his/her appointment. The Corporate Governance Officer assumed office on November 11, 2020 and planned to complete professional education within 1 year.
V Has the Company established communication channels for its stakeholders (including but not	✓		The Company has set up a stakeholder area on the Company's official website. In addition to the contact information of the No deviation.

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary	
limited to shareholders, employees, customers and suppliers) or created a stakeholders section on its corporate website? Does the Company promptly respond to the concerns of stakeholders regarding important corporate social responsibility issues?			spokespersons and deputy spokespersons. When necessary, stakeholders can contact the Company through the website if necessary. http://www.mayer.com.tw/2015/01/blog-post.html .	
VI. Does the Company appoint a professional shareholder service agency to handle shareholder affairs?	✓		The Company has appointed a professional shareholder service agency to handle shareholder affairs.	No deviation.
VII. Information Disclosure (I) Did the Company establish a website to disclose information on financial operations and corporate governance? (II) Did the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implement a spokesperson system, and disclosing the process of investor conferences on the company website)? (III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period?	✓ ✓	✓	(I) The Company has established a website (http://www.mayer.com.tw/), which is linked to the Market Observation Post System, to disclose relevant information. (II) The Company has designated dedicated personnel in charge of the collection and disclosure of company information and has implemented a spokesperson system. The Company's recordings (2020 2nd Institutional Investor Conference) are available at the Investors section of the Company website. Besides the Investors section on the Company's website, finance, business and operating information from the Investors' Conference are also posted to the Market Observation Post System (MOPS) pursuant to regulations prescribed by TWSE. (III) The Company is not able to announce and file the annual financial reports within two months after the close of the given fiscal year due to accounting issues and CPAs' schedule. The financial reports for the first, second and third quarters and the operating conditions for each month were announced and reported in advance of the prescribed deadline.	(I) No deviation. (II) No deviation. (III) No deviation. In the future, related measures will be taken in accordance with the Company's needs and related regulations.
VII. Is there any other important information that facilitates a better understanding of the company's corporate governance practices (e.g. including but not limited to employee rights, employee wellbeing, investor relations, supplier relations,	✓		(I) Employees' interests: The Company has established an employee welfare committee and implemented a pension system as required by law. In order to encourage employees to pursue continuous education and enrich their knowledge, the Company has formulated the "Employee On-the-job	No deviation.

Evaluation Item	Status (Note 1)		Summary	Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No		
rights of stakeholders, Directors' and supervisors' training records, the implementation of risk management policies and risk evaluation standards, the implementation of customer policies, and purchasing of liability insurance for Directors and Supervisors)?			Training Incentive Program". (II) Employee care: The Company provides employee travel subsidies, employee bonuses, year-end bonuses and other welfare measures, and protects the legal interests of employees in accordance with the Labor Standards Act and other relevant laws and regulations. (III) Investor relations: The Company discloses information honestly on the Market Observation Post System in accordance with the laws and regulations to protect the interests of investors, and includes spokesperson contact information on the Company's website to maintain a healthy and harmonious relationship between the Company and its shareholders. (IV) Supplier relations: The Company maintains smooth communication and coordination with its suppliers. (V) Stakeholder rights: The Company has a "Corporate Governance" section under the "Investors" section on its website (www.mayer.com.tw) to disclose financial and business information, as well as a stakeholder section for stakeholders' reference. In addition, the Company's stock agency, the "Stock Agency Department of IBF Securities", also assists in handling inquiries and suggestions from shareholders and the Company's stakeholders. (VI) Directors' continuing education: The Company complies with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. (Continuing education in 2020 is detailed in the Annual Report: Operation of the Board of Directors) (VII) Implementation of risk management policies and risk measurement standards: The Company has an internal control system in place and auditors are able to effectively oversee the implementation at all times. The Company's Risk Management Policy and Procedures were approved at the 18th meeting of the Board of Directors held on November 11, 2020, to regulate the risk management process	

Evaluation Item	Status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			and define risk measurement standards for each department and to implement risk management accordingly. (VIII) Implementation of customer policy: The Company has set up a business department to provide customers with services and answers their inquiries on the Company's products, and maintain a smooth communication channel with customers. (IX) Liability insurance for Directors and Supervisors: The Company currently has purchased liability insurance for Directors (including Independent Directors).	
IX. Please specify the Company's measures to improve the items listed in the corporate governance review result by Taiwan Stock Exchange's Corporate Governance Center and the improvement plans for items yet to be improved: None.				

Note 1: Reasons for checks of "Yes" or "No" of status should be specified in "Summary Description" column.

Note 2:

Mayer Steel Pipe Corporation
2020 Evaluation Form for CPAs' Independence

- I. The CPAs appointed by the Company are not the Directors, Supervisors, managers, employees, or shareholders of the Company or its affiliates, and have confirmed that their status as non-stakeholders complies with the regulations of independent judgment set forth by the competent authority.
- II. The Company regularly evaluates (once a year) the independence of the CPAs, which have issued a statement of independence in connection with the audit work appointed. The appointment and compensation of the financial and tax CPAs in 2020 have been approved by the Board of Directors on March 19, 2020.

Evaluation Standards for the Independence of CPAs		
Evaluation Item	Evaluation Results	Fulfillment of Independence
1. Do the CPAs have a direct or significant indirect financial interest in the Company.	No	Yes
2. Are the CPAs engaged in any financing or assurance activities with the Company or its Directors	No	Yes
3. Do the CPAs have close business relationships or potential employment with the Company	No	Yes
4. Did the CPAs and their audit team members currently or in the last two years hold any directorships, managerial positions, or positions of significant influence over the audit work of the Company	No	Yes
5. Did the CPAs provide non-audit services for the Company that would have a direct impact on the audit?	No	Yes
6. Did the CPAs broker any shares or other securities issued by the Company?	No	Yes
7. Does the CPA act as the defender of the Company or on behalf of the Company to coordinate conflicts with other third parties?	No	Yes

8. Are the CPAs relatives to any of the Directors, managers, or persons of significant influence over the audit work of the Company?	No	Yes
9. Did the CPAs receive any contingent fees in connection with the audit?	No	Yes
10. Has the accountant not been replaced in seven years since the most recent audit?	No	Yes

Note 3: Board diversity policies and implementation:

Title	Name	Basic composition		Industry experience				Professional ability		
		Gender	Age	Steel industry	Real estate investment and development	Hotel and leisure industry	Risk management and financial profession	Accounting profession	Law profession	Engineering profession
Chairman	Chun-Fa Huang	Male	Over 60 years old	V	V	V	V			
Director	Hsiu-Mei Huang	Female	Over 60 years old			V	V			
Director	Chun-Chao Huang	Male	Between 45-49			V				V
Director	Yung-Chieh Huang	Male	Under 40 years old		V		V			
Director	Ta-Teng Cheng	Male	Over 60 years old	V				V		
Director	Yung-Fen Lin	Male	Over 60 years old						V	
Independent Director	Chih-Ling Chen	Male	Over 60 years old				V	V		
Independent Director	Huang-Chi Liu	Male	Between 45-49						V	
Independent Director	Ching-Chuan Lo	Male	Over 60 years old				V	V		

(IV) Establishment, composition, duties, and operations of the Remuneration Committee:

The Company's Remuneration Committee was established on December 26, 2011 and composed of 3 members.

1. The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion. However, suggestions for the remuneration of Directors may be submitted for deliberation by the Board of Directors only when the Board of Directors is expressly authorized to handle the independent directors' remuneration in the Company's Articles of Association or by a resolution of the shareholders' meeting:
 - (1) Periodically review the Remuneration Committee Charter and making recommendations for amendments.
 - (2) Regularly review the Directors and senior management's performance evaluation in conjunction with the remuneration policies, system, standards, and structure.
 - (3) Regularly evaluate the remuneration paid to Directors and managers.
2. The Remuneration Committee shall perform the functions referred to in the preceding paragraph in the following manners:
 - (1) For the performance evaluation and remuneration of Directors and managers, the Remuneration Committee shall take into account the usual level of remuneration in the same industry and consider the rationality of the correlation between remuneration and individual performance, business performance and future risks.
 - (2) There shall be no incentive for the Directors or managers to pursue compensation by engaging in activities that exceed the tolerable risk level of this Corporation.
 - (3) For Directors and senior managers, the percentage of compensation to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
3. The remuneration mentioned in the preceding two paragraphs includes cash remuneration, warrants, bonus and stock ownership, retirement benefits or severance pay, various allowances and stipends, and other substantive incentive measures; and it shall be consistent with the remuneration paid to Directors and managers recorded in the Rules for Records in Annual Report of Public Companies.
4. When the Board of Directors discuss the Committee's suggestions, it shall consider the amount of remuneration, payment methods, and the Company's future risks comprehensively.

5. If the Board of Directors does not accept or amends the recommendations of the Committee, it shall require a majority vote at a meeting attended by over two-thirds of the Directors. An explanation shall be provided in the resolution based on the aforementioned overall considerations and specifics and whether the remuneration passed in the resolution is superior to the recommendations of the Committee.
6. If the remuneration passed in the Board of Directors meeting is superior to the recommendations of the Committee, the differences and causes shall be recorded in the meeting minutes of the Board of Directors and published on an information reporting website designated by the competent authority within two days of the meeting.

(1) Information on the Members of the Remuneration Committee

Title (Note 1)	Criteria Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Note
		Lecturer or above in commerce, law, finance, accounting or subjects required by the business of the company in public or private colleges or universities	A judge, prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has working experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chih-Ling Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Ching-Chuan Lo			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Huang-Chi Liu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: Please respectively specify whether the title is Director, Independent Director or Other.

Note 2: Please check “✓” the corresponding boxes if the remuneration committee members meet the following conditions during the two years prior to the nomination and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a Director or Supervisor of the Company's affiliates. Not applicable in cases where the person is an independent director of the Company's parent company or any subsidiary appointed in accordance with the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies or other local laws and regulations.
- (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 amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings or any of the authorized representatives of a company referred to in Paragraphs I and II of Article 27 of the Company Act. However, the aforementioned does not apply to Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (6) Not a Director, Supervisor, or employee of other company who has a majority of the Company's Director seats or voting shares and those of any other company are controlled by the same person.

- (7) Not a Director (or governor), Supervisor, or employee of other company or institutions who is the Chairman, President, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses. The aforementioned does not apply to Independent Directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (8) Does not have financial or business relationships with the Company or with Directors (executive), Supervisors, managers, or major shareholders with over 5% shareholdings (but specific companies or institutions with 20% of issued shares held, but no more than 50%, and are a related company to the parent, subsidiary, or associated company in accordance to local rules & regulations, as Independent Directors of related companies, are excluded).
- (9) Does not provide the Company or associated companies with auditing or in the past 2 years, obtained compensation cumulated over NT\$500,000 in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, Directors, Supervisors, managers, and spouses. However, remuneration committee, M&A audit committee members, established in accordance with local securities regulations or mergers & acquisition regulations, are not included.
- (10) Matters under Article 30 of the Company Law are not found.

(2) Operations of the Remuneration Committee

I. There are a total of 3 members in the Remuneration Committee.

II. The 4th Remuneration Committee: From June 26, 2019 to June 11, 2022, 3 (A) Remuneration Committee meetings were held in 2020. The information and attendance of the members were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) (B/A) (Note)	Note
Convener	Chih-Ling Chen	3	0	100	
Committee Member	Ching-Chuan Lo	3	0	100	
Committee Member	Huang-Chi Liu	3	0	100	

Other mentionable items:

I. If the Board of Directors disapproves or revises the recommendations of the Remuneration Committee, the date and term of the Board of Directors, the content of the proposal, the result of the Board resolution and the Company's response to the opinions of the members of the Remuneration Committee shall be clearly stated (if the Board of Directors approved a compensation plan that is better than the plan recommended by the Remuneration Committee, the differential and the reason shall be stated): All approved.

II. When any of the members of the Remuneration Committee holds objection or reservation to a resolution and such objection or reservation is on record or raised through a written statement, the date, term, content of proposals, opinion from every member and the Company's response to the members' opinions shall be provided in detail: None.

III. Operational of the Remuneration Committee in the Latest Year:

Date	Session	Proposals	Members' Opinions and Resolution	The Company's Response of the Remuneration Committee's Opinion
2020.1.17	4th Session 3rd Meeting	Reviewed and approved the manager performance bonus of the Company from January to December 2019.	Approved by all attending members.	Approved
2020.1.17	4th Session 3rd Meeting	Reviewed and approved the manager year-end bonus distribution of the Company for 2019.	Approved by all attending members.	Approved
2020.3.19	4th Session 4th Meeting	Reviewed and approved the distribution of the Company's employee compensation and Directors' compensation for 2019.	Approved by all attending members.	Approved
2020.3.19	4th Session 4th Meeting	Reviewed and approved the distribution of pension to the Company's managers.	Approved by all attending members.	Approved
2020.12.14	4th Session 5th Meeting	Reviewed and approved the establishment of the Company's	Approved by all attending	Approved

		Corporate Governance Officer.	members.	

Note 1: Where a committee member may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the "Remarks" Section. His/her actual attendance rate (%) to the committee meeting shall be calculated based on the number of meetings called and actual number of meetings he/she attended, during his/her term of office.

Note 2: Where an election may be held for filling the vacancies of Remuneration Committee before the end of the fiscal year, please list out both the new and the discharged committee members, and specify if they are former members or newly elected, re-elected, and the date of the re-election. His or her attendance rate (%) will be calculated on the basis of number of Remuneration Committee meetings held during his or her tenure and number of such meetings attended.

(IX) Fulfillment of social responsibilities:

The Company has always regarded employee care and fulfilling its social responsibility as its corporate responsibility for sustainable operation, and regularly contributes to the community, such as donations to public welfare organizations and charities.

Evaluation Item	Status (Note 1)			Deviations from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary Description (Note 2)	
I. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? (Note 3)		✓	Under discussion by the Company.	In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.
II. Has the Company established a dedicated unit or appointed a unit for promoting CSR? Is the unit authorized by the Board of Directors to implement CSR activities at upper management levels? Does the unit report the progress of such activities to the Board of Directors?		✓	The Company has not yet established any business unit dedicated to corporate social responsibility.	In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.
III. Environmental Topics				
(I) Has the Company set an environmental management system designed to industry characteristics?	✓		(I) The Company's factories have established environmental management measures.	(I) No deviation.
(II) Does the Company committed to upgrading the efficient use of available resources and using environmental-friendly materials?	✓		(II) The Company has completed the construction of Phase I and II of the solar power plant and is committed to improving the efficiency of the utilization of various resources and achieving waste reduction targets to reduce the impact on the environment. In terms of daily operations, the Company promotes energy saving, such as improvement of lighting equipment, the importance of saving paper, electricity and water consumption, and recycling of resources.	(II) No deviation.
(III) Has the Company evaluate d the current and future potential risks and opportunities of climate change, and adopted countermeasures related to climate issues?		✓	(III) The Company has not yet conducted an evaluation.	(III) In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		(IV) The Company has obtained ISO-14001 certification and has established a manual for water and electricity conservation, a manual for waste management, and a manual for wastewater operations at the main plant.	(IV) No deviation.

Evaluation Item	Status (Note 1)			Deviations from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary Description (Note 2)	
IV. Social Topics				
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) The Company has established work rules in accordance with the Labor Standards Act and relevant government regulations, which was approved by the government, to ensure the rights and obligations of employees.	(I) No deviation.
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?	✓		(II) The Company has established an employee grievance system to handle grievances regarding disciplinary actions, mismanagement, and damages to employees' rights and interests. The Company holds regular labor-management meetings in accordance with the Regulations for Implementing Labor-Management Meeting. The Company has set up a labor suggestion box to collect employees' suggestions and expand communication channels.	(II) No deviation.
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		(III) The Company has obtained OHSAS-18000 and ISO45001 certifications, and has established safety and health work rules and an occupational safety and health management plan, and has set up a labor safety and health committee in accordance with regulations to ensure the safety and health of the operating environment during production and to prevent labor disasters. The company has a fire prevention management committee to prevent the occurrence of fire, earthquake and other disasters in order to protect human life and reduce injuries, and regularly arrange fire prevention training for employees. The Company provides a good working environment, conducts regular health checks for employees, and organizes different activities regularly through the Employee Welfare Committee to balance the health of employees.	(III) No deviation.
(IV) Has the Company established effective career development training programs for its employees?	✓		(IV) In order to encourage employees to pursue continuous education and enrich their knowledge, we have formulated the "Employee On-the-job Training Incentive Program"; and in line with the company's long-term business policy, we have formulated the training and development program for supervisors, which is categorized according to professional, supervisory and management personnel to increase their management and professional abilities to help employees' promotion.	(IV) No deviation.

Evaluation Item	Status (Note 1)			Deviations from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary Description (Note 2)	
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures? (VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓	✓	(V) The Company's products are in compliance with relevant laws and regulations and international standards. (VI) Under discussion by the Company.	(V) No deviation. (VI) In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.
VI Does the Company refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Company? Has the said Report acquire third party certification party verification or statement of assurance?		✓	The Company has not prepared any report disclosing non-financial information of the Company, such as the CSR report.	In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.
VI. If the Company has established corporate social responsibility principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please describe the implementation and any deviations from the Principles: Not applicable (not yet formulated by the Company).				
VII. Other important information to facilitate better understanding of the Company's implementation of corporate social responsibility: None.				

Note 1: If Implementation Status is specified "Yes," please explain the key policies, strategies and measures taken and the current progress; if Implementation Status is specified "No," please provide reasons and explain any policy, strategy and measure planned for the future.

Note 2: If the Company has prepared a CSR report, Implementation Status may be completed by providing page references to the CSR report instead.

Note 3: Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VI) Ethical Corporate Management

Please visit the Market Observation Post System and the Company's website

([Http://www.mayer.com.tw](http://www.mayer.com.tw)) to gain a better understanding on the Company's information and announcements.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (II) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"? (III) Has the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	✓ ✓ ✓		(I) The Company has established the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Guidelines for the Adoption of Codes of Ethical Conduct" and other self-regulatory rules, and the "Code of Ethical Conduct", which is established in accordance with the laws and regulations, stipulates the ethical standards and rules of conduct to be followed by Directors and managers in the performance of their duties. (II) The Company's internal audit department also audits the compliance of the Company, contractors, suppliers and customers with relevant laws and regulations at all times. (III) The Company requires all employees to inform themselves that there is a conflict of interest or possible conflict of interest and other ethical concerns in the Company. important employees and senior management must regularly check their own compliance with this requirement. The Company requires suppliers, contractors, and other affiliates to provide written commitment that they will not conduct illegal business activities and bribes.	(I) No deviation. (II) No deviation. (III) No deviation.
II. Implementation of ethical corporate management (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		(I) The Company has an internal code of work and the regulation of reward/punishment to avoid unethical behaviors. The Company selects the suppliers based on the principles of integrity and fairness to seek the most competitive and ethical supplier. It is prohibited to take commissions or other	(I) No deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary	
(II) Has the Company established an exclusively (or concurrently) dedicated unit under the BOD to implement ethical corporate management, and report to the BOD on a regular basis (at least once per year) on ethical operation policies as well as precautionary measures against unethical conduct and their implementation information?	✓		improper rewards from the suppliers. (II) The Company has set up a unit to promote ethical management and is responsible for the formulation and supervision of the implementation of ethical management policies and preventive programs.	(II) No deviation.
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company requires its Directors and managers to avoid the involvement of their relatives within the third degree of kinship in the overall interests of the Company's operations in order to prevent conflicts of interest. In addition, the Directors shall recuse themselves from the discussion and voting on the proposals listed in the Board of Directors meeting if they have an interest in themselves or the legal person they represent.	(III) No deviation.
(IV) Has the company established an effective accounting system and internal control system to facilitate ethical corporate management, which are audited by either internal auditors or certified public accountants on a regular basis?	✓		(IV) To ensure ethical operation, the Company has established effective accounting and internal control systems. Internal auditors review all kinds of business and report the results to the Board of Directors.	(IV) No deviation.
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		(V) The Company conducts training for new employees and occasional external training in compliance with the laws and regulations. Internal regular courses are currently under discussion.	(V) No deviation. In the future, the Company will handle such issues in a timely manner according to actual needs and the laws and regulations.
III. Grievance System				
(I) Does the Company establish both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party?	✓		(I) Employees or suppliers of the Company may notify the Company's authorized department of any breach of integrity by telephone, e-mail or letter.	(I) No deviation.
(II) Does the Company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	✓		(II) The Company has established a whistleblower box according to the "Procedures for Ethical Management and Guidelines for Conduct" to carry out procedures in relation to whistleblowing matters. Information confidentiality is mainly enforced in accordance with the personal data privacy and information security policy.	(II) No deviation.
(III) Does the Company provide protection to whistleblowers against receiving improper treatment?	✓		(III) The Company shall strictly adhere to the principle of confidentiality for receiving complaints. Any person who discloses the complaint without the	(III) No deviation.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	Summary	
			consent of the complainant shall be punished in accordance with the Company's regulations.	
IV. Enhancing Information Disclosure Has the Company disclosed its ethical corporate management policies and results of implementation on the company's website and the Market Observation Post System?	✓		The Company has disclosed the "Ethical Corporate Management Best Practice Principles" and its ethical management on the Company's website (http://www.mayer.com.tw/2014/07/blog-post_34.html) and the Market Observation Post System.	No deviation.
V. If the Company has established ethical management principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and their implementation: The Company formulated the "Procedures for Ethical Management and Guidelines for Conduct" pursuant to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", and there is no discrepancy between the two principles.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies): None.				

Note 1: Reasons for checks of "Yes" or "No" of status should be specified in "Summary Description" column.

(VII) The Company's Corporate Governance Best Practice Principles and related rules and regulations are available at:

The Company has established a "Corporate Governance Best Practice Principles", which is available in the "Corporate Governance" section under "Investors" section of the Company's website for shareholders' reference.

(VIII) Other important information to enhance the understanding of the operation of corporate governance.

1. Comply with the spokesperson system and strictly implement the spokesperson system so that information can be disclosed and released correctly and transparently.
2. Actively arrange educational courses for Directors in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".
3. The Company complies with the internal control system, and the Chief Auditor is in charge of inspection or verification. The management also holds regular management meetings to review the major deficiencies and improvements of each department to fulfill the spirit of corporate governance.

(IX) Disclosure of internal control system:

1. Statement on Internal Control System

Mayer Steel Pipe Corporation
Statement on Internal Control System

Date: March 19, 2021

The Company hereby states the results of the self-evaluation of the internal control system for 2020 as follows:

- I. The Company understands that the Board and management of the Company are responsible for establishing, implementing and maintaining adequate internal control. The Company has established an effective internal control system which aims to reasonably assure the operational results and effectiveness (including profitability, performance and assets security, etc.), the reliability, timeliness and transparency of its report and the compliance with applicable laws and regulations.
- II. Due to its inherent limitations, an effective internal control system can only reasonably ensure the achievement of the three objectives above, no matter how complete and perfect the design of the system is. Besides, the effectiveness of the internal control system may vary due to changes in the environment or conditions. However, the Company has set up a self-monitoring mechanism on the internal control system, which allows the Company to take corrective actions as soon as any error or inadequacy is identified.
- III. The Company has assessed the design and operating effectiveness of the internal control system in accordance with the criteria effectiveness assessment of internal control system, listed in the Framework for the Establishment of Internal Control System by Public Companies (the "Framework"). The criteria listed in the Framework divides the internal control system into five components based on the management control process. The five components are 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring. Each component comprises of several elements. For more information, please refer to the Framework.
- IV. We have assessed the design and operating effectiveness of the Company's internal control system based on the criteria listed in the Framework.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2020, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement will be included as an integral part of the Annual Report and the prospectus of the Company and be disclosed to the public. Any false or fraudulent representations and concealment of information in this statement shall be subject to the legal liabilities prescribed by Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on March 19, 2021. None of the nine attending Directors objected to it and the rest approved the content expressed in this statement.

Mayer Steel Pipe Corporation

Chairman: Signature

President: Signature

2. A separate audit report shall be disclosed where an independent registered public accounting firm has reviewed the Company's internal control system: None.

(X) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules in the most recent year and up to the date of publication of the Annual Report, as well as details of the sanctions, major deficiencies and subsequent improvements: None.

(XI) Major Resolutions of Shareholders' Meeting and Board of Directors Meetings in the Most Recent Year and Up to the Date of Publication of the Annual Report:

1. June 16, 2020 - Material resolutions of the 2020 General Shareholders' Meeting and the execution:

Date	Proposals at the Shareholders' Meeting	Resolution	Implementation Status
2020.6.16	1. Approved the Company's 2019 financial statements	The number of votes cast by shareholders on the spot, after adding up the number of votes exercised electronically, was 111,449,769 affirmative votes (including 108,040,934 votes exercised electronically); 22,175 negative votes (including 22,172 votes exercised electronically); 3,026,672 invalid votes/votes not exercised (including 2,815,672 votes exercised electronically). The ratio of affirmative votes was 97.33% (the total voting rights of shareholders present was 114,498,613)	The financial statements were approved according to the resolution at the shareholders' meeting.
	2. Approved the Company's 2019 earnings distribution.	The number of votes cast by shareholders on the spot, after adding up the number of votes exercised electronically, was 111,662,720 affirmative votes (including 108,253,885 votes exercised electronically); 22,181 negative votes (including 22,181 votes exercised electronically); 2,813,712 invalid votes/votes not exercised (including 2,602,712 votes exercised electronically). The ratio of affirmative votes was 97.52% (the total voting rights of shareholders present was 114,498,613)	The earnings distribution was approved according to the resolution at the shareholders' meeting. On April 29, 2020, the Board of Directors resolved to set June 24, 2020 as the base date for cash dividend distribution (ex-dividend date) and July 10, 2020 as the cash dividend payment date.

2. Major resolutions of the Board of Directors in the most recent year and up to the date of publication of the Annual Report

Board of Directors	Date	Major Resolutions (Summary)
21st Board of Directors 12th Meeting	2020.3.21	1. Approved the Company's 2019 "Statement on Internal Control System". 2. Reviewed the 2019 Business Report, parent company only financial statements, and consolidated financial statements of the Company. 3. Approved the proposal to hold the 2020 General Shareholders' Meeting on June 16, 2020. 4. Approved the shareholders' proposal at the 2020 General Shareholders' Meeting. 5. Approved the distribution of employees' compensation and directors' compensation for 2019. 6. Approved the amendment to the "Rules of Procedures of the Shareholders' Meeting" of the Company. 7. Approved the amendment to the "Rules of Procedures of the Board of Directors Meetings". 8. Approved the Company's 2020 CPA fees. 9. Approved the loan to Tingpang Development Co., Ltd. amounted to NT\$16 million. 10. Approved the distribution of the Company's 2018 earnings. 11. Approved the Company's application for a comprehensive credit line from the Bank of Taiwan, Taipei Branch in the amount of NT\$170 million.
21st Board of Directors 13th Meeting	2020.4.29	1. Approved the proposal for the distribution of the 2019 earnings and the base date and date of distribution of cash dividends. 2. Approved the Company's participation in the cash capital increase in its wholly-owned subsidiary, Mayer Inn Corporation.
21st Board of Directors 15th Meeting	2020.8.11	1. Approved the amendment of the Company's internal control system and the implementation rules for internal audits. 2. Approved the loan to Tingpang Development Co., Ltd. amounted to NT\$16 million.
21st Board of Directors 17th Meeting	2020.10.16	1. Approved the Company's participation in the cash capital increase in its wholly-owned subsidiary, Mayer Inn Corporation. 2. Approved the amendments to the loan contracts of the loan to Tingpang Development Co., Ltd.
21st Board of Directors 18th Meeting	2020.11.11	1. Approved the establishment of the Company's Corporate Governance Best Practice Principles. 2. Approved the establishment of the Company's Procedures for the Evaluation of the Board of Directors. 3. Approved the establishment of the Company's Corporate Governance Officer. 3. Approved the establishment of the Company's Ethical Corporate Management Best Practice Principles. 5. Approved the establishment of the Company's Procedures for Ethical Management and Guidelines for Conduct. 6. Approved the regular evaluation of the independence of the CPAs. 7. Approved the Company's 2021 Internal Audit Plan. 8. Approved the establishment of the Company's Risk Management Policies and Procedures.
21st Board of Directors 19th Meeting	2020.12.14	1. Approved the loan to Tingpang Development Co., Ltd. amounted to NT\$4 million.
21st Board of Directors	2021.2.04	1. Proposed to provide a loan to Tingpang Development Co., Ltd. in an amount of NT\$17 million. 2. Meikung Development Co., Ltd., a wholly-owned subsidiary of the Company, proposed to purchase the land in the Xitou Section, Qidu District,

		Keelung City, and to sign a joint construction project contract (to own separate buildings) with Durban Development Co., Ltd., a related party of the Company.
20th Meeting	2021.3.19	1. The Company's 2020 "Statement on the Internal Control System". 2. The Company's 2020 Business Report, parent company only financial statements, and consolidated financial statements 3. The Company's proposal to hold 2020 shareholders' meeting on June 8, 2021. 4. The proposal for employee compensation and Directors' compensation for 2020. 5. The proposal for the amendment to the "Rules of Procedures of the Shareholders' Meeting" of the Company. 6. Regularly assessed the independence and competence of the CPAs. 7. The appointment and remuneration of the Company's CPAs for 2021. 8. The proposal for appropriation of the pension funds for the Company's managers.
21st Board of Directors	2021.4.27	1. The base date of the Company's 2020 earnings distribution and cash dividend distribution and the payout date. 2. The proposal for the amendment to the "Articles of Association" of the Company.
21st Meeting	2021.5.6	1. Reported on the Company's consolidated financial statements for the first quarter of 2021.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors in the most recent year and up to the date of publication of the Annual Report: None

(XIII) Summary of resignation and discharge of the Company's Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer in the most recent year and up to the date of publication of the Annual Report:

Summary of Resignation and Discharge of Parties Relating to the Company:

May 20, 2021

Title	Name	Date of Appointment	Date of Discharge	Cause of resignation or discharge
N/A				

Note: The parties relating to the Company include the Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer.

V. Information on CPA Professional Fees

(I) CPA Fees

Unit: NT\$'000

CPA firm	Name of CPA	Audit Fees	Non-audit Fees					Audit Period	Note
			System Design	Business Registration	Human Resource	Others	Subtotal		
Crowe (TW) CPAs	Chin-Feng Lin Ya-Chuan Chang	3,670	-	-	-	-	-	2020.01.01~2020.12.31	

Note 1: If there has been a change of CPAs or CPA firm during the current fiscal year, the Company shall disclose the information regarding the audit period covered by the predecessor auditor and successor auditor as well as the reasons for the change of auditors in the remarks column. The Company shall also disclose the audit and non-audit paid in order.

Note 2: The non-audit fees shall be listed according to the non-audit services. If the "other" non-audit fees are 25% or more of the non-audit fees paid thereto, the details of non-audit services shall be disclosed in the remarks column.

1. When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees, as well as details of non-audit services, shall be disclosed: None.
2. When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
3. Disclosure of the amount, percentage, and reasons of decrease where the audit fees are lower than the previous fiscal year by 15% or more: None.

VI. Replacement of CPAs:

(I) Regarding the former CPAs

Date of Replacement	December 26, 2017		
Reason for Replacement and Explanation	Due to the adjustment of internal management of Crowe (TW) CPAs, our CPAs are changed from Ya-Chuan Chang and Meng-Ta Wu to Chin-Feng Lin and Ya-Chuan Chang on December 26, 2017. Due to the adjustment of internal management of Crowe (TW) CPAs, our CPAs are changed from Chun-Chih Lin and Meng-Ta Wu to Ya-Chuan Chang and Meng-Ta Wu on August 8, 2017.		
Statement on whether the authorizing party or the CPA terminated or declined the engagement	Counterparty		CPA
	Situation		The Authorizing Party
	Voluntarily terminated the engagement		-
	Declined (further) engagement		-
The opinion and reason for issuing an audit report expressing other than an unqualified opinion during the 2 most recent years	N/A		
Different opinions from the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Scope or procedure of auditing
			Others
	N/A	✓	
	Description		
Other disclosures (where Article 10, Subparagraph 6, Item 1-4 to Item 1-7 of the Regulations shall be disclosed)	N/A		

(II) Regarding the succeeding CPAs

CPA Firm	Crowe (TW) CPAs
Name of CPA	Chin-Feng Lin, Ya-Chuan Chang
Date of Engagement	December 26, 2017
Subjects discussed and the consultation results with the newly engaged CPAs regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report prior to the formal engagement	N/A
Written views from the successor CPAs regarding the matters on which they did not agree with the former CPAs	N/A

(III) The former CPA's reply to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Regulations:
None.

VII. Chairman, President, and Financial or Accounting Manager of the Company Who Worked with the CPA Firm or its Affiliate Company in the Most Recent Year:
None.

VIII. Transfer of Equity Interests and Change in Pledge of Equity Interests by a Director, Supervisor, Manager, Or Shareholder with More Than 10 Percent Shareholding in the Most Recent Year and Up to the Date of Publication of the Annual Report

Changes in equity of Directors, Supervisors, managers, and major shareholders

Title (Note 1)	Name	2020		As of May 20, 2021	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged
Chairman (Major Shareholder)	Yuan Chuan Steel Corporation	0	(500,000)	0	(2,771,000)
	Representative: Chun-Fa Huang	0	0	0	0
	Representative: Hsiu-Mei Huang	0	0	0	0
	Representative: Chun-Chao Huang	0	0	0	0
	Representative: Yung-Chieh Huang	0	0	0	0
Director	Chengta International Investment Co., Ltd.	0	0	0	0
	Representative: Yung-Fen Lin	0	0	0	0
	Representative: Ta-Teng Cheng	0	0	0	0
Independent Director	Chih-Ling Chen	0	0	0	0
Independent Director	Ching-Chuan Lo	0	0	0	0
Independent Director	Huang-Chi Liu	0	0	0	0
President	Min-Chih Hsiao	0	0	0	0
Vice President	Lung-Chi, Wu	0	0	0	0
Vice President	Chen-Chang Huang	0	0	0	0
Assistant Manager	Jen-Chin Chiang	0	0	0	0
Chief Financial Officer	Yu-Chi Huang	0	0	0	0
August 15, 2019	Hui-Wen Li	0	0	0	0

Note 1: The shareholders who hold more than 10% of the Company's shares shall be identified as major shareholders and stated separately.

Note 2: Where the counterparts of shares through transfer and pledged under lien are related parties, it is also necessary to complete the following table.

Note 3: The shareholding percentage of dismissed Directors and Supervisors at the end of the period refers to the shareholding percentage thereof during the month when they were discharged. The shareholding percentage of newly appointed Directors and Supervisors at the beginning of the period refers to the shareholding percentage thereof during the month when they were appointed.

Information about Equity Transfer

Name (Note 1)	Reason for the Transfer of Equity (Note 2)	Trading Date	Counterparty	Relationship between trading counterpart and the Company, directors, supervisors, manager and shareholders who hold more than 10% of the Company's shares	Number of Shares	Trading Price
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: Please specify the names of Directors, Supervisors, managers, and shareholders who hold more than 10% of the Company's shares.

Note 2: Please specify acquisition or disposal.

Information about Equity Pledged Under Lien

Name (Note 1)	Reason for the Change of Pledge	Date of Change	Counterparty	Relationship between trading counterpart and the Company, directors, supervisors, manager and shareholders who hold more than 10% of the Company's shares	%	Ratio of Pledge	Number of Shares	Pledged (Redeemed) Amount
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note 1: Please specify the names of directors, supervisors, managerial officers, and shareholders who hold more than 10% of the Company's shares.

Note 2: Please specify pledge or redemption.

IX. Related Party, Spouse, or Relative within the Second Degree of Kinship Among the Top Ten Shareholders

Relationships among the top ten shareholders

As of the closing date of the shareholders' meeting (April 10, 2021)

Name (Note 1)	Shareholding		Spouse & Minor Shareholding		Shares Held under Nominee Accounts		Name and relationship of related party, spouse, or relative within the second degree of kinship among the top ten shareholders. (Note 3)		Note
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Name	Relationship	
Yuan Chuan Steel Corporation	36,962,353	16.61%	-	-	-	-	A. Hotel Taipei Miramar	A. Investments accounted for using equity method, the Chairman is the same person	
Representative: Chun-Fu Huang	0	0.00%	0	0	0	0	B. Tze Shin International Co., Ltd., Durban Development Co., Ltd., Sincere Department Store, Co., Ltd.	B. The person in charge in a relative within the second degree of kinship	
Tze Shin International Co., Ltd.	17,197,000	7.73%	-	-	-	-	A. Hotel Taipei Miramar, Yuan Chuan Steel Corporation	A. The person in charge in a relative within the second degree of kinship	
Representative: Chun-Fa Huang	0	0.00%	0	0	0	0	B. Durban Development Co., Ltd., Sincere Department Store, Co., Ltd.	B. The Chairman is the same person.	
Hotel Taipei Miramar	15,796,452	7.10%	-	-	-	-	A. Yuan Chuan Steel Corporation	A. Investments accounted for using equity method, the Chairman is the same person	
Representative: Chun-Fu Huang	0	0.00%	0	0	0	0	B. Tze Shin International Co., Ltd., Durban Development Co., Ltd., Sincere Department Store, Co., Ltd.	B. The person in charge in a relative within the second degree of kinship	
Hsienta Investment Co., Ltd.	15,201,000	6.83%	-	-	-	-	A. Yuanta Investment Co., Ltd.	A. The person in charge in a relative within the second degree of kinship	
Representative: Ta-Yu Cheng	0	0.00%	0	0	0	0			
Durban Development Co., Ltd.	4,675,000	2.1%	-	-	-	-	A. Hotel Taipei Miramar, Yuan Chuan Steel Corporation	A. The person in charge in a relative within the second degree of kinship	
Representative: Chun-Fa Huang	0	0.00%	0	0	0	0	B. Tze Shin International Co., Ltd., Sincere Department Store, Co., Ltd.	B. The Chairman is the same person.	
King You Development Co., Ltd.	3,907,000	1.76%	-	-	-	-	A. Kwong Iee Steel Co., Ltd.	A. The person in charge is a relative within the second degree of kinship	
Representative: Ying-Che Tseng	640,000	0.29%	0	0	0	0			
Yuanta Investment Co., Ltd.	3,891,000	1.75%	-	-	-	-	A. Hsienta Investment Co., Ltd.	A. The person in charge in a relative within the second degree of kinship	
Representative: Ta-Teng Cheng	0	0.00%	0	0	0	0			
Tewei Investment Co., Ltd.	3,800,193	1.71%	-	-	-	-	A. Hotel Taipei Miramar, Yuan Chuan Steel Corporation, Tze Shin International Co., Ltd., Durban	A. The person in charge in a relative within the second degree of kinship	
Representative: Hsiu-Mei Huang	0	0.00%	0	0	0	0			

							Development Co., Ltd., Sincere Department Store, Co., Ltd.	
Sincere Department Store, Co., Ltd.	3,650,000	1.64%	-	-	-	-	A. Hotel Taipei Miramar, Yuan Chuan Steel Corporation B. Tze Shin International Co., Ltd., Durban Development Co., Ltd.	A. The person in charge in a relative within the second degree of kinship B. The Chairman is the same person.
Representative: Chun Fa Huang	0	0.00%	0	0	0	0		
Kwong Iee Steel Co., Ltd.	3,235,000	1.45%	-	-	-	-	A. King You Development Co., Ltd.	A. The person in charge is a relative within the second degree of kinship
Representative: Hsien-Ta Tseng	0	0.00%	0	0	0	0		

Note 1: The top ten shareholders' names shall be identified separately (in the case of corporate shareholders, the corporate shareholders' names and representatives' names shall be identified separately).

Note 2: The ratio of shareholding is calculated in terms of own shareholdings, shares held by spouse & children under age or shareholdings under the title of a third party.

Note 3: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Number of Shares and Total Shareholding in a Single Company Invested by the Company, its Directors, Managers, and Companies Controlled Either Directly or Indirectly by the Company

Total Shareholding

December 31, 2020

Unit: Thousand shares

Investment in Other Companies (Note 1)	Ownership by the Company		Ownership by Directors, Supervisors, Managers and Entities Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Mayer Corporation Development International Limited (Note 1)	5,550	100.00	0	0	5,550	100.00
Vietnam Mayer Corp., Ltd.	0	100.00	0	0	0	100.00
Meikung Development Co., Ltd.	530,000	100.00	0	0	530,000	100.00
Miramar Development Limited	17,100	90.00	0	0	17,100	90.00
Mayer Inn Corporation	23,000	100.00	0	0	23,000	100.00
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	17,350	45.01	0	0	17,350	45.01
Diamond Precision Steel Corp.	3,528	42.50	0	0	3,528	42.50
Glory World Development Limited	8,882	50.21	0	0	8,882	50.21
Sinowise Development Limited (Note 2)	7,550	100.00	0	0	7,550	100.00
Eternal Galaxy Limited (Note 2)	9,350	100.00	0	0	9,350	100.00
Grace Capital Development Limited (Note 2)	70	100.00	0	0	70	100.00

Note 1: Mayer Corporation Development International Limited (BVI) was ruled by a court in the British Virgin Islands (BVI) to enter into liquidation proceedings and appointed a liquidator on March 27, 2017, resulting in the loss of control of the Company. The company was not included in the preparation of the consolidated report as of March 27, 2017.

Note 2: Refer to the number of shares and shareholding of the Company's subsidiary, Glory World Development Limited.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Source of Capital: Type of Shares Issued in the Most Recent Year up to the Date of Publication of the Annual Report

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital Increase by Assets Other Than Cash	Others
2019.5		320,000,000	3,200,000,000	222,526,100	2,225,261,000			Note 1

Note 1: Approved in the Jing-Shou-Shang No. 10801050270 Letter of the Ministry of Economic Affairs dated May 3, 2019.

Type of Shares	Authorized Capital			Note
	Outstanding Shares (Note)	Unissued Shares	Total	
Registered Ordinary Shares	222,526,100	97,473,900	320,000,000	Listed Shares

Note: Please specify whether the stock refers to TWSE or GTSM stock (the stock forbidden from being traded in TWSE or GTSM, if any, shall be identified).

Information About Shelf Registration System

Type of Securities	Expected Number of Issued Shares		Number of Issued Shares		Purpose and Expected Benefit of Issued Shares	Period in Which Unissued Shares to be Issued	Note
	Total Quantity	Approved Amount	Number of Shares	Price			
None	None	None	None	None	None	None	None

(II) Shareholder structure:

Shareholder structure

April 10, 2021

Shareholder structure Number	Government Agencies	Financial Institutions	Other Juristic Persons	Individuals	Foreign Institutions & Natural Persons	Total
Number of shareholders	0	1	208	29,419	57	29,685
Shares Held	0	2,526,744	119,141,237	93,373,530	7,484,589	222,526,100
Shareholding %	0	1.14	53.54	41.95	3.37	100

Note: Companies primarily listed on the TWSE and the TPEx shall disclose the proportion of their shares held by investors from Mainland China. Investors from Mainland China refer to natural persons, legal persons, organizations, institutions or companies in areas other than Taiwan and Mainland China that are invested by persons of such identity as stipulated in Article 3 of the Regulations Governing Investment of Mainland Chinese in Taiwan.

(III) Shareholding distribution:

Shareholding distribution

NT10 per share, 10 April, 2021

Range of Shares	Number of Shareholders	Shares Held	Shareholding %
1 to 999	19,702	983,531	0.44
1,000 to 5,000	7,062	15,380,319	6.92
5,001 to 10,000	1,419	11,290,698	5.07
10,001 to 15,000	484	6,100,708	2.74
15,001 to 20,000	303	5,691,275	2.56
20,001 to 30,000	273	6,934,424	3.12
30,001 to 40,000	113	3,955,311	1.78
40,001 to 50,000	66	3,059,371	1.37
50,001 to 100,000	139	10,063,433	4.52
100,001 to 200,000	50	7,183,853	3.23
200,001 to 400,000	28	7,041,787	3.16
400,001 to 600,000	10	4,915,840	2.21
600,001 to 800,000	8	5,756,979	2.59
800,001 to 1,000,000	3	2,580,387	1.16
1,000,001 to 999,999,999	25	131,588,184	59.13
Total	29,685	222,526,100	100.00

(IV) List of major shareholders: List the shareholders whose shareholding percentage reaches 5% or more. If there are less than 10 shareholders, the names, the amount, and shareholding of the top ten shareholders should be disclosed.

List of major shareholders

April 10, 2021

Name	Shareholding	Shares Held	Shareholding %
Yuan Chuan Steel Corporation		36,962,353	16.61%
Tze Shin International Co., Ltd.		17,197,000	7.73%
Hotel Taipei Miramar		15,796,452	7.10%
Hsienta Investment Co., Ltd.		15,201,000	6.83%
Durban Development Co., Ltd.		4,675,000	2.10%
King You Development Co., Ltd.		3,907,000	1.76%
Yuanda Investment Co., Ltd.		3,891,000	1.75%
Dewei Investment Co., Ltd.		3,800,193	1.71%
The Sincere Department Store Ltd.		3,650,000	1.64%
Kwong Iee Steel Co., Ltd.		3,235,000	1.45%

(V) Market prices per share, net worth per share, earnings per share, dividends per share, and related information for the past two fiscal years:

Item \ Years			2019	2020	As of March 31, 2021 (Note 8)
Market price per share (Note 1)	Highest		16.90	20.15	22.45
	Lowest		13.80	13.10	18.25
	Average		15.34	16.43	20.24
Net value per share (Note 2)	Before distribution		14.08	14.10	15.76
	After distribution		12.23	Not yet distributed	-
Earnings per share	Weighted Average Shares (thousand shares)		222,526	222,526	222,526
	Earnings per Share (Note 3)		1.96	1.76	1.47
Dividends per share	Cash Dividend		1.85	1.70	-
	Stock dividends	Paid out of Retained Earnings	None	None	-
		Paid out of Capital Surplus	None	None	-
	Accrued Unpaid Dividends (Note 4)		-	-	-
Return on investment	P/E Ratio (Note 5)		7.83	9.34	13.77
	Price/Dividend Ratio (Note 6)		8.29	9.66	-
	Cash Dividend Yield (Note 7)		0.12	0.10	-

* In the case of retained shares distribution or capital surplus shares distribution, please also disclose the information about the market value and cash dividend adjusted retroactively based on the quantity of shares as distributed.

Note 1: Please identify the highest market value and the lowest market value of the common stock in various years, and calculate the average market price for each year based on the trading value and turnover for each year.

Note 2: Please apply the quantity of shares already issued at the end of the year and identify the status of distribution according to the resolution made by the shareholders' meeting held in the following year.

Note 3: If it is necessary to make adjustment retroactively due to Free-Gratis dividends, please identify the EPS before and after adjustment.

Note 4: If the terms and conditions under which the equity securities are issued provide that the stock dividend retained in the year may be accumulated until the year in which there are allocable earnings available, please disclose the retained stock dividend accumulated until the then year.

Note 5: Price-Earnings Ratio=Average Closing Price Per Share in current year/Earnings Per Share

Note 6: Dividend Yield=Average Closing Price Per Share in current year/Cash Dividend Per Share

Note 7: Cash Dividend Yields=Cash Dividend Per Share/Average Closing Price Per Share in current year

Note 8: Please identify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent auditor before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

(VI) Company's dividend policies and implementation:

1. Dividend policies:

The Company's dividend policy takes into account the Company's capital requirements and long-term financial planning, its current and future development plans, the investment environment and domestic and international competition, and the interests of shareholders in determining the amount and type of earnings to be distributed. The Company shall first pay income tax and make up for prior years' deficits, and then set aside 10% of the remaining balance as legal reserve, except when the legal reserve has reached the total paid-in capital. After setting aside or reversing the special reserve in accordance with the regulations of the

competent authorities, the Board of Directors shall prepare a proposal for distribution of earnings and submit it to the shareholders' meeting for resolution.

The Company may distribute earnings in the form of cash dividends or stock dividends, and if so, the Company shall set aside not less than 50% of the distributable earnings each year for dividend distribution to shareholders for the year in which the distribution is finalized.

2. Implementation: (Approved at the Board of Directors meeting on April 27, 2021 and reported at the General Shareholders' Meeting on June 8, 2021)

The Company's profit and loss after tax for 2020 audited by the CPAs was NT\$392,624,239. The earnings available for distribution at this time was NT\$394,780,400. The proposed shareholders' cash dividend was \$1.70 per share, and the total shareholders' dividend to be distributed was NT\$378,294,370.

(VII) Effect of allocation of Free-Gratis Dividends proposed at the shareholders' meeting on the operational performance of the Company and the Earnings Per Share:

Item		Years	2020
Beginning Paid-in capital (NT\$)			2,225,261,000
Distribution of shares and dividends in current fiscal year (Note 1)	Cash dividend per share (NT\$)		1.70
	Capital increase out of surplus allotment per share (stock)		0
	Capital increase out of capital reserve allotment per share (stock)		0
Change in business performance	Operating Profit		Not applicable (Note 2)
	Ratio of increase (decrease) in operating profit compared to the same period last year		
	Net income		
	Ratio of increase (decrease) in NIAT compared with the same period in previous year		
	Earnings per share		
	Ratio of earnings per share increase (decrease) compared to the same period last year		
	Average annual return on investment (annual average PE ratio)		
Proposed earnings per share and P/E ratio	If the surplus to capital increase is realized through cash dividend	Expected Earnings Per Share (NT\$)	Not applicable (Note 2)
		Pro-forma average annual return on investment	
	If the capital reserve is not transferred to the capital increase	Expected Earnings Per Share (NT\$)	Not applicable (Note 2)
		Pro-forma average annual return on investment	
	If the capital reserve is not processed and the surplus is transferred to the capital, the cash dividend will be distributed.	Expected Earnings Per Share (NT\$)	Not applicable (Note 2)
		Pro-forma average annual return on investment	

Note 1: Reported to the 2021 General Shareholders' Meeting.

Note 2: In accordance with the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company didn't disclose its financial forecast information for 2021, so the forecast data for 2021 is not available.

(VII) Employees, Directors, and Supervisors Compensation:

1. The percentages or ranges with respect to the compensation of employees, Directors, and Supervisors set forth in the company's Articles of Association:

If the Company makes a profit in a year, the Company shall set aside 1% to 5% as compensation to employees and not more than 3% as compensation to Directors, provided that if the Company has accumulated losses, the Company shall retain the amount to cover them in advance and then set aside the remaining balance.

Employee compensation may be paid in stock or cash to employees of the Company and its subsidiaries who meet certain criteria. Compensation to Directors may only be paid in cash. Matters related to compensation of employees and Directors shall be resolved by the Board of Directors with at least two-thirds of the directors present and a majority of the attending Directors, and reported to the shareholders' meeting.

2. The accounting in the case of deviation from the basis for stating the compensation of employees, Directors, and Supervisors, the basis for calculating the number of stock dividends to be allocated, and the actual allocation:

If there is still a change in the amount of distribution resolved in the following year's shareholders' meeting, the change in accounting estimate is treated as an adjustment to the accounts in the year of the shareholders' meeting. If the shareholders' meeting resolves to issue employee compensation in the form of shares, the number of shares that will be distributed as a share-based compensation is determined by dividing the amount of the shares as resolution by the fair value of the shares. The fair value of the shares shall be the closing price of the shares on the day prior to the resolution of the shareholders' meeting, and the impact of the ex-dividend shall be the basis for calculation.

3. Information about allocation of compensation resolved by the Board of Directors meeting:

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for Directors and Supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The Company's 2020 revenue has been audited by CPAs. Based on the audited amount, the Company intended to allocate 5% of its earnings, which amounted to NT\$23,939,239, as employees' compensation in the form of cash. The Company also intended to allocate 5% of its earnings, which amounted to NT\$14,363,544, as directors' compensation in the form of cash. There was no difference between the above amounts and the estimated amount of expense recognized in the year.

- (2) Amount of employee compensation distributed in shares and percentage of total net profit after tax and total employee compensation in the parent company only financial statements for the period: None, there was no employee compensation distributed in shares for the period (2020).

4. The actual distribution of employee, Director, and Supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, Director, or Supervisor compensation, additionally the discrepancy, cause, and how it is treated.

Item	Estimated amount for 2019	Actual distribution	Deviation
Employee compensation in cash	26,529,017	26,529,017	0
Employee compensation in shares	None	None	None
Directors and Supervisors compensation	15,917,410	15,917,410	0

There was no different between the actual distribution and the recognized amount of the Company.

(IX) Share repurchases by the Company:

1. Completed:

(1) Share repurchases by the Company (completed)

May 20, 2021

Term of repurchase (Note)	Times (Term)	Times (Term)
Purpose of repurchase	None	
Period of repurchase		
Price range of repurchase		
Type and quantity of shares repurchased		
Number of shares repurchased		
Ratio of number of shares repurchased to expected number of shares to be repurchased (%)		
Shares that have been cancelled or transferred		
Cumulative Shares of the Company		
The ratio of the cumulative number of shares held of in Company to the total number of shares issued (%)		

Note 1: The number of spaces shall be adjusted subject to the actual number of issuance.

2. In progress: None.

(2) Share repurchases by the Company (in progress)

May 20, 2021

Term of repurchase	Times (Term)	Times (Term)
Purpose of repurchase	None	
Types of shares to be repurchased		
Limit of total amount to be repurchased		
Expected period of repurchase		
Expected number of shares to be repurchased		
Price range of repurchase		
Type and quantity of shares repurchased		
Number of shares repurchased		
Ratio of number of shares repurchased to expected number of shares to be repurchased (%)		

II. The Annual Report Shall Provide Information on the Company's Issuance of Corporate Bonds, Including Unretired Bonds and Unissued Bonds for which an Issue is currently Under Preparation, and in Accordance with Article 248 of the Company Act the Report Shall Disclose all the Matters Set Forth Thereunder and Explain Their Effect upon shareholders' Equity Private placement of corporate bonds shall be highlighted: None.

III. The Section on Preferred Shares Shall Include Both Outstanding and Unissued Shares for Which an Issue is Currently under Preparation, and Shall Disclose Any Conditions Attaching to Issuance and Their Effect upon Shareholders' Equity. The Information on Preferred Shares Shall Also Specify the Matters Listed under Article 157 of the Company Act Private placement of preferred shares shall be highlighted: None.

IV. The Section on Global Depository Receipts Shall Include Information on Receipts Issues that Remain Partially Outstanding, and on Unissued Receipts for Which an Issue is Currently under Preparation. Also to be Disclosed are the Date of Issue, Total Value of Issue, the Rights and Responsibilities of the Holders of Global Depository Receipts and Related Matters Private placement of global depository receipts shall be highlighted: None.

V. Employee stock options and restricted stocks for employees shall set out the following matters:

(I) Employee stock options employees shall set out the following matters:

1. The Company's employees' stock options yet to mature shall disclose the current situation of the issuance as of the publish date of the annual report and the impact on the rights of the shareholders. Private employees' stock options shall be highlighted: None.
2. Names, acquisition, and subscription of managers who have obtained employees' stock options as well as employees who rank among the top 10 in terms of the number of shares obtained via employees' stock options, cumulative to the date of publication of the annual report: None

(II) Restricted stocks for employees shall set out the following matters:

1. The issuance and impact on shareholders' interest of all new restricted employee stock options that have not yet fully met the conditions as of the date of publication of the Annual Report shall be disclosed: None.
2. Names and acquisition status of managerial officers who have acquired new restricted employee stock options and of employees who rank among the top ten in the number of new restricted employee stock options acquired, cumulative to the date of publication of the Annual Report: None.

VI. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies shall set out the following matters:

(I) If, during the most recent year up to the date of publication of the annual report, the Company has completed any issuance of new shares in connection with a merger or acquisition or with the acquisition of shares of any other company, the annual report shall specify the following matters: None.

(II) Where the Board of Directors has, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, adopted a resolution approving any issuance of shares in connection with a merger or acquisition or with the acquisition of shares of any other company, the annual report shall disclose the implementation status and the basic information of the merged or acquired company. Merger or acquisition of shares of other company in progress

For issuance of new shares, the issuance and its impact on the shareholders shall be disclosed: None.

VII. Capital Utilization Plan

(I) Description of the Plans

As of the quarter before the date of publication of the Annual Report, the previous issuance or private placement of securities that has not been complete, or those have been completed in the past three years but the expected benefits have not yet shown:

(II) Implementation:

As of the quarter prior to the publication of the annual report, regarding the usage of each plan mentioned in the previous clause, an item-by-item analysis that compares operation statuses and expected benefits conducted: None. Chapter V. Business Overview

Chapter 5. Business Overview

I. Business

(I) Scope of business

1. Main business:

- (1) Manufacture of steel pipes and various components.
- (2) Manufacture of products by steel rolling.
- (3) Manufacture of pipes and sheets by steel troling and other alloy metals.
- (4) Galvanizing and electroplating of various products.
- (5) Calendering of various products (hot rolled steel coils, cold-rolled steel coils, stainless steel coils, carbon steel, alloy steel)
- (6) Domestic and overseas import and export of the above products and raw materials, as well as the processing business.
- (7) Agency, design, technical service, and bidding of manufacturing equipment for the above business.
- (8) Appoint contractor to construct residential and commercial buildings for lease and sale.

2. Business proportion:

Department	2019	2020
	Sales proportion (%)	Sales proportion (%)
Steel department	91.92	99.14
Real estate department	7.44	0.00
Investment department	0.17	0.80
Others	0.47	0.78
Total	100.00	100.00

3. Current products and new product development:

(1) Current products

A Carbon Steel

- a. Black steel pipes, galvanized steel pipes for piping, galvanized wire conduits, and threadless wire steel pipes.
- b. Steel pipes for mechanical processing: steel pipes for machine structural purpose, steel pipes for general structural purpose.
- c. Cutting carbon steel plates.

B. Stainless Steel

- a. Stainless steel pipes.
Stainless steel pipes for industrial piping, stainless steel pipes for general piping (pressed tubes), stainless steel pipes for mechanical structures, stainless steel pipes for boilers and heat exchangers, stainless steel sanitary steel pipes, stainless steel pipes for automobile exhausts.
- b. Special connectors and fittings for stainless steel press fittings for piping.
- c. Cutting stainless steel plates.

(2) New product development: Manufacture of medium carbon alloy steel, small and medium diameter, thick-walled carbon steel pipes for mechanical construction.

(II) Industry Overview: The current situation and development of the industry, the correlation between the upper stream, middle and the downstream of the industry, the various product development trends and the competition situation:

1. In 2020, the globe was hit by COVID-19, especially in the Americas and Europe, where the number of confirmed cases and deaths were still increasing in December. The service sector around the globe bore the brunt of the epidemic. The manufacturing sector has unexpectedly recovered since the second half of the year after taking the first hit of the epidemic in March and April, and is expected to maintain the expansion trend.
The US presidential election has come to an end, but the economic and trade disputes between the US and China have yet to dissipate or defuse in mid-December, which has been adding uncertain turmoil to the global economic and political condition.
In December, ten members of ASEAN signed the Regional Comprehensive Economic Partnership (RCEP) with China, Japan, South Korea, Australia, and New Zealand, reaching the world's largest free trade agreement, which will have a significant impact on our export to Southeast Asian markets.
2. The overall domestic economy in 2020 was hit by the initial panic of the epidemic outbreak. The business environment was rather precarious in the first half of the year, but economic development stabilized in the second half of the year due to the rapid implementation of relief measures by the government to revitalize the economy, as well as the effective and proactive implementation of epidemic preventive policies. The public works and private housing construction industries have been recovering. Despite disruptions from water, labor, and material shortages in the short term, the industry is still active and we can expect a prosperous future.
3. In the first half of 2020, domestic steel product users experienced a gloomy period amid the panic from the epidemic and frozen demand. Only since May and June have there been procurement demands to replenish the inventory. The demand for engineering steel pipes and plates for public infrastructure and factory housing construction projects recovered gradually. The prices of related domestic steel products were able to rise from the fall since July, and the upstream steel mills slowly turned from significant losses to profits. The demand for galvanized steel pipes, galvanized wire conduits, and stainless steel pipes used in construction projects has recovered.
4. Public works and plant investment projects, such as forward-looking construction projects in Taiwan, have set progress targets and are not easily affected by non-economic factors that may result in immediate and significant adjustments and changes. The Company will spare no effort to meet the needs of its customers and supply steel pipes for construction projects in accordance with the schedule. Therefore, the majority of its operations will not be affected and meet expected targets. The supply of steel pipes for civil construction projects and machinery processing will be adjusted due to the uncertainty of the consumer market. The Company, together with its customers, will maintain an appropriate supply flexibility in response.

(III) Technology and R&D: Investment in R&D expenses and successfully developed technologies or products in the most recent year up to the date of publication of the Annual Report.

1. Further improvement in steel pipe welding strength and yield rate of high-quality products
2. Manufacturing and processing of medium carbon grade alloy steel pipes
3. Increase in stainless steel pipe welding speed
4. Reduction of water, electricity, oil and material consumption

(IV) Long and short term business development plans:

1. Short term business development:

- (1) In view of the optimistic expectation of domestic engineering demand in 2021, the Company will further strengthen its business and services to secure its market share, effectively keep track of the flow of customer orders, and strictly control the production

and sales timeline from order acceptance to delivery, so as to enhance customer satisfaction.

- (2) In response to the change of pricing system of upstream suppliers, we will control the inventory of raw materials more flexibly and efficiently to reduce capital requirements and cost risks.

2. Long term business development:

- (1) Integrate the business marketing functions of domestic and overseas production bases.
- (2) Enhance the total utilization rate of equipment in each production base.
- (3) Implement product differentiation strategy to ensure quality and competitiveness.

(V) Subsidiaries in the consolidated financial statements:

1. Vietnam Mayer Corp., Ltd. is a subsidiary invested by the Company for the purpose of establishing a professional manufacturing factory for mechanical welded steel pipes to supply mechanical processing steel pipes required by customers in Vietnam and ASEAN region.
2. Vietnam Mayer Corp., Ltd. was established for the purpose of increasing the number of business projects in the business travel business. The Company's investment performance is currently negative due to the significant impact of the COVID-19 epidemic. The management is trying to improve the performance.

II. Market, Production and Sales Overview

(I) Market analysis

1 Sales region of major products:

Region	2019		2020	
	Net sales	Proportion (%)	Net sales	Proportion (%)
Taiwan	4,080,911	91.02	4,771,680	94.05
Vietnam	190,349	4.25	191,517	3.77
Thailand	130,964	2.92	73,539	1.45
Others	81,147	1.81	37,031	0.73
Total	4,483,371	100.00	5,073,767	100.00

2. Market share, future market demands and supplies and growth potential:

(1) Carbon steel

- A. Steel prices continued to fall in the first half of 2020 due to a sharp contraction in demand dragged down by the new pneumonia epidemic, but the decline stabilized in the second half of the year. The global upstream steel plants have been turning a significant loss to profit since the fourth quarter. The unreasonable price competition is no longer present, leading to a gradual recovery of the downstream processing industry. Since the beginning of 2021, coal and iron prices have risen sharply, leading to a rapid reversal of the upward trend in steel coil prices. The trend in 2021 will be more optimistic than last year.
- B. The demand for steel pipes for public works and industrial plant construction is optimistic in 2020. We can expect a growth in sales. The real estate market is less optimistic due to the impact of the epidemic on consumer sentiment and the rising pressure of government concern over domestic housing prices. The Company does

not have optimistic expectations for the domestic real estate market. One of the two major sectors of the domestic steel pipe for construction projects is performing well while the other one is stagnant. There are still uncertainties in the development of the domestic market.

- C. The machinery processing industry is expected to be optimistic due to the recovery of demand for automobiles in both domestic and overseas markets.
- D. The Company's investment in plants in the Southeast Asia region has commenced. The production and profitability in Vietnam and Thailand have returned to their robust states after the impact of the epidemic.

(2) Stainless steel products

- A. The sluggish fluctuation of stainless steel raw material prices in 2020 has resulted in a more acute and sensitive supply and demand relationship between the upper, middle and lower stream of the industry. The rebound of nickel and chromium ore prices in early 2020 has revived the market and brought new expectations to the industry. However, the upstream steel products in Taiwan have been in a negative cycle of non-differentiated competition for a long time, and are still in a repetitive cycle where they are unable to pass on or improve the product prices in 2021. It will take considerable effort to obtain reasonable operating returns.
- B. In 2020, the Company's stainless steel coil cutting service and sales volume have reached the growth target. In 2021, the Company will continue to focus on rationalizing its operation and efficiency control to further improve operating performance.
- C. The supply of stainless steel pipes is stable, the quality is stable, and most of them are specified by customers, and the demand is supported.

3. Competitive niche, advantages and adverse factors for development prospects and countermeasures:

(1) Competitive niche:

- A. High quality
- B. Timely delivery
- C. Quick customer service

(2) Advantages and adverse factors for development prospects:

A. Advantages:

- a. Positive brand reputation: Established in 1959, the Company is the first manufacturer of welded steel pipes in Taiwan, with excellent quality, accurate delivery, friendly service, and a positive brand image. Our products are well trusted by our customers.
- b. Strict quality control: The Company attaches great importance to the quality of raw materials, always negotiates with upstream raw material suppliers, and is very strict in quality control during the production process. Therefore, our products have a high recovery rate and low defective rate, assuring stable product quality. The Company's products have obtained the CNS Mark Certificate issued by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, approved as a Class A quality control factory by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, and its "Steel Galvanized Wire Steel Pipe Manufacturing Capability" was certified as B+

manufacturer by the Nuclear Quality Department of Taipower. In November 1995, the Company obtained the ISO 9002 certification by the Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs. In January 2000, the Company became the first Taiwan manufacturer to obtain the ISO 9002 quality certification from the Bureau of Standards, Metrology and Inspection, which has further proven our technical strength.

- c. Strong development capability: With 60 years of experience, the Company has developed its own technology and has cultivated employees with excellent skills and experience. Over the years, the Company has successfully developed precision steel pipes, alloy steel pipes, and anti-corrosion coated steel pipes with internal welded seams. In the future, the Company will continue to refine its production technology to maintain its leading position in the industry and maintain its reputation as the "Technological Mayer".
- d. Excellent equipment performance: The Company has excellent machinery and equipment, fully automatic temperature-controlled welding high-speed pipe making machines and angular steel pipe production equipment. The fully automatic hot dip galvanizing equipment uses dry dust treatment equipment, so that the wastewater or gas generated from galvanizing meets the emission standards of environmental protection institutions. The capacity of the high-speed automatic screwing machine is able to meet the heavy market demand for Mayer's steel pipes.
- e. Flexible order acceptance and market strategy: The Company is able to accurately plan the production plan by accurately understanding the market pulse and customer demand, and shorten the delivery period by preparing the material in advance. As a result, the Company has higher flexibility in order acceptance and market strategy.

B. Adverse factors:

- a. The demand for small quantities and customization is the trend of the steel pipe market. The unit production cost will increase due to the decrease in orders and production.
- b. Poor working environment, difficult recruitment and training of professional and technical personnel.
- c. Market competition has become international and changes will be faster and more intense.

(3) Countermeasures

- A. Review the performance of the existing production and manufacturing equipment, study and evaluate the need for equipment acquisition and renovation, with the goal of increasing production capacity, reducing production costs, and improving product manufacturing capabilities and quality standards.
- B. Continuously invest in the improvement of pollution prevention equipment in accordance with the environmental protection laws and regulations, so that the emission of wastewater, exhaust gas and noise are in line with and above the legal standards, and prevent environmental protection disputes.

- C. We will continue to maintain our image of supplying high-quality and stable products and enhance customer service to effectively differentiate from low-priced competitive products and maintain our market share and reasonable selling price.
- D. Actively develop innovative technology and develop superior products to expand market share by providing products that satisfy customers.

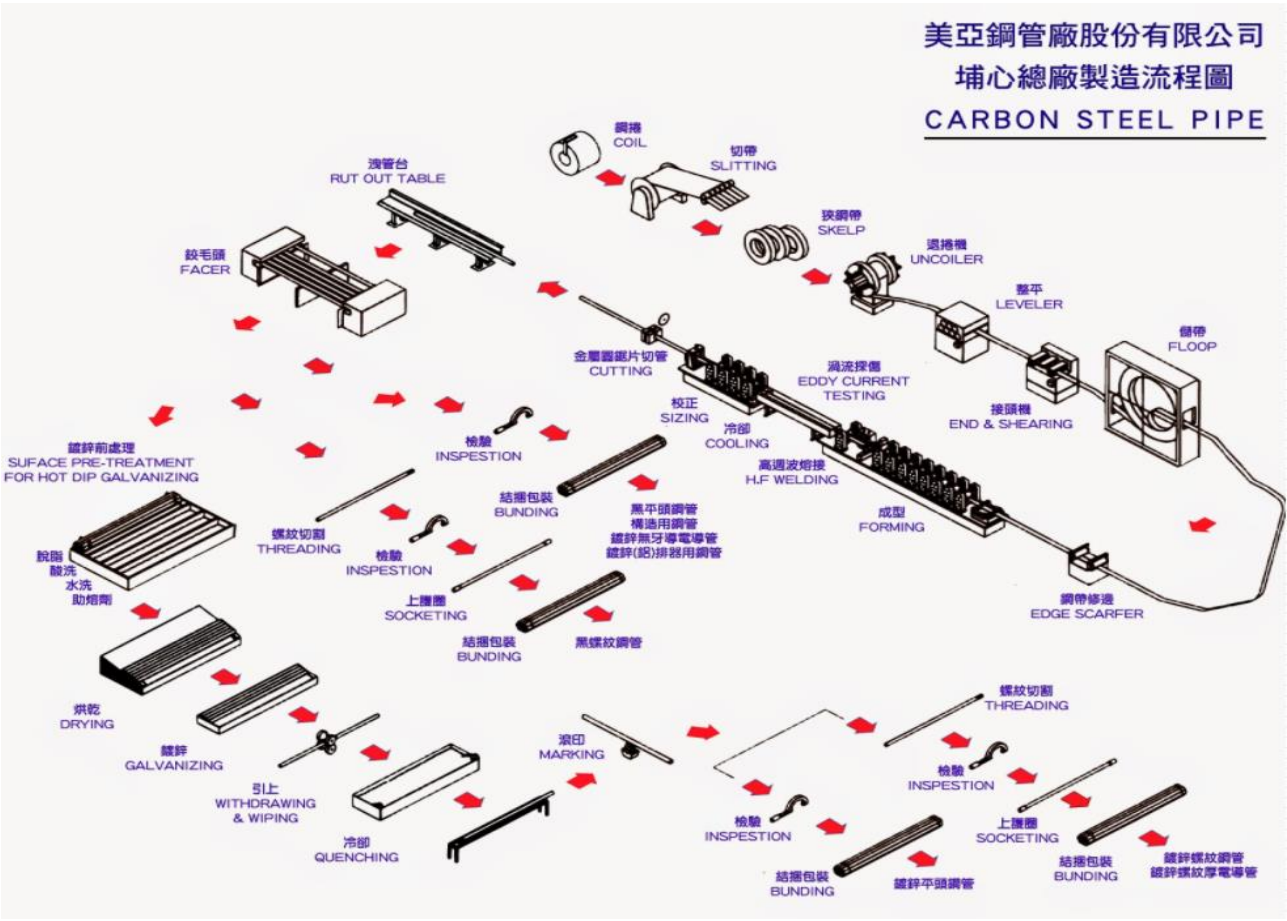
(II) Major applications and production processes of major products:

Major products	Applications
Black steel pipes	Construction, mechanical pipes and cooling pipes.
Galvanized steel pipes for piping	Construction, gas pipes and cooling pipes.
Galvanized wire conduits	Conduits
Mechanical structural pipes Pipes for general structural purpose	Motorcycle components, master pipes for pumping, bicycle pipes, furniture pipes, structural pipes for greenhouses, sports equipment, and container pipes.
Threadless wire steel pipe	Conduits
Polyethylene covered steel pipes	Corrosion-resistant pipes for underground gas pipes, petroleum pipes, water pipes, electric wire pipes.
Cutting steel sheets	Home appliances, automobile and motorcycle components, kitchen appliances, and chemical machinery components.
Stainless steel pipe	Construction piping.
Stainless steel connector and components for piping	Construction piping.
Cutting stainless steel sheets	Home appliances, automobile and motorcycle components, kitchen appliances, and chemical machinery components.

(III) Subsidiaries in the consolidated financial statements:

1. Vietnam Mayer Corp., Ltd. is a subsidiary invested by the Company to fulfill customers' demand for expansion of overseas production bases. Taking the strategic advantage of local supply, Vietnam Mayer provided customers with a timely, high quality, and high quantity value service chain, assisted customers to reduce cost and improve quality, opened new business bases overseas, which can support each other and grow together. In recent years, the production and sales have developed steadily, customer demand has increased steadily, revenue and profit have been stable. Vietnam Mayer has successfully established a foothold in the local market and become an important supply partner for local Taiwan companies.
2. Vietnam Mayer Corp., Ltd. was established for the purpose of increasing the number of business projects in the business travel business. The Company's investment performance is currently negative due to the significant impact of the COVID-19 epidemic. The management is trying to improve the performance.

Manufacturing Process:



脫脂 Degreasing	酸洗 Acid washing	水洗 Water washing	助熔劑 Fluxes

(III) Supply of major raw materials:

Major raw materials:	Description
Carbon steel coils	ChinaSteel Co., Ltd., Chung Hung Steel Co., Ltd., Shang Chen Steel Co., Ltd., Shang Shing Steel Industrial Co., Ltd.
Stainless steel coils	Tang Eng Iron Works Co., Ltd., Tung Mung Development Co., Ltd., Yieh United Steel Corp., Walsin Lihwa Corp., East Sun United Co., Ltd., Chang Yeh Metal Industry Co., Ltd.
Zinc lozenges	Japan SUMITOMO, YOUNGPOONG

(IV) Customers with over 10% of the total procurement (distribution), the amount and percentage in any given year within the most recent two years, and their reasons for the change:

1. Customers with over 10% of the total distribution, the amount and percentage in any given year within the most recent two years

Major customers in the last two years Unit: NT\$'000

Item	2019				2020				As of March 31, 2021			
	Name	Amount	Percentage in Total Net Distribution (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Distribution (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Distribution (%)	Relationship with the Issuer
1	Company A	485,521	10.83	General	Company Z	656,393	12.94	General	Company Z	181,584	13.31	General
2	Company B	286,083	6.38	General	Company A	452,545	8.92	General	Company A	106,874	7.84	General
	Others	3,711,767	82.79	General	Others	3,964,829	78.14	General	Others	1,075,380	78.85	General
	Net Distribution	4,483,371	100.00		Net Distribution	5,073,767	100.00		Net Distribution	1,363,838	100.00	

Note 1: Name of the customer with more than 10% of the total sales amount in the last two years and the amount and proportion of the sales. Due to the contractual agreement, the name of the sales or the object of the transaction may not be disclosed as an individual and a non-relevant person.

Note 2: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Reasons for the change: Affected by the COVID-19 pandemic in the first half of the year, the demand fell sharply, and steel prices continued to fall. Such a situation has stabilized in the second half of the year.

2. Customers with over 10% of the total procurement, the amount and percentage in any given year within the most recent two years:

Major suppliers in the last two years Unit: NT\$'000

Item	2019				2020				As of March 31, 2021			
	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Distribution (%)	Relationship with the Issuer	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Issuer
1	Company x	1,007,527	29.67	General	Company b	1,588,899	35.48	General	Company x	354,942	29.88	General
2	Company y	662,714	19.51	General	Company y	921,130	20.57	General	Company y	331,426	27.90	General
3	Company e	486,563	14.33	General	Company x	827,054	18.47	General	Company e	183,444	15.44	General
4	Company b	373,010	10.98	General	Company e	605,535	13.52	General	Company b	142,597	12.00	General
	Others	863,306	25.51	General	Others	535,072	11.96	General	Others	175,590	14.78	General
	Net Supplied Amount	3,393,120	100.00		Net Supplied Amount	4,477,690	100.00		Net Supplied Amount	1,187,999	100.00	

Note 1: Name of the supplier with more than 10% of the total purchase amount in the last two years and the amount and proportion of the purchase. Due to the contractual agreement, the name of the supplier or the object of the transaction may not be disclosed as an individual and a non-relevant person.

Note 2: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Reasons for the change: The net supplied amount increased due to signs of stabilization in the second half of the year.

(V) Production quantity and value in the last two years

Unit: Tons, NT\$'000

Department \ Years	2019			2020		
	Production Capacity	Production Volume	Value of Production	Production Capacity	Production Volume	Value of Production
Steel department (ton)	156,557	93,762	3,223,006	149,038	99,154	3,101,751
Total	156,557	93,762	3,223,006	149,038	99,154	3,101,751

(VI) Sales quantity and value in the last two years:

Unit: Tons, NT\$'000

Department	2019				2020			
	Domestic Sales		Overseas Sales		Domestic Sales		Overseas Sales	
	Sales Quantity	Sales Value	Sales Quantity	Sales Value	Sales Quantity	Sales Value	Sales Quantity	Sales Value
Steel department (ton)	96,227	3,721,303	13,030	399,860	119,671	4,719,596	11,128	310,559
Investment department	-	7,494	-	-	-	3,961	-	-
Real estate investment department	-	333,640	-	-	-	-	-	-
Other sectors	-	21,074	-	-	-	39,651	-	-
Total	96,227	4,083,511	13,030	399,860	119,671	4,763,208	11,128	310,559

III. Employees

Number of Employees, Their Average Years of Service, Average Age, and Education Levels in the Last Two Years

Years			2019	2020	As of May 27, 2021
Number of Staff	Administration Department	Company	76	75	75
		Plant	44	48	48
	Production Department		261	253	258
	Total		381	376	381
Average Age			43.30	44.07	44.02
Average Year of Services			10.65	11.22	11.20
Education Distribution Ratio	Ph.D.		0.00	0.00	0.00
	Master		0.02	0.01	0.01
	Bachelor		0.27	0.28	0.29
	High School		0.39	0.38	0.38
	Below Senior High School		0.32	0.32	0.32

IV. Information on Environmental Expenses: The Company has no impact on ROHS-related matters in the most recent year up to the date of publication of the Annual Report.

(I) Total amount of losses (including compensation) and penalties incurred due to environmental pollution in the most recent year up to date of publication of the Annual Report: None.

(II) Future countermeasures and possible expenditure:

1. Countermeasures, improvement plans: Not applicable.
2. Estimated environmental expenses in the next three years

Item		2021	2022	2023
a	Expense for purchasing pollution prevention equipment, etc.	Replacement of dust collector P005, P007 filter bag (including support cage)	Replacement of dust collector P005, P007 filter bag (including support cage)	Replacement of dust collector P006, P008 filter bag (including support cage)
	Improvement			
	Designed improvement amount	NT\$600,000	NT\$600,000	NT\$600,000
	Actual expense			
b	Expense for purchasing pollution prevention equipment, etc.	Replacement of new acid storage barrel (including piping works)	Replacement of A002 washing tower equipment	
	Improvement			
	Designed improvement amount	1,500,000	5,500,000	
	Actual expense			
c	Expense for purchasing pollution prevention equipment, etc.	Replacement of sludge filter conveyor tracks and rollers at the main plant and wastewater treatment plant	Update of the electrical control system (including wiring works) at the main wastewater plant	
	Improvement			
	Designed improvement amount	400,000	800,000	
	Actual expense			

3. Impact after improvement: Compliance with environmental laws and regulations.

V. Labor Relations

(II) The Company's employee welfare and benefit measures such as the implementation of continuing education, training, retirement plans, dispute resolutions, employee rights, and maintenance of welfare measures are described as follows:

1. Employee welfare benefits:

The Employee Welfare Committee was established in October 1965. Since then, all operations have been carried out in accordance with the Employee Welfare Committee Charter. The welfare are as follows:

- (1) Bonus: overtime, festival bonus, employee birthday bonus, year-end bonus of over 2 months
 - (2) Leave: two days off per week, paternity leave for male employees, parental leave, menstrual leave, annual leave
 - (3) Insurance: labor insurance, health insurance, accident insurance, employee/dependent group insurance, employee body check, employee indemnity, pension
 - (4) Food and beverage: employee cafeteria, missed meals allowance
 - (5) Clothing: employee uniforms
 - (6) Transportation: employee parking spaces or parking subsidies, transportation subsidies for business trips
 - (7) Entertainment: domestic travel, travel vouchers
 - (8) Subsidies: marriage subsidy, childbirth subsidy, education subsidy for children, in-service education and training, retirement planning (including pension and post-retirement benefits), funeral subsidy
 - (9) Employee compensation: 1-5% of the earnings is distributed as employee compensation in accordance with the Articles of Association
 - (10) Welfare bonus: 0.07% of the net profit, 27% of the revenue from the sale of scraps, and 0.5% of the monthly base salary are given as the monthly bonus.
2. Retirement system:
- (1) Defined contribution plan - The Company's pension system under the Labor Pension Act is a defined contribution pension plan managed by the government. The Company shall contribute 6% of employees' monthly salaries to their personal accounts of the Bureau of Labor Insurance. In 2020, the amount contributed according to the proportion prescribed in the defined contribution plan is NT\$7,012,000.
 - (2) Defined benefits plan - The Company's pension plan under the Labor Standards Act is a defined benefit pension plan. Employees' pension payments are calculated based on the length of service and the average salary for the six months before the approved retirement date. The Company contributes 4% of the employees' monthly salaries to the employees' pension fund, which is delivered to the Supervisory Committee of Labor Retirement Reserve and deposited to a special account at the Bank of Taiwan in the name of such committee.
 - (3) Defined benefit plan - Based on the employees that are eligible for retirement by the end of each year, the Company will calculate and deposit the full amount of the retirement reserve into the retirement reserve account of the Bank of Taiwan by the end of March of the year.
If the balance in the account is not sufficient to pay for the employees who are expected to be eligible for retirement in the following year, the difference will be withdrawn by the end of March of the following year. The account is managed by the central competent authority and the Company does not have the right to participate in the use of the pension fund. In 2020, the Company transferred NT\$2,958,000 to the special account and repaid part of the net defined benefit liabilities.
3. Employees' interest protection measures: The Company has established a labor-management communication platform through the Mayer Steel Pipe Corporation Labor Union, which regularly holds annual meetings of the labor union representatives and quarterly meetings of the supervisors. Employees can express their opinions through labor representatives and meetings

4. On-the-job training and education:

In order to encourage employees to pursue continuous education, enrich their knowledge, and on-the-job training, we have formulated the "Employee On-the-job Training Incentive Program".

Details of our employees' on-the-job training in 2020 are as follows:

Department	Course Subject	Amount (NT\$)
R&D Department	R&D Issues Analysis and Energy Management Personnel	7,619
	Training Programs	6,881
	Forklift Operations Training	486
	ISO Training	5,100
	Training Programs	2,438
	Acetylene Welding Training	4,048
	High Pressure Energy-Saving Measures	2,857
	Bridge Crane Operation Training	971
Carbon Steel Department	Inspection of Non-destructive Operators	4,762
	Waste Treatment Certificates	1,000
	First Aid Training	3,238
	On-the-Job Training for Hazardous Operations Supervisors	972
	ISO Training	5,100
	Hazardous Operations Supervisors	971
Quality Assurance Department	Metal Materials and Heat Treatment Knowledge	4,762
	Bridge Cane Operation Training	972
	Training Programs	6,071
	Inspection of Non-destructive Operators	4,762
	First Aid Training	3,238
	SPC Statistical Process Control Course	2,400
	Training Programs	4,876
	Bridge Crane Operation Training	486
Galvanization Department	Bridge Cane Operation Training	971
	Training Programs	486
	Crane Operation Training	486
	Boiler Operation Training	6,881
	Bridge Cane Operation Training	486
	Bridge Crane Operation Training	485
Threading Department	Bridge Crane Training	6,071
	Training Programs	485
	Bridge Crane Training	6,557
Pipe Manufacture Department	Bridge Cane Operation Training	486
	High-pressure Gas-specific Equipment	6,476
	Acetylene Welding Second Training	486
	Crane Operation Training	487
	On-the-Job Training for Hazardous Operations Supervisors	971
	ISO Training for the SUS Pipe Manufacture Department	5,100
	Forklift Operations Training	485
	Hazardous Operations Supervisors	3,238
	Bridge Cane Operation Training	6,071
	Composting Machine Training	4,048
	Bridge Crane Training Examination Fee	2,870

Department	Course Subject	Amount (NT\$)
	Bridge Crane Training	485
	Training Programs	486
	Bridge Crane Training	7,043
	Forklift Operations Training	4,048
	Bridge Crane Operation Training	1,458
	Acetylene Welding Training	8,095
	Bridge Cane Operation Training	485
	Bridge Crane Operation Training	486
Acid washing	Bridge Crane Training Examination Fee	2,870
Packaging	SUS Pipe Manufacture Bridge Crane Examination Fee	2,870
	Forklift Operations Training	485
Plant Affairs Department	Plant Affairs ISO Trainings for Sheet Cutting Department	5,100
	Bridge Cane Operation Training	6,072
	Fire Prevention Personnel	1,295
	Forklift Operations Training	4,048
	Fire Prevention Management Staff Training	2,590
	Waste Removal Professionals Training	15,925
	Crane Operation Training	970
	Inventory Management Training	1,000
	ISO Training	5,100
	Wastewater Treatment Training	3,100
	Bridge Crane Operation Training	6,071
Sheet Cutting Department	Bridge Crane Operation Emergency Operators	11,738
	Composting Machine Training	4,047
	Forklift Operations Training	486
	Bridge Crane Operation Training	970
	Hazardous Operations Supervisors	3,238
Audit Office	Auditor On-the-job Education	3,500
	Audit On-the-job Education	3,500
	Audit On-the-job Training	3,000
	Audit Seminar	500
	Audit On-the-job Education	3,500
	Audit On-the-job Education	3,500
Finance Department	AI Training Course	22,857
	Accountant On-the-job Education	3,500
	Accountant On-the-job Education	2,000
	Chief Accountant On-the-job Education	4,000
	Accountant On-the-job Education	2,000
	Employee Management Workshop	8,095
	Chief Accountant On-the-job Education	3,500
	Advanced Management and Practice Workshop	58,800
Administration Department	China Productivity Center Training	3,076

(II) Losses suffered from labor disputes in the most recent year and up to the date of publication of the Annual Report (including labor inspection results in violation of the Labor Standards Act, the date of penalty, the number of the penalty, the violated provision, the content of violated provision, and the content of the penalty shall be listed), and disclose the estimated amount and response measures that may occur now and in the future. If it cannot be reasonably estimated, the reason why it cannot be reasonably estimated shall be stated.

1. An employee of the Company's Youth-Shih Factory, Chen-Chang Fan, was lifting steel coils with a crane and was not instructed not to touch the steel coils with his hands during the lifting process, resulting in an injury caused by the steel coils, and was fined NT\$60,000.

Date of Penalty	Penalty No.	Violated Provision	Content of Violated Provision	Content of Penalty
2021.2.25	Taoyuan City Government Lao-Jian-Zi No. 1100043138	Paragraph 1, Article 6, Occupational Safety and Health Act	Lifting steel coils with a crane and was not instructed not to touch the steel coils with his hands during the lifting process, resulting in an injury caused by the steel coils. Therefore, the person violated Paragraph 6, Article 63 of the Safety Regulations for Lifting Equipment, which stipulates: "The employer should make the following matters for the workers using hoisting equipment to engage in lifting operation: ...VI. When the load is lifted off the ground, do not touch the load with your hands, and stop the hoisting equipment when the load is just off the ground to confirm whether the load is hanging tilted, loose and whether there are other abnormalities..." Paragraph 4, Item 1, Article 6 of the Occupational Safety and Health Act stipulated that "Employers shall have necessary safety and health equipment and measures in compliance with the following matters: IV. Prevention of hazards arising from quarrying, mining, loading, unloading, carrying, stacking or logging operations..."	In accordance with Paragraph 2, Article 43 of the Occupational Safety and Health Act, a fine of NT\$60,000 was imposed, and the name of the penalized person and the name of the person in charge shall be announced in accordance with Paragraph 2, Article 49.

2. Countermeasures:

In view of this case, the importance of implementing adequate and necessary safety and health training should not be overlooked. The Company will continue to promote the importance of occupational safety and enhance the goal of a quality work environment to prevent occupational disaster.

VI. Important Contracts

Nature of contract	Counterparty	Term	Major contents	Restrictions
Supply contract	CSC	Monthly contract	Purchase of raw materials	None
Supply contract	Tang Eng	Half-year contract	Purchase of raw materials	None
Supply contract	Tung Mung	Monthly contract	Purchase of raw materials	None
Supply contract	Japan SUMITOMO	January 1, 2021 - December 31, 2021	Purchase of raw materials	None
Supply contract	Yieh United	Monthly contract	Purchase of raw materials	None
Supply contract	Chung Hung	Monthly contract	Purchase of raw materials	None
Supply contract	SORIN	January 1, 2021 - December 31, 2021	Purchase of raw materials	None

Chapter 6. Financial Overview

I. Condensed Balance Sheet, Income Statement, Auditor's Name and Audit Opinion for the Past Five Years

(I) Condensed balance sheet

1. Condensed balance sheet and consolidated income statement

Condensed balance sheet (consolidated)

Unit: NT\$'000

Item \ Years	Financial information for the past five years (Note 1)					Financial information as of March 31, 2021 (Note 3)
	2020	2019	2018	2017	2016	
Current assets	3,714,930	3,118,544	3,351,074	3,285,920	3,170,122	4,016,769
Property, plant and equipment (Note 2)	1,024,556	1,074,738	914,795	942,928	989,823	1,009,241
Intangible assets	3,141	2,210	2,210	2,210	2,210	3,047
Other assets (Note 2)	2,034,752	2,107,362	1,457,784	1,767,196	1,817,163	2,047,578
Total assets	6,777,379	6,302,854	5,725,863	5,998,254	5,979,318	7,076,635
Current liabilities	Before distribution	2,582,824	2,154,279	2,415,454	2,341,641	2,500,923
	After distribution	2,961,118	2,565,952	2,729,991	2,668,988	2,690,144
Non-current liabilities		1,050,200	1,017,469	296,509	311,119	256,780
Total liabilities	Before distribution	3,633,024	3,171,748	2,711,963	2,652,760	2,757,703
	After distribution	4,011,318	3,583,421	3,023,500	2,980,107	2,946,924
Profit and/or loss attributable to the owners of parent company		3,138,352	3,132,618	3,014,078	3,208,585	3,074,624
Equity		2,225,261	2,225,261	2,245,261	2,335,261	2,371,261
Capital reserve		281,622	281,622	283,711	257,095	260,856
Retained earnings	Before distribution	810,861	833,959	727,657	722,510	594,797
	After distribution	432,567	422,286	416,120	395,163	405,576
Other equity		-179,392	-208,224	-242,551	-100,690	-146,134
Treasury Stock		-	-	-	-5,591	-6,156
Non-controlling interest		6,003	-1,512	-178	136,909	146,991
Total equity	Before distribution	3,144,355	3,131,106	3,013,900	3,345,494	3,221,615
	After distribution	2,766,061	2,719,433	2,702,363	3,018,147	3,032,394

Condensed balance sheet (parent company only)

Unit: NT\$'000

Item \ Years		Financial information for the past five years (Note 1)					Financial information as of March 31, 2021 (Note 3)
		2020	2019	2018	2017	2016	N/A
Current assets		2,949,365	2,356,422	2,464,040	2,369,610	2,341,511	
Property, plant and equipment (Note 2)		798,430	836,762	846,887	867,652	896,606	
Intangible assets		177	0	-	-	-	
Other assets (Note 2)		2,340,693	2,385,387	2,332,130	2,536,433	2,490,886	
Total assets		6,088,665	5,578,571	5,643,057	5,773,695	5,729,003	
Current liabilities	Before distribution	2,502,688	2,061,877	2,336,199	2,260,618	2,329,380	
	After distribution	2,880,982	2,473,550	2,647,736	2,587,965	2,518,601	
Non-current liabilities		447,615	384,076	292,780	304,492	324,999	
Total liabilities	Before distribution	2,950,303	2,445,953	2,628,979	2,565,110	2,654,379	
	After distribution	3,328,597	2,857,626	2,940,516	2,892,457	2,843,600	
Equity		2,225,261	2,225,261	2,245,261	2,335,261	2,371,261	
Capital reserve		281,622	281,622	283,711	257,095	260,856	
Retained earnings	Before distribution	810,861	833,959	727,657	722,510	594,797	
	After distribution	432,567	422,286	416,120	395,163	405,576	
Other equity		-179,392	-208,224	-242,551	-100,690	-146,134	
Treasury Stock		-	-	-	-5,591	-6,156	
Total equity	Before distribution	3,138,362	3,132,618	3,014,078	3,208,585	3,074,624	
	After distribution	2,760,068	2,720,945	2,702,541	2,881,238	2,885,403	

Note 1: The above annual financial statements have been audited by CPAs.

Note 2: Companies that compiled parent company only financial reports shall prepare condensed balance sheet and comprehensive income statement of the past five years.

Note 3: Companies that complied with IFRS for financial reporting for less than five years should prepare additional financial information based on Taiwan's financial and accounting guidelines under Table (2) below.

Note 4: The year not certified by a CPA shall be stated.

Note 6: Those who have applied for asset revaluation in the year should include the date of processing and the value of the revaluation.

Note 6: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Note 7: The above-mentioned figures after distribution are based on the resolution of the following year's shareholders' meeting.

Note 8: For those who have been notified by the competent authority to revise their financial information or make the corrections by themselves, all the figures/numbers used shall be the revised or corrected ones, and the status and reasons for such revision shall be noted.

Condensed and consolidated balance sheet (combined)

Unit: NT\$'000

Item \ Years	Financial information for the past five years (Note 1)					Financial information as of March 31, 2021 (Note 2)
	2020	2019	2018	2017	2016	
Revenue	5,073,767	4,483,371	4,735,676	4,867,221	4,485,122	1,363,838
Gross operating profit	490,405	481,809	424,303	732,086	769,667	198,514
Operating Profit	267,460	253,882	186,175	383,361	485,833	117,006
Non-operating income and expense	147,051	241,793	170,285	120,103	43,692	245,514
Net profit (loss) before tax of continuing business units	445,931	495,170	356,460	503,464	529,525	362,520
Net profit (loss) of continuing business units for the period	392,144	435,331	311,786	389,842	435,915	327,585
Loss from discontinued operations	-	-	-	-	-	-
Net Profit after Tax	392,144	435,331	311,786	389,842	435,915	327,585
Other comprehensive income for the period (net amount after tax)	28,326	27,752	-83,167	18,376	52,871	36,721
Total comprehensive income for the period	420,470	463,083	228,619	408,218	488,786	364,306
Net profit attributable to the owners of parent company	392,624	436,706	300,590	340,945	391,847	327,563
Net profit attributable to non-controlling interest	-480	-1,375	11,196	48,897	44,068	22
Total comprehensive income attributable to the owners of parent company	421,283	464,417	215,606	371,419	452,263	364,273
Total comprehensive income attributable to non-controlling interest	-813	-1,334	13,013	36,799	36,523	33
Earnings per share (unit: NT\$)	1.76	1.96	1.34	1.46	1.65	1.47

Condensed and consolidated balance sheet (parent company only)

Unit: NT\$'000

Item \ Years	Financial information for the past five years (Note 1)					Financial information as of March 31, 2021 (Note 2)
	2020	2019	2018	2017	2016	
Revenue	4,811,114	4,194,836	4,347,417	4,159,341	3,767,100	N/A
Gross operating profit	480,432	441,100	326,704	502,942	548,881	
Operating Profit	293,431	246,341	115,631	200,080	324,479	
Non-operating income and expense	147,051	241,793	214,503	221,933	144,299	
Net profit (loss) before tax of continuing business units	440,482	488,134	330,134	422,013	468,778	
Net profit (loss) of continuing business units for the period	392,624	436,706	300,590	340,945	391,847	
Loss from discontinued operations	-	-	-	-	-	
Net Profit after Tax	392,624	436,706	300,590	340,945	391,847	
Other comprehensive income for the period (net amount after tax)	28,659	27,711	-84,984	30,474	60,416	
Total comprehensive income for the period	421,283	464,417	215,606	371,419	452,263	
Earnings per share (Unit: NT\$)	1.76	1.96	1.34	1.46	1.65	

Note 1: The above annual financial statements have been audited by CPAs.

Note 2: Companies that compiled parent company only financial reports shall prepare condensed balance sheet and comprehensive income statement of the past five years.

Note 3: Companies that complied with IFRS for financial reporting for less than five years should prepare additional financial information based on Taiwan's financial and accounting guidelines under Table (2) below.

Note 4: The year not certified by a CPA shall be stated.

Note 5: As of the publication date of the Annual Report, a Company whose shares are listed on the stock exchange or traded over the counter shall disclose its most recent financial information that has been audited and attested or reviewed by CPAs.

Note 6: The net amount of loss from discontinued operations is listed after deducting income tax.

Note 7: Where the Company is notified by the authority in charge that its financial information shall be corrected or re-prepared, the Company shall compile its financial information using the corrected or re-prepared figures, and shall indicate related circumstances and reasons.

(III) Name and audit opinion of CPAs:

Years	Name of CPA	Opinions on the audit
2016	Chun-Chih Lin, Meng-Ta Wu	Unqualified opinion
2017	Chin-Feng Lin, Ya-Chuan Chang	Unqualified opinion (Matters of emphasis or other matters)
2018	Chin-Feng Lin, Ya-Chuan Chang	Unqualified opinion (Matters of emphasis or other matters)
2019	Chin-Feng Lin, Ya-Chuan Chang	Unqualified opinion (Matters of emphasis or other matters)
2020	Chin-Feng Lin, Ya-Chuan Chang	Unqualified opinion (Matters of emphasis or other matters)

II. Financial Analysis for the Past Five Years:

Financial analysis (combined)

Analysis Item (Note 3) \ Year (Note 1)		Financial analysis for the past five years					As of March 31, 2021 (Note 2)
		2020	2019	2018	2017	2016	
Financial structure (%)	Liabilities to assets ratio	53.61	50.32	47.36	44.23	46.12	50.36
	Long-term working capital to real estate, plants and equipment ratio	409.40	386.01	361.87	387.79	351.42	446.58
Solvency %	Current ratio	143.83	144.76	138.73	140.33	126.76	156.32
	Quick ratio	74.77	77.22	70.38	72.31	70.77	80.30
	Interest coverage multiplicity	10.16	14.67	12.02	16.57	18.72	31.90
Manageability	Accounts receivable turnover rate (number of times)	10.14	9.71	8.61	8.33	8.02	2.34
	Average cash collection days	36.01	37.59	42.39	43.81	45.51	155.98
	Inventory turnover rate (number of times)	3.05	2.78	2.84	2.98	3.00	1.14
	Accounts payable turnover rate (number of times)	13.23	9.04	8.64	9.03	9.20	2.83
	Average days required for sales	119.67	131.29	128.52	122.48	121.66	320.17
	Property, plant and equipment turnover rate (number of time)	4.83	4.51	5.10	5.04	4.54	1.32
	Aggregate total asset turnover rate (number of times)	0.78	0.75	0.81	0.81	0.78	0.20
Profitability	Return on assets (%)	6.59	7.72	5.76	6.96	7.98	4.97
	Return on equity (%)	12.50	14.17	9.81	11.87	14.19	9.97
	Profit before tax to paid-in capital (%) (Note 7)	12.02	22.25	15.88	21.56	22.33	16.29
	Profit margin (%)	7.73	9.71	6.58	8.01	9.72	24.02
	Earnings per share (NT\$)	1.76	1.96	1.34	1.46	1.65	1.47
Cash flow	Cash flow ratio (%)	- 1.85	28.65	15.56	9.08	22.22	7.11
	Cash flow adequacy ratio (%)	73.02	107.31	101.10	112.66	189.68	-28.43
	Cash reinvestment ratio (%)	- 9.29	6.24	1.03	0.46	11.58	3.47
Leverage	Operating leverage	443.19	409.89	543.61	313.70	253.28	303.95
	Financial leverage	122.24	116.64	121.02	109.21	106.55	111.15

The reasons for all financial ratio changes within the last two years are as follows. (Analysis is not required if the change is within 20%)

1. Interest coverage multiple: decreased by 30.74% compared to the previous year, mainly due to the decrease in net profit before tax in 2020.
2. Accounts payable turnover ratio: increased by 46.35% compared to the previous year, mainly due to the increase in the cost of goods sold in 2020 compared to 2019.
3. Net income ratio: decreased by 20.4% compared to the previous year, mainly due to the decrease in net profit after tax in 2020 compared to 2019.
4. Cash flow ratio: decreased by 106.47% compared to the previous year, mainly due to the decrease in cash inflow from operating activities during the period.
5. Cash flow equivalency ratio: decreased by 31.95% compared to the previous year, mainly due to the decrease of cash inflow from operating activities in 2020.
6. Cash reinvestment ratio: decreased by 248.99% compared to the previous year, mainly due to lower cash inflow from operating activities during the period.

Financial analysis (parent company only)

Year (Note 1) Analysis Item (Note 3)		Financial analysis for the past five years					As of March 31, 2021 (Note 2)
		2020	2019	2018	2017	2016	
Financial structure (%)	Liabilities to assets ratio	48.46	43.85	46.59	44.43	46.33	N/A
	Long-term working capital to real estate, plants and equipment ratio	449.13	420.27	381.13	404.89	379.17	
Solvency %	Current ratio	117.85	114.29	105.47	104.82	10.52	
	Quick ratio	67.56	68.23	56.85	55.99	57.84	
	Interest coverage multiplicity	14.75	17.06	11.22	14.09	16.87	
Manageability	Accounts receivable turnover rate (number of times)	10.48	9.72	8.68	8.29	8.30	
	Average cash collection days	34.83	37.55	42.05	44.03	43.98	
	Inventory turnover rate (number of times)	4.33	4.00	3.97	3.89	3.77	
	Accounts payable turnover rate (number of times)	13.75	9.40	9.04	9.27	9.88	
	Average days required for sales	84.30	91.25	91.94	93.83	96.82	
	Property, plant and equipment turnover rate (number of time)	5.88	4.98	5.01	4.72	4.25	
	Aggregate total asset turnover rate (number of times)	0.82	0.75	0.76	0.72	0.69	
Profitability	Asset return ratio (%)	7.17	8.22	5.74	6.39	7.57	
	Return on equity (%)	12.52	14.21	9.66	10.85	13.46	
	Profit before tax to paid-in capital (%) (Note 7)	19.79	21.94	14.70	18.07	19.77	
	Profit margin (%)	8.16	10.41	6.91	8.20	10.40	
	Earnings per share (NT\$)	1.76	1.96	1.34	1.46	1.65	
Cash flow	Cash flow ratio (%)	3.30	31.07	16.39	10.33	23.73	
	Cash flow adequacy ratio (%)	95.70	147.54	148.43	188.91	292.52	
	Cash reinvestment ratio (%)	- 6.76	6.77	1.20	0.92	11.87	
Leverage	Operating leverage	375.97	391.27	761.72	461.21	297.49	
	Financial leverage	112.26	114.07	138.78	119.21	110.01	

The reasons for all financial ratio changes within the last two years are as follows. (Analysis is not required if the change is within 20%)

1. Accounts payable turnover ratio (number of times): increased by 46.28% compared to the previous year, mainly due to the increase in the cost of goods sold and decrease in accounts payable in 2020.
2. Net income ratio: decreased by 21.61% compared to the previous year, mainly due to the decrease in net profit before tax in 2020.
3. Cash flow ratio: decreased by 89.38% compared to the previous year, mainly due to the increase in accounts receivable from operating activities during the current period and the increase in inventories, resulting in a decrease in cash inflows from operating activities during the current period.
4. Cash flow equivalency ratio: decreased by 35.14% compared to the previous year, mainly due to the decrease of cash inflow from operating activities in 2020.

5. Cash reinvestment ratio: decreased by 199.99% compared to the previous year, mainly due to lower cash inflow from operating activities during the period.

Note: The above quarterly financial statements have been audited by CPAs.

Note 1: Companies that have prepared parent company only financial statements shall also prepare an analysis of the company's parent company only financial ratios.

Note 2: Companies that complied with IFRS for financial reporting for less than five years should prepare additional financial information based on Taiwan's financial and accounting guidelines under Table (2) below.

Note 3: The year not certified by a CPA shall be stated.

Note 4: If, before the date of publication of the annual report of a listed company, there is any financial information for the most recent period audited and attested or reviewed by a CPA, it shall also be disclosed therewith.

Note 5: The formulas below shall be set out in the end of this table of the Annual Report:

1. Financial structure

(1) Liabilities to assets ratio = Total liabilities / Aggregate total of assets.

(2) Long-term working capital to real estate, plants and equipment ratio = (Aggregate total of equity + Non-current liabilities) / Real estate, plants and equipment, net.

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Expenses paid in advance) / Current liabilities.

(3) Interest coverage multiplicity = Net profit before income tax, interest and expenses / Interest expenditures this term.

3. Operation capacity

(1) Accounts receivable (including notes receivables from operating activities and accounts receivable) turnover rate = Net sales / Average balance of accounts receivable (including notes receivables from operating activities and accounts receivable) in various terms.

(2) Average cash collection days = 365 / Accounts receivable turnover rate.

(3) Inventory turnover rate = Sales costs / Average amount of inventory.

(4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = Sales costs / Average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms.

(5) Average days required for sales = 365 / Inventory turnover rate.

(6) Property, plant and equipment turnover rate = Net sales / Average Property, plant and equipment, net.

(7) Aggregate total asset turnover rate = Net sales / Average aggregate total of assets.

* Profitability

(1) Asset return ratio = [Profit and/or loss after tax + Interest expenses x (1 - Tax rate)] / Average aggregate total of assets.

(2) Equity return ratio = Profit and/or loss after tax / Average aggregate total of equity.

(3) Net profitability = Profit and/or loss after tax / Net sales.

(4) Earnings per share = (Profit and/or loss belonging to parent company proprietor - Preferred shares dividend) / Weighted average number of outstanding shares. (Note 4)

5. Cash flow

(1) Cash flow ratio = Cash flow in operating activities / Current liabilities.

(2) Net cash flow adequacy ratio = Cash flow in operating activities over the past five years / (Capital expenditure + Amount of inventory increase + Cash dividend) for the past five years.

(3) Cash reinvestment ratio = (Cash flow in operating activities - Cash dividend) / (Gross property, plant, and equipment + Long-term investment + Other assets + operating fund). (Note 5)

6. Leverage:

(1) Operating leverage = (Net operating revenue - changed operating costs and expenses) / operating income

(2) Financial Leverage = Operating interests / (Operating interests - Interest expenses).

Note 6: Special attention shall be paid to the following matters when using the calculation formula of earning per share above:

1. Shares outstanding is based on weighted average shares, and not based on year end shares outstanding.

2. Cash offerings or treasury stock transactions are considered in calculating weighted average shares.

3. Earnings appropriation or reserves to paid in capital shall be calculated and adjusted accordingly.
4. If preferred shares are cumulative non-convertible preferred shares, dividends shall be subtracted (regardless of whether they are paid out in dividends), from after tax net profit. If preferred shares are non-cumulative, in the event of net profits, preferred shares shall be subtracted after tax, but no adjustments needed if there are losses.

Note 7: Special attention should be paid to the following when measuring cash flow analysis:

1. Cash flows from operating activities refers to operating cash flows.
2. Capital expenditures are from the annual cash flow statements on capital expenditure outflows.
3. Inventory increases are from period end balance greater than period beginning balances, if inventories are less, then zero is applied.
4. Cash dividends includes common stock and preferred shares dividends.
5. Property, plant, and machinery balance is after subtracting accumulative depreciation.

Note 8: The issuer shall classify the operating costs and operating expenses as fixed or variable as per their nature. If it involves estimation or subjective judgment, they are classified based on rationality and consistency.

Note 9: Where corporation shares have no par value or where the par value per share is not NTD 10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent company of the asset balance sheet.

III. Audit Committee's Review Report for the Financial Statements of the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, among which the Financial Statements have been audited by Crowe (TW) CPAs, by whom an audit report has been issued accordingly.

The Business Report, Financial Statements have been reviewed by the Audit Committee, which has not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, the Audit Committee hereby issues this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Mayer Steel Pipe Corporation
Convenor of the Audit Committee: Chih-Ling Chen

March 19, 2021

Audit Committee's Review Report

The Board of Directors has issued the Company's 2020 earnings distribution, which has been reviewed by the Audit Committee. The Audit Committee has not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, the Audit Committee, hereby issues this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Mayer Steel Pipe Corporation
Convenor of the Audit Committee: Chih-Ling Chen

April 27, 2021

IV. Financial Report for the Most Recent Year (Including an Independent Auditor's Report, Two-year Comparative Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Chart, and Notes or Appendix.)

Statement of Declaration

HEREBY DECLARE THAT

In 2020 (from January 1 to December 31, 2020), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

Company Name: Mayer Steel Pipe Corporation

Person in charge: Chun-Fa Huang

March 19, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Mayer Steel Pipe Corporation

Opinion

We have audited the accompanying consolidated financial statements of Mayer Steel Pipe Corporation and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis of opinion

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

Key Audit Matters

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

Key audit matters from the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Valuation of inventory

As of December 31, 2020, the inventory - manufacturing net amount of Mayer Steel Pipe Corporation and subsidiaries is NT\$1,039,463 thousand (after deducting allowance for inventory valuation, obsolescence losses, and idled losses of NT\$5,433 thousand). Please refer to Notes 5 and 6 (8) for the consolidated financial statements. The inventory valuation of the Group are affected by international steel price and market fluctuations, possibly resulting in slow-moving inventory and subsequent obsolescence losses. The Company's accounting policies for reporting allowance for inventory valuation and obsolescence losses are based on information on the age of inventory, which comes from management's evaluation of the expected net realizable value of each product based on inventory sales and purchase price to determine the value of normal quality inventory by the lower cost and net realizable value and report allowances for valuation loss. Because such evaluation involves major judgments from management and the inventory's book value is such a major part of consolidated financial statements, we have listed inventory valuation as a key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

1. Understand and evaluate the design and effectiveness of the Company's internal inventory control system, including the accuracy of reported age of inventory.
2. Evaluate the age of inventory at the end of the year and take samples to verify the accuracy of reported age of inventory.
3. Verify that basic assumptions made in the calculation of net realizable values are sound.
4. Conduct inventory sampling at the end of the year to confirm and evaluate whether the inventory is out of date or damaged.

Valuation of financial assets

As of December 31, 2020, the Group's non-current financial assets at fair value through profit or loss, non-current financial assets at fair value through other comprehensive income, and net investment accounted under the equity method totals NT\$991,327 thousand. Please refer to Notes 5 and 6 (2), (3), and (11). The Group's assess their fair value and report their financial asset (losses) income at fair value, unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income, and shares of income of affiliated companies and joint ventures accounted under the equity method. These assessments are made by management based on assessment reports by professional appraisal companies and the net equity value and current gains/losses of affiliated companies. The management evaluates increases and decreases in book value to recognize the shares of investees' income, then evaluate whether there are any objective evidence of impairment to determine any impairment amount. Because book value is significant to the consolidated financial statements, we have listed non-current financial asset at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, and net investment amount recognized under the equity method as key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

1. Obtain professional appraisal report of the Group's non-current financial assets at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, as well as the most recent comparable financial statements provided by affiliate companies to verify the soundness of how the fair value is determined.
2. Verify the accuracy of reported financial assets at fair value through profit or loss, unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, and shares of profits and losses of affiliated companies and joint ventures recognized under the equity method.
3. Make adjustments to the financial statements of affiliated companies based on auditing results so that the financial statements comply with the requirements and presentations of the IFRS, IAS, IFRIC, and SIC approved by Financial Supervisory Commission.

4. Other Matters

We did not audit the financial statements of certain companies in which the Group has investments accounted for using the equity method. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of other independent accountants. Investments in these associates amounted to NT\$189,240 thousand and NT\$178,664 thousand, both representing 3% of the consolidated total assets as of December 31, 2020 and 2019, and the share of profit of these associates accounted for using equity method amounted to NT\$53,900 thousand and NT\$58,150 thousand, both representing 12% of total consolidated income before income tax for the years then ended, respectively. In addition, the share of other comprehensive income of these associates accounted for using equity method amounted to NT\$ (8,830) thousand and NT\$ (3,801) thousand, representing (31%) and (14%) of total consolidated comprehensive income for the years then ended, respectively.

We have also audited the parent company only financial statements of Mayer Steel Pipe Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's 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 misstatements 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 appropriate audit evidence regarding the financial information of the 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 auditor opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chin-Feng Lin and Ya-Chuan Chang.

Crowe (TW) CPAs
Taipei, Taiwan (Republic of China)
March 19, 2021
Notice to Readers

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

Mayer Steel Pipe Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Current assets :				
Cash and cash equivalents(Note 6)	\$ 244,858	4	\$ 361,821	6
Current financial assets at fair value through profit or loss(Note 6)	42,620	1	110,159	2
Current financial assets at fair value through other comprehensive income(Note 6)	59,335	1	14,532	-
Current financial assets at amortised cost(Note 6)	61,248	1	-	-
Notes receivable, net(Note 6)	92,752	1	63,036	1
Accounts receivable, net(Note 6)	478,822	7	355,807	6
Accounts receivable due from related parties, net(Note 6 and 7)	8,384	-	2,352	-
Finance lease receivable, net(Note 6 and 8)	840	-	923	-
Other receivables(Note 6)	100,385	1	17,246	-
Inventories, manufacturing business(Note 6)	1,039,463	15	790,096	12
Inventories (for construction business)(Note 6 、 7 and 8)	628,142	9	550,914	9
Prepayments(Note 6)	116,143	2	114,062	2
Other current assets(Note 6 and 8)	841,938	13	737,596	12
Total current assets	3,714,930	55	3,118,544	50
Non-current assets :				
Non-current financial assets at fair value through profit or loss(Note 6)	374,725	6	369,379	6
Non-current financial assets at fair value through other comprehensive income(Note 6)	204,297	3	218,695	4
Non-current financial assets at amortised cost(Note 6)	-	-	10,000	-
Investments accounted for using equity method(Note 6 and 7)	412,305	6	425,778	7
Property, plant and equipment(Note 6 、 7 and 8)	1,024,556	15	1,074,738	17
Right-of-use assets(Note 6)	658,560	10	716,375	11
Investment property, net(Note 6 and 8)	150,569	2	153,502	2
Intangible assets(Note 7)	3,141	-	2,210	-
Deferred tax assets(Note 6)	20,000	-	2,011	-
Other non-current assets(Note 6 、 7 、 8 and 9)	214,296	3	211,622	3
Total non-current assets	3,062,449	45	3,184,310	50
Total assets	\$ 6,777,379	100	\$ 6,302,854	100
Liabilities and equity				
Current liabilities :				
Current borrowings(Note 6 and 8)	\$ 1,959,907	29	\$ 1,503,154	24
Short-term notes and bills payable(Note 6 and 8)	29,992	1	29,972	-
Current contract liabilities(Note 6 and 7)	2,743	-	4,875	-
Notes payable	229,038	3	311,718	5
Notes payable to related parties(Note 7)	-	-	572	-
Accounts payable	94,997	1	56,601	1
Accounts payable to related parties(Note 7)	120	-	-	-
Other payables	129,029	2	142,787	2
Other payables to related parties(Note 7)	16	-	2,221	-
Current tax liabilities	78,774	1	45,397	1
Current lease liabilities(Note 6)	48,745	1	50,281	1
Long-term liabilities, current portion(Note 6 and 8)	2,711	-	-	-
Other current liabilities, others(Note 6)	6,752	-	6,701	-
Total current liabilities	2,582,824	38	2,154,279	34
Non-current liabilities :				
Non-current portion of non-current borrowings(Note 6 and 8)	72,435	1	77,813	1
Non-current provisions(Note 6 and 9)	41,746	1	316	-
Current tax liabilities, non-current(Note 6)	21,814	-	-	-
Deferred tax liabilities(Note 6)	176,385	3	184,203	3
Non-current lease liabilities(Note 6)	614,523	9	658,086	11
Net defined benefit liability, non-current(Note 6)	22,903	-	23,014	-
Other non-current liabilities, others(Note 6)	100,394	2	74,037	1
Total non-current liabilities	1,050,200	16	1,017,469	16
Total liabilities	3,633,024	54	3,171,748	50
Equity attributable to owners of parent				
Total Share Capital(Note 6)	2,225,261	33	2,225,261	35
Total capital surplus(Note 6)	281,622	4	281,622	4
Retained earnings(Note 6)				
Legal reserve	197,832	3	156,048	3
Special reserve	208,224	3	242,551	4
Unappropriated retained earnings	404,805	6	435,360	7
Total retained earnings	810,861	12	833,959	14
Total other equity interest(Note 6)	(179,392)	(3)	(208,224)	(3)
Total equity attributable to owners of parent	3,138,352	46	3,132,618	50
Non-controlling interests(Note 6)	6,003	-	(1,512)	-
Total equity	3,144,355	46	3,131,106	50
Total liabilities and equity	\$ 6,777,379	100	\$ 6,302,854	100

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

Mayer Steel Pipe Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
Operating revenue(Note 6 、 7 and 14)	\$ 5,073,767	100	\$ 4,483,371	100
Operating costs(Note 6 and 7)	(4,583,199)	(90)	(4,002,125)	(89)
Gross profit from operations	490,568	10	481,246	11
Unrealized profit (loss) from sales	(1,143)	-	(980)	-
Realized profit (loss) on from sales	980	-	1,543	-
Gross profit from operations	490,405	10	481,809	11
Operating expenses(Note 6 and 7)				
Selling expenses	(88,098)	(2)	(86,110)	(2)
Administrative expenses	(154,510)	(3)	(148,320)	(3)
Impairment gain and reversal of impairment loss	19,663	-	6,503	-
Total operating expenses	(222,945)	(5)	(227,927)	(5)
Net operating income	267,460	5	253,882	6
Non-operating income and expenses				
Interest income(Note 6)	19,149	-	14,931	-
Other income(Note 6 and 7)	67,168	2	61,394	2
Other gains and losses, net(Note 6)	59,675	1	107,034	2
Finance costs, net(Note 6)	(48,663)	(1)	(36,542)	(1)
Impairment gain and reversal of impairment loss	-	-	(16)	-
Share of profits of subsidiaries and associates(Note 6 and 14)	81,142	2	94,487	2
Total non-operating income and expenses	178,471	4	241,288	5
Profit (loss) from continuing operations before tax	445,931	9	495,170	11
Income tax expense (Note 6 and 14)	(53,787)	(1)	(59,839)	(1)
Net Income	392,144	8	435,331	10
Other comprehensive income				
Remeasurement of defined benefit obligation(Note 6)	(173)	-	(6,616)	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income(Note 6)	57,957	1	29,850	-
Components of other comprehensive income that will not be reclassified to profit or loss	57,784	1	23,234	-
Exchange differences on translation(Note 6)	(13,887)	-	(5,170)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss(Note 6)	(22,852)	(1)	10,808	-
Other comprehensive loss for the year, net of income tax(Note 6)	7,281	-	(1,120)	-
Components of other comprehensive income that will be reclassified to profit or loss	(29,458)	(1)	4,518	-
Other comprehensive income, net	28,326	-	27,752	-
Total comprehensive income	\$ 420,470	8	\$ 463,083	10
Net Income attributable to:				
Shareholders of the parent	\$ 392,624	8	\$ 436,706	10
Non-controlling interests	(480)	-	(1,375)	-
	\$ 392,144	8	\$ 435,331	10
Total comprehensive income attributable to:				
Shareholders of the parent	\$ 421,283	8	\$ 464,417	10
Non-controlling interests	(813)	-	(1,334)	-
	\$ 420,470	8	\$ 463,083	10
Basic earnings per share(Note 6)	\$ 1.76		\$ 1.96	

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

Mayer Steel Pipe Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	Retained Earnings						Others						Non-controlling Interests	Total Equity
	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Translation	Currency Reserve	Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Stock	Total		
Balance, January 1, 2019	\$ 2,245,261	\$ 283,711	\$ 125,989	\$ 102,504	\$ 499,164	\$ 727,657	\$ (58)	\$ (242,493)	\$ (242,551)	\$ -	\$ 3,014,078	\$ (178)	\$ 3,013,900	
Effects of retrospective application	-	-	-	-	(664)	(664)	-	-	-	-	(664)	-	(664)	
Balance of Period After Adjustments, January 1, 2019	2,245,261	283,711	125,989	102,504	498,500	726,993	(58)	(242,493)	(242,551)	-	3,013,414	(178)	3,013,236	
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	30,059	-	(30,059)	-	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	140,047	(140,047)	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(311,537)	(311,537)	-	-	-	-	(311,537)	-	(311,537)	
Net income in 2019	-	-	-	-	436,706	436,706	-	-	-	-	436,706	(1,375)	435,331	
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	(6,616)	(6,616)	4,477	29,850	34,327	-	27,711	41	27,752	
Total comprehensive income (loss) in 2019	-	-	-	-	430,090	430,090	4,477	29,850	34,327	-	464,417	(1,334)	463,083	
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(29,739)	(29,739)	-	(29,739)	
Retirement of treasury share	(20,000)	(2,089)	-	-	(7,650)	(7,650)	-	-	-	29,739	-	-	-	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,445)	(3,445)	-	-	-	-	(3,445)	-	(3,445)	
Others	-	-	-	-	(492)	(492)	-	-	-	-	(492)	-	(492)	
Balance, December 31, 2019	2,225,261	281,622	156,048	242,551	435,360	833,959	4,419	(212,643)	(208,224)	-	3,132,618	(1,512)	3,131,106	
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	41,784	-	(41,784)	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(411,674)	(411,674)	-	-	-	-	(411,674)	-	(411,674)	
Reversal of special reserve	-	-	-	(34,327)	34,327	-	-	-	-	-	-	-	-	
Net income in 2020	-	-	-	-	392,624	392,624	-	-	-	-	392,624	(480)	392,144	
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(173)	(173)	(29,125)	57,957	28,832	-	28,659	(333)	28,326	
Total comprehensive income (loss) in 2020	-	-	-	-	392,451	392,451	(29,125)	57,957	28,832	-	421,283	(813)	420,470	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,875)	(3,875)	-	-	-	-	(3,875)	-	(3,875)	
Others	-	-	-	-	-	-	-	-	-	-	-	8,328	8,328	
Balance, December 31, 2020	\$ 2,225,261	\$ 281,622	\$ 197,832	\$ 208,224	\$ 404,805	\$ 810,861	\$ (24,706)	\$ (154,686)	\$ (179,392)	\$ -	\$ 3,138,352	\$ 6,003	\$ 3,144,355	

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

Mayer Steel Pipe Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities		
Profit (loss) before tax	\$ 445,931	\$ 495,170
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	138,334	97,406
Amortization expense	7,578	5,382
Expected credit loss (gain)	(19,663)	(6,487)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(84,877)	(108,565)
Interest expense	48,663	36,212
Interest income	(19,149)	(14,931)
Dividend income	(48,763)	(42,415)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(81,142)	(94,487)
Loss (gain) on disposal of property, plan and equipment	3,690	1,652
Loss (gain) on disposal of investments	(24,809)	(3,406)
Other adjustments to reconcile profit (loss)	-	(309)
Total adjustments to reconcile profit (loss)	(80,138)	(129,948)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	92,738	34,996
Decrease (increase) in notes receivable	(29,716)	46,872
Decrease (increase) in accounts receivable	(124,352)	23,388
Decrease (increase) in accounts receivable due from related parties	(6,032)	11,396
Decrease (increase) in other receivable	(58,726)	(5,965)
Decrease (increase) in inventories	(326,595)	202,068
Decrease (increase) in prepayments	(2,081)	(6,142)
Decrease (increase) in other current assets	(21,815)	23,206
Total changes in operating assets	(476,579)	329,819
Increase (decrease) in contract liabilities	(2,132)	(20,841)
Increase (decrease) in notes payable	(82,680)	(100,976)
Increase (decrease) in notes payable to related parties	(572)	572
Increase (decrease) in accounts payable	38,396	(46,867)
Increase (decrease) in accounts payable to related parties	120	-
Increase (decrease) in other payable	(14,179)	19,432
Increase (decrease) in other payable to related parties	(2,205)	81
Increase (decrease) in provisions	41,430	316
Increase (decrease) in other current liabilities	51	119
Increase (decrease) in net defined benefit liability	(284)	106
Total changes in operating liabilities	(22,055)	(148,058)
Total changes in operating assets and liabilities	(498,634)	181,761
Total adjustments	(578,772)	51,813
Cash inflow (outflow) generated from operations	(132,841)	546,983
Interest received	15,736	18,550
Dividends received	116,997	127,468
Interest paid	(30,838)	(31,078)
Income taxes refund (paid)	(16,960)	(44,646)
Net cash flows from (used in) operating activities	(47,906)	617,277

(Continued)

	2020	2019
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(20,189)	(8,590)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,707	5,814
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	36,433	72,866
Acquisition of financial assets at amortised cost	(61,248)	-
Proceeds from repayments of financial assets at amortised cost	10,000	-
Acquisition of property, plant and equipment	(31,694)	(226,726)
Proceeds from disposal of property, plant and equipment	3,677	124
Decrease in refundable deposits	3,493	45,979
Acquisition of intangible assets	(1,527)	-
Increase in long-term lease and installment receivables	-	(41,021)
Decrease in long-term lease and installment receivables	685	-
Increase in other non-current assets	(4,895)	-
Increase in prepayments for business facilities	(9,612)	-
Decrease in prepayments for business facilities	-	11,988
Increase in other prepayments	-	(9,986)
Other investing activities	8,569	(563)
Net cash flows from (used in) investing activities	(63,601)	(150,115)
Cash flows from (used in) financing activities :		
Increase in short-term loans	456,753	-
Decrease in short-term loans	-	(187,692)
Increase in short-term notes and bills payable	20	-
Decrease in short-term notes and bills payable	-	(2)
Proceeds from long-term debt	-	68,813
Repayments of long-term debt	(2,667)	-
Increase in guarantee deposits received	21,580	-
Payments of lease liabilities	(68,735)	(33,813)
Cash dividends paid	(411,674)	(311,537)
Payments to acquire treasury shares	-	(29,739)
Change in non-controlling interests	8,328	41
Net cash flows from (used in) financing activities	3,605	(493,929)
Effect of exchange rate changes on cash and cash equivalents	(9,061)	(2,917)
Net increase (decrease) in cash and cash equivalents	(116,963)	(29,684)
Cash and cash equivalents at beginning of period	361,821	391,505
Cash and cash equivalents at end of period	\$ 244,858	\$ 361,821

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

Mayer Steel Pipe Corporation and subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

Mayer Steel Pipe Corporation (hereby referred to as “The Company”), was founded in September 1959 in compliance with the Company Act of the Republic of China and registered in Taipei City. The Company is the first professional steel pipe manufacturer in Taiwan. The primary business of the Company and its entities is to specialize in the production and sales of black steel pipes, galvanized steel pipes and stainless-steel coils for pipes. The Company was also awarded the CNS Mark certificate by the Bureau of Standards, Metrology, and Inspection of the Ministry of Economic Affairs for “black welded steel pipes for low pressure use, zinc-coated welded steel pipes for low pressure use, carbon steel pipes for general structures, carbon steel pipes for machine structures, and electrical metallic tubing”. In order to expand diversified operations, the Company established its construction department in 2003 and purchased land to build public housing in independent or joint construction projects. To learn more about the major construction projects of the Company and its subsidiaries (hereby referred to as “The Group”), please refer to Note 4 (3).

The Company’s shares were approved for public offering in August 1990 by the Securities and Futures Commission of the Ministry of Finance (now the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan), approved for listed on February 4, 1993, and officially listed for trading on April 27, 1993.

2. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 19, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) in issue and endorsed by the Financial Supervisory Commission, R.O.C. (FSC):

The IFRSs endorsed and issued by the FSC in 2020 were listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments of IFRS 3 Definition of a Business	January 1, 2020
Amendments of IAS 1 and Definition of Material IAS 8	January 1, 2020
Amendments of IFRS 9, IAS Interest Rate Benchmark Reform 39 and IFRS 7	January 1, 2020
Amendments of IFRS 16 Covid-19 - Related Rent Concessions	June 1, 2020(Note)

Note: The FSC allowed companies to adopt these changes in advance on January 1, 2020.

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group and its subsidiaries' accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Material"

The Group and its subsidiaries adopted the amendment from January 1, 2020. The threshold for materiality influencing users has been changed to "could reasonably be expected to influence" and, therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

- (2) The impact of the Group has not applied the IFRSs in issue and endorsed by FSC:

The IFRSs endorsed by the FSC for application with starting date from 2021 were listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	June 25, 2020 (Effective immediately upon promulgation by the IASB)
Amendment to IFRS 16 "COVID-19-related rent concession"	June 1, 2020 (Note 1)

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9, “Interest Rate Benchmark Reform - IAS 39, IFRS 7, IFRS 4, Phase 2 and IFRS 16	January 1, 2021 (Note 2)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or June 1, 2020

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or June 1, 2020 January 1, 2021

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.

Amendment to IFRS 16 “COVID-19-Related Rent Concession”

The Group did not make rent negotiations related to the aforementioned amendment in 2020. However, the amendment will apply to any such negotiations in 2021.

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” and IAS 28	To be determined by IASB
IFRS 17 “Insurance Contract”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendment to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendment to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendment to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRSs 2018-2020	January 1, 2022

New, Revised or Amended Standards and Interpretations			Effective Date Announced by IASB (Note 1)
			(Note 5)
Amendment to IAS 1	“Disclosure of Accounting Policies”		January 1, 2023
Amendment to IAS 8	“Definition of Accounting Estimates”		January 1, 2023

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

Note 4: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 5: 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.

As of the date the consolidated financial statements were reported to the board of directors and authorized for issue, the Group and its subsidiaries are continuously assessing the possible impact that the initial application of the other standards and the amendments and interpretations will have on their financial position and financial performance and disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies listed below is consistent adopted in all reporting periods. Unless otherwise stated, these policies are applied consistently throughout the reporting period.

(1) Statement of Compliance

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

(2) Basis of Preparation

A. The consolidated financial statements have been prepared on a historical cost basis except for financial instruments 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.

B. The preparation of financial statements in compliance with IFRSs as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of Consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting

policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- (c) Each component of profits and losses and other comprehensive profits and losses belong to the owners and non-controlling interests of the parent company.
- (d) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (e) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions (i.e., transactions among owners in their capacity as owners). Difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.
- (f) If the Group loses control of a subsidiary, its remaining investments in the former subsidiary shall be remeasured based on fair value and count as the fair value of the originally recognized financial assets or the cost of originally recognized investment in an affiliated company or joint venture. The difference between fair value and carrying amount will be recognized as the profit or loss for the period. All amounts previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss.

B. Subsidiaries included in the consolidated financial statements

The subject of this consolidated financial statements is as follows:

Name of Investor	Name of subsidiary	Nature of business	Ownership (%)			Description
			2020.12.31	2019.12.31		
Mayer Steel Pipe Corporation	Vietnam Mayer Co., Ltd.	Processing and sales of steel pipes, steel plates and other metal products	100.00%	100.00%		
	Glory World Development Ltd. (BVI)	Various investment business	Note	50.21%		

Name of Investor	Name of subsidiary	Nature of business	Ownership (%)		
			2020.12.31	2019.12.31	Description
	Mei Kong Development Ltd.	Various investment and property development business	100.00%	100.00%	
	Miramar Development Limited	Various investment business	90.00%	90.00%	
	Mayer Inn Corporation	Various wholesale trade and general hotel business	100.00%	100.00%	
Glory World Development Limited (BVI)	Sinowise Development Limited	Trading in non-ferrous metals and other mineral resources	100.00%	100.00%	
	Eternal Galaxy Limited	Trading in non-ferrous metals and other mineral resources	100.00%	100.00%	
	Grace Capital Group Limited	Trading in non-ferrous metals and other mineral resources	100.00%	100.00%	

Note: Glory World Development Ltd. (BVI) was struck off by the local government on November 3, 2020 and is therefore not included as an entity in the preparation of the consolidated financial statements:

C. Subsidiaries not included in the consolidated financial statements:

(a) Mayer Corporation Development International Limited (BVI) has been removed as an entity in the preparation of consolidated financial statements since March 27, 2017. For the relevant liquidation process, please refer to Note 9 (3).

(b) Glory World Development Ltd. (BVI) was struck off by the local government on November 3, 2020 and is therefore not included as an entity in the preparation of this consolidated financial statements.

D. Subsidiaries that have non-controlling interests that are material to the Group:
None.

(4) Foreign Currency Translation

A. Items included in the financial statements of each of the Group's entities are all measured using the currency of the primary economic environment in which the

entity operates (the ‘functional currency’). The consolidated financial statements are presented in New Taiwan Dollars, which is the Group’s functional and presentation currency.

B. In preparing the individual financial statements of each consolidated entity, transactions in currencies other than the functional currency of the entity (foreign currency) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange difference on monetary items are recognized as the period’s profit or loss. Non-monetary items measured at fair value that are denominated in foreign currency are retranslated at the rates prevailing at the date when the fair value was determined. Exchange difference arising on the retranslation of non-monetary items are included in profit or loss for the year 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 difference are also recognized directly in other comprehensive income. Non-monetary items that are measured by historical cost in a foreign currency are not retranslated.

C. In preparation of consolidated financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange difference are recognized in other comprehensive income and accumulated in equity attributed to the owners.(and appropriately allocated to non-controlling interests).

(5) Classification of Current and Non-Current Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be realized or consumed within one year from the end of the reporting period. Assets that are not current assets are classified as non-current assets. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Liabilities that are not current liabilities are classified as non-current liabilities.

Also, the business cycle of the Group's construction department is longer than a year, but its relevant assets and liabilities are categorized as current or non-current assets based on regular business cycles.

(6) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash in banks, and short-term and highly liquid time deposits and investments that can be converted into imprest cash at any time with little risk of changing value. Such cash and cash equivalents are used to meet short-term cash commitments.

(7) Financial Instruments

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

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

Financial Assets

A. Category of financial assets and measurement

Regular transaction of financial assets are recognized on the day of transaction.

Financial assets transactions on a regular way purchase or sale are recognized and derecognized using trade date accounting.

The Group has held categories of financial assets are including financial assets at fair value through profit or loss, financial assets at amortized cost and equity instrument at fair value through other comprehensive income.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated to be measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument

investments that the Group did not designate to be measured at fair value, or investment in debt instruments that cannot be classified as either measured at cost after amortization or measured at fair value through other comprehensive gains and losses.

Financial assets at fair value through profit or loss are recognized at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss. These profit or loss incorporates any dividends or interests. For the method of determining fair value, please refer to Note 12 (2).

(b) Financial assets at amortized cost

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

- i. The financial asset are held under certain business models with the purpose of holding financial assets to collect contractual 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.

After initial recognition, financial assets at amortized cost are measured by the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

With exception to the following two conditions, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(c) Equity instrument at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate investments in equity investments that are not held for trading as at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequent changes in fair value are reported 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 measured at fair value through other comprehensive income are recognized in profit and loss when the Group's right to receive the dividends is established, unless the dividends clearly represent partial recovery of the investment cost.

B. Impairment of financial assets

The Group recognizes a loss allowance for financial assets (including accounts receivable) at amortized cost based on expected credit loss assessment at the end of the reporting period, investment in debt instruments measured at fair value through other comprehensive income, finance lease receivables, or contract assets.

Accounts receivable, contract assets and financial lease receivables are all recognized as allowance for loss based on expected credit losses of the duration. Other financial assets are first assessed to determine whether there has been significant increases to credit risk since the initial recognition. If there has been no significant increase, the 12-month expected credit loss is recognized as allowance of loss. If there has been significant increase, then the duration expected credit loss is recognized as allowance for loss.

Expected credit loss is the weighted average credit loss based on default risk. 12-month expected credit loss refers to expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Duration expected credit loss refers to expected credit losses arising from possible defaults during the expected duration of a financial instrument.

The impairment loss of all financial assets reduces carrying amount by the allowance account, with exception to the allowance of loss of debt instrument investments measured at fair value through other comprehensive income, which is recognized as other comprehensive income and does not reduce the carrying amount of the financial asset.

C. Derecognition of financial assets

The Group only derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other entity.

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 measured at fair value through other comprehensive income, the difference the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profits and losses. However, on derecognition of an investment in an equity instrument at fair value through other comprehensive income, the accumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity Instruments

An equity instrument refers to any contract that recognizes the remaining equity of the Group after deducting all liabilities from its assets. The equity instruments issued by the Group are recognized at the amount obtained after deducting direct issuance costs.

Retrieving the company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance, or cancellation of the company's own equity instruments are not recognized in profit or loss.

Financial Liabilities

A. Subsequent assessments

Except for the following conditions, subsequent assessments of financial liabilities are made based on amortized cost calculated by effective interest method or measured at fair value through profit and loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and designated to be measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value. Any benefits or losses resulting from reassessments are recognized as profit or loss.

Financial liabilities not held for trading nor designated to be measured at fair value through profit or loss are measured at amortized cost at the end of the subsequent reporting period.

B. Derecognition of financial liabilities

The Group only derecognizes financial liabilities when obligations are discharged, cancelled or expired. In derecognizing financial liabilities, the difference between the carrying amount and the total consideration paid and payable is recognized as profit or loss.

(8) Inventories – Manufacturing Business

Inventories include raw materials, materials, finished products, and works in progress. Acquisition cost is used as the accounting basis for inventories, and costs are calculated through weighted average. Inventory is measured by cost or net realizable value, depending on which is lower. Cost and net realizable value are compared based on individual items unless the inventories are of the same category. Net realizable value refers to estimated selling price under normal circumstances after subtracting the estimated costs and sales expenses that need to be invested to complete the project. Inventory write-downs and unallocated fixed expenses when actual production is lower than normal production capacity are transferred to the current cost of goods sold.

(9) Inventories (for Construction Business)

Inventories include properties for sale, properties under construction, and prepaid land payments. Inventories are recorded based on acquisition cost, and construction profit and loss is recognized according to the completed contract method. Prepaid land payments are transferred under construction land after the Group obtains ownership, then transferred once again under construction site when active development begins. Relevant interests are capitalized from the start of active development or construction work to project completion.

(10) Joint Agreement

Investment joint agreements are divided into joint operations and joint ventures based on contractual rights and obligations.

Joint Operations

Regarding equity in joint operations, the Group recognizes its direct rights (and their shares) in the assets, liabilities, income and expenses of the joint operation, which have been included under applicable items in the financial report.

(11) Investments Accounted for Using Equity Method - Associates.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence refers to the power to participate in but not control nor jointly control financial and operating policy decisions of the investee company. The Group adopts the equity method in handling investments in associates. Under the equity method, investment in associates are initially recognized at cost. After the date of acquisition, the carrying amount is increased or decreased in accordance with the share of profits and losses of associates and other comprehensive income enjoyed by the Group and profit distribution. In addition, changes in the equity of associates are recognized based on the ownership percentage.

If the Group does not subscribe or acquire new shares issued by associates according to its ownership percentage, resulting in changes to the ownership percentage, thus causing increases or decreases in the net equity value of the investment, the increase or decrease is adjusted to the “capital surplus” and “investments accounted for using equity method”. However, if not subscribe or acquire new shares according to ownership percentage resulted in a decrease in the Group’s ownership interest in the associates, the amount recognized in the other comprehensive income related to the associates shall be reclassified according to the reduction percentage. The basis of this accounting process is the same as the associates must follow if they directly dispose of relevant assets or liabilities. If the former adjustment must be debited to additional paid-in capital, but the paid-in capital generated by investments using the equity method is insufficient, the difference will be debited to retained earnings.

The Group will cease to recognize further losses if the Group's share of losses in an associates equals or exceeds its equity in the associates. The Group only recognizes

additional losses and liabilities within the scope of legal obligations, constructive obligations, or payments made on behalf of associates.

If the acquisition cost exceeds the Group's share of the net fair value of the associates's identifiable assets and liabilities on the date of acquisition, the exceeded amount is listed as goodwill. This goodwill is included in the carrying amount of the investment and cannot be amortized. If the Group's share of the net fair value of the associates's identifiable assets and liabilities on the date of acquisition exceeds the acquisition cost, the difference is listed as current income.

When assessing impairment, the Group treats the overall book value of the investment (including goodwill) as a single asset and compares the recoverable amount (value in use or fair value minus sales costs, whichever is higher) with the book value to test for impairment. The recognized impairment loss is also part of the book value of the investment. Any reversal of impairment losses shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The Group will cease to adopt the equity method from the date it ceases to be a significant influence over an associate. It will then measure its remaining investments in the former associates at fair value. The fair value of remaining investments and the difference between any disposition price and the book value of the investment on the day the Group ceases to be a significant influence shall be included in the current profit and loss. In addition, the accounting basis for amounts recognized in other comprehensive income related to said associates is the same as the basis that the associates must follow if it directly disposes of relevant assets or liabilities.

Gains and losses resulting from upstream, downstream, and sidestream transactions between the Group and its associates are only recognized in the consolidated financial statement to the extent that they are unrelated to the Group's equity in the associates.

(12) Property, Plants and Equipment

Properties, plants and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss. Cost includes incremental costs that can be directly attributed to the acquisition or construction of assets.

Self-owned lands are not listed for depreciation.

The Group uses the straight-line depreciation method, which means that the difference between the cost of the asset and salvage value of the asset is divided by the useful life of the asset. The estimated useful life, salvage value and depreciation method of assets are reviewed at least once at the end of each year. Prospective application for any impact of estimated changes.

Derecognize properties, plants, and equipment that are disposed of or if the disposal or usage of which can no longer be expected to generate future economic benefits. The amount of gains or losses resulting from the derecognition of properties, plants, and equipment is the difference between the net disposal price and the carrying amount of the assets in question and are recognized in that period's profit or loss.

(13) Leases

The Group assesses whether a contract belongs to (or includes) a lease on the day the contract is established. For contracts with a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to the lease components based on the relative stand-alone price of each lease component and the aggregate stand-alone price of non-lease components.

A. The Group as lessee

Except from recognizing short-term and low-value leases on a straight-line bases, the Group recognizes right-of-use assets and lease liability for all arrangements in which it is a lessee.

(a) Right-of-use assets

Right-of-use assets are initially measured at cost (including the amount of the initial measurement of the corresponding lease liability, lease payment made prior to the commencement date of the lease minus lease incentives received, initial direct costs, and the estimated cost of restoring the underlying asset). Subsequent measurements are based on cost minus accumulated depreciation and impairment, adjusted by the re-measurement of lease liability.

With exception to right-of-use assets that can be defined as investment properties, right-of-use assets are reported in consolidated balance sheets as line items.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term. However, if ownership of an underlying asset will be obtained by the Group at the end of the lease term, or if the cost of a right-of-use asset reflects the exercise of the purchase option, the asset is depreciated from the commencement date of the lease to the end of the underlying asset's useful life.

(b) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payment, substantive fixed payment and deduction of lease incentives). If the interest rate implicit in the lease is readily determinable, then lease payments are discounted using the interest rate. If the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate of the lessee will be used instead.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are amortized during the lease term. During the lease term, if evaluation of the purchasing options of the underlying asset, amounts expected to be paid under residual value guarantees, or variable lease payments that depend on an index or a rate causes a change in future lease payments, the Group will remeasures the lease liability and make corresponding adjustments to right-of-use assets. However, if the book value of right-of-use assets has been reduced to zero, the remaining re-measurement amount will be recognized in profit and loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

B. The Group as the lessor

Leases that transfer substantially all risks and rewards incidental to the underlying asset are categorized as finance leases. Otherwise, they are categorized as operating leases.

When a lease includes land and building components, the Group assesses each component to categorize them as wither a finance lease or operating lease and allocate lease payments (including any one-off front-end payments) between the land

and buildings in proportion to their fair values at the commencement date of the contract. If lease payments cannot be reliably allocated to these two components, then the overall lease is categorized as a finance lease. However, if these two components are clearly in line with operating lease standards, then the overall lease is categorized as an operating lease.

When subleasing right-of-use assets, the Group uses right-of-use assets (instead of underlying assets) to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the Group, the sublease is classified as an operating lease.

Under finance leases, lease payment includes both fixed payments (including in-substance fixed payments) and variable lease payments that depend on an index or rate. Net lease investment is the sum of the present value of both the lease receivable and the unguaranteed residual value plus the original direct cost that is expressed as the financial lease receivable. The Group allocates finance income over the lease term on a systematic and rational basis to reflect the constant periodic rate of return on the Group's net investment in the lease.

Under operating leases, lease payments after deducting lease incentives are recognized on a straight-line basis. Lease negotiation with the leasee is accounted as a new lease from the effective date of the lease modification.

(14) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for a currently undetermined future use. And right-of-use assets that meet the definition of investment property.

Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The Group recognizes depreciation on a straight line basis. In other words, the asset cost minus residual value is allocated over the useful life of the investment property.

Derecognize investment properties that disposed of or permanently withdrawn from use, or if the disposal of which can no longer be expected to generate future economic

benefits. The amount of gains or losses resulting from the derecognition of investment properties is the difference between the net disposal price and the carrying amount of the assets in question and are recognized in that period's profit or loss.

(15) Intangible Assets

Goodwill

The cost of goodwill obtained from business combinations is measured at the goodwill amount recognized on the date of acquisition and subsequently measured at cost less accumulated impairment losses.

Other Intangible Assets

Separately-acquired intangible assets with finite useful lives are recognized as cost less accumulated amortization and accumulated impairment, and amortized in a straight-line basis over the useful lives. The estimated useful lives and amortization method are reviewed at the end of the reporting period, with prospective application for any impact of estimated changes.

Derecognize intangible assets that are disposed of or if the disposal or usage of which can no longer be expected to generate future economic benefits. The amount of gains or losses resulting from the derecognition of intangible assets is the difference between the net disposal price and the book value of the assets in question and are recognized in that period's profit or loss.

(16) Impairment of Non-Financial Assets

The Group assesses at the end of each reporting period the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. If there are no asset impairments recognized in the previous year, the amount can be reversed within the scope of losses recognized in the previous year.

(17) Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and

uncertainties surrounding the obligation. Provisions are measured using the cash flows estimated to settle the present obligation.

(18) Employee Benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

B. Pensions

(a) Defined contribution plans

Under the defined contribution plan, the pension amount appropriated during the service years of the employees is recognized as the current pension cost.

(b) Defined benefit plans

The defined benefit cost of defined benefit plans (including the cost of service, net interest, and reevaluation) is calculated using the projected unit credit method. Cost of service and net defined benefit liability (asset) interest shall be recognized as employee benefit expenses at the time of realization. Reevaluation (including actuarial gains and losses, changes in the impact of asset limits, and planned asset returns after interest deduction) shall be recognized as other comprehensive income, reported as retained earnings at the time of realization, and not be reclassified as income in subsequent periods.

The net defined benefit liability (asset) is the amount short (remaining) in appropriation of the defined benefit retirement plan. Net defined benefit assets shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

C. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

D. Termination benefits

Termination benefits are benefits provided when an employee's employment is terminated before their normal retirement date or when the employee decides to accept the company's offer of benefits in exchange for termination of employment. The Group recognizes termination benefit liabilities when it can no longer withdraw termination benefit offers or recognize relevant restructuring costs (whichever is earlier).

(19) Treasury Stock

Repurchased stocks are recognized as treasury stocks at the net of tax value based on their repurchase price (including directly accountable costs) as a deduction of equity. Stocks of the parent company held by subsidiaries are treated as treasury stock.

When treasury stocks are sold, if the selling price is higher than the carrying amount, the difference should be listed under capital reserve - treasury stock transaction. If the selling price is lower than carrying amount, the difference should first be offset against capital reserve from the same category of treasury stock transactions, and any remainder should be debited to retained earnings. The carrying amount of treasury stocks should be calculated using the weighted average for the purpose of repurchased stocks.

(20) Revenue Recognition

A. Merchandise sales

Merchandise sales come from the sale of merchandise such as carbon steel and stainless steel. Merchandise sold by the Group is mainly recognized when customers obtain control of their promised assets, that is, when the Group fulfills its obligations by delivering the merchandise to the designated location. Payments received before the merchandise is delivered are recognized as contract liabilities.

When materials are sent in for processing, control and ownership of the processed product is not transferred, therefore material for processing is not recognized as revenues.

Merchandise sales is measured at fair value based on considerations receivable minus estimated returns, discounts, and other allowances. Based on experience, the Company considers different contract conditions to estimate possible sales returns

and discounts, and recognizes refund liabilities (payable expenses and other current liabilities).

B. Sale of property and land

For real estate sales within the scope of normal business activity, a fixed transaction price is charged in installments and contract liabilities are recognized. After considering major financial components, revenue is recognized when the real estate sold is completed and delivered to the buyer.

C. Guest room revenue

Guest room revenue comes from the operation of tourist hotels. The concession right agreement does not exceed the agreed-upon price, and revenue is recognized when services have been provided.

D. Financial components

For contracts between the Group and the customer, if the time between the transfer of committed goods or service and payment from the customer exceed one year, the transaction price shall be adjusted to reflect the time value of money.

(21) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as income from temporary investments prior to qualifying capital expenditures, are deducted from borrowing costs that meet capitalization conditions.

Except for the above scenarios, all other borrowing costs are recognized as an expense for the period in which they occurred.

(22) Income Tax

Income tax expense is the sum of current income tax plus deferred income tax.

A. Current income tax

Current income tax liabilities are based on the taxable income of the current year. Because some income and expenses are taxable or deductible items in other years or non-taxable and non-deductible items according to relevant tax laws, the taxable income is not the same as the net profit reported in the consolidated comprehensive balance sheet. The current income tax-related liabilities of the Group are calculated based on the tax rate that has been legislated or has been substantively legislated at the balance sheet date.

Additional profit-seeking enterprise income tax on unappropriated retained earnings are listed as income tax expense of shareholders' resolution year according to the Income Tax Act.

Adjusted the income tax payable of the past year that recognize as current income tax.

B. Deferred income tax

Deferred income tax is recognized based on the temporary difference between the carrying amount of assets and liabilities in the consolidated financial report and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is likely to be taxable income to deduct temporary differences, loss deductions or income tax deductions from expenditures such as research and development.

Deferred income tax liabilities are recognized for all taxable temporary differences related to the Company's subsidiaries, affiliated companies, and joint venture equities unless the Company can control the timing of reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and equities are recognized within the scope of earnings that with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book value of deferred income tax assets must be reviewed at the balance sheet date, and the book value of those that no longer have sufficient taxable income to recover all or part of the asset should be revised down. Assets originally not

recognized as deferred income tax assets must also be reviewed at the balance sheet date, and the book value of those that have a high likelihood of producing enough taxable income to recover all or part of the asset should be revised up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

C. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity, which are recognized in the other comprehensive profit or loss or directly included in the equity, respectively. If the current income tax or deferred income tax is generated from a business combination, the income tax effects are included in the accounting treatment of the business combination.

(23) Government Grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the subsidies and the subsidies will be received. Income-related subsidies refer to government grants other than asset-related subsidies. Such subsidies may be for the purpose of providing immediate financial support to companies and have no future related costs and should be recognized in profit or loss during the period in which they can be received.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS ON UNERTAINTY

The Groups has included economic impacts from the COVID-19 pandemic as a major considering factor of accounting estimates and will continue to review basic assumptions and estimates. If revision of the estimate only affects the current period, it is recognized in the period of the revision. If the revision of the accounting estimate affects the current period and future periods, it is recognized in future periods as well as the period in which the revision is made.

In preparing this consolidated financial report, the Group made the following critical judgements, critical accounting estimates, and assumptions:

(1) Critical Accounting Judgements

A. Judgment of business model of financial asset classification

The Group evaluates the business model of financial assets based on the level of financial assets that are jointly managed to achieve a specific business purpose. Such evaluation calls for consideration of all relevant evidence, including asset performance assessment methods, risks affecting performance, and the salary determination method of relevant managers, as well as sound judgement. The Group continuously assesses whether its judgement on business models is appropriate. It also monitors the financial assets carried at amortized cost and investment in debts instruments at fair value through other comprehensive income to look into the reasons for its disposition and assess whether the disposition would be consistent with the business model's objectives. Whenever the business model was found to have changed, the Group reclassify financial assets according to the regulations of IFRS 9 and postpone application of the above to the day of the reclassification.

B. Revenue recognition

In accordance with IFRS 15, the Group determines whether it has obtained control of specific goods or services before transferring said goods or services to customers, and whether the Group is the principal or agent of said transactions. If determined to be the agent, the net transaction amount is recognized as income.

The Group is considered the principal in the following scenarios:

- (a) If the Group obtains control of goods or other assets from another party before said goods or assets are transferred to the customer.
- (b) If the Group controls the right to have another party provide labor services, so that it can arrange for the other party to provide services to the customer on behalf of the Group.
- (c) If the Group obtains control of goods or services from another party to combine with other goods or services in order to provide customers with specific goods or services.

Indicators used to help determine whether the Group obtained control of goods or services before transferring said goods or services to the customer include (but are not limited to):

- (a) Whether the Group is primarily responsible for fulfilling the commitment to provide specific goods or services.
- (b) Whether the Group assumes inventory risk before and after specific goods and services are transferred to customers.
- (c) Whether the Group has the discretion to set prices.

C. Lease terms

In determining the lease term, the Group takes into account all relevant facts and circumstances that might generate economic incentives to exercise (or not to exercise) the option, including all facts and circumstances from the start of the lease to the day when the option is exercised with expected changes. The main factors taken into account include the contract terms and conditions during the period covered within the option, significant lease interest improvements (or expected improvements) during the contract period, and the importance of the underlying assets to the lessee's operations. The lease term shall be reassessed if there are significant changes to major matters or circumstances within the control of the Group.

(2) Critical Accounting Estimates and Assumptions

A. Revenue recognition

Sales revenue is recognized when the control of goods or services is transferred to the customer to meet performance obligations. Estimated related sales returns, discounts and other similar discounts are deducted. These sales returns and discounts are estimated based on the Group's historical experience and other known reasons, and the Group regularly assesses how reasonable the estimates are.

B. Estimated impairment of financial assets

The impairment of accounts receivable and contract assets was estimated based on the Group's assumptions about the default rate and the expected loss rate. The Group took into account historical experience, current market conditions and forward-

looking information to work out assumptions and select input values for impairment assessment.

C. Fair value measurement and evaluation process

Regarding the fair value of the level 3 equity assets, the Company adopts appropriate evaluation methods based on the nature of the investee, such as the financial status and operating results of the investee, the transaction price of similar instruments in the market, market conditions, and necessary discounts, to assess fair value. If the actual changes in future input values and expectations would differ, fair value changes might occur. The Group regularly updated each input value according to market conditions to monitor whether fair value measurement was appropriate.

D. Assessment on the impairment of tangible assets and intangible assets

In the process of asset impairment assessment, the Group needs to rely on subjective judgment, asset usage patterns, and industry characteristics to determine the independent cash flow of a particular asset group, years of useful life, and future revenue and expenses that might cause significant impairment in the future due to changes in economic conditions or estimated changes to the Group's strategies.

E. Feasibility of deferred income tax assets

Deferred income tax assets are recognized when there is a possibility in the future that there would be sufficient taxable income to deduct temporary differences. Assessing the feasibility of deferred income tax assets requires the management to make significant accounting judgments and estimations, including the estimation of future sales revenue growth and profit margins, tax exemption periods, available income tax deductions, and tax planning. Any changes in the global economic environment, industrial environment, or laws and regulations might cause significant adjustment of deferred income tax assets.

F. Evaluation of inventories

Inventory falling price loss is measured by cost or net realizable value, depending on which is lower. Cost and net realizable value are compared based on individual items unless the inventories are of the same category. In addition, obsolescence loss of inventories is evaluated based on inventory turnover and days sales of inventory.

G. Calculation of net defined benefit liabilities

Upon calculation of the present value of the benefit obligations, the Group must use judgments and estimates to determine the relevant actuarial hypotheses on the balance sheet date, including the discount rate and future salary growth rate. Any changes in actuarial assumptions could significantly affect the Group's defined benefit obligations amount.

H. Lessee's incremental loan interest rate

When determining the lessees' incremental loan interest rate for discounting lease payments, the Group used the risk-free interest rate of the equivalent duration and currency as the reference interest rate, and takes the estimated credit risk discounts and lease specific adjustments of the lessee (such as asset characteristics and factors such as guarantees) into consideration.

6. Details of Significant Accounts

(1) Cash and Cash Equivalents

	2020.12.31	2019.12.31
Cash on hand and revolving fund	\$599	499
Bank Deposits	222,542	178,317
Cash equivalents	21,717	183,005
	<u>\$244,858</u>	<u>361,821</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	2020.12.31	2019.12.31
Bank Deposits	0.00%-0.20%	0.00%-0.80%
Cash equivalents	0.39%-2.50%	0.78%-7.40%

A. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of December 31, 2020 and 2019, the amount the Group provided in bank deposits and cash equivalents due to restrictions on their use and the amount pledged to financial institutions as collateral for loans under other financial assets are NT\$27,814 thousand and NT\$6,000 thousand, respectively. Please refer to Note 8.

(2) Financial Assets at Fair Value Through Profit or Loss

	2020.12.31	2019.12.31
<u>Financial Assets - Current</u>		

	<u>2020.12.31</u>	<u>2019.12.31</u>
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Domestic listed stocks	\$21,352	\$56,769
Foreign non-listed stocks	14,104	44,959
Fund beneficiary certificate	7,164	8,431
	<u>\$42,620</u>	<u>\$110,159</u>

Financial Assets - Non-Current

Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Domestic non-listed stocks	\$350,320	\$345,092
Foreign non-listed stocks	24,405	24,287
	<u>\$374,725</u>	<u>\$369,379</u>

A. The Group's investment in the above-mentioned investment targets are not for strategic investment purpose. The Group's management believes that the short-term fair value fluctuations of these investments should be included in the profit and loss, and chose to designate these investments to be mandatorily measured at fair value through profit and loss.

B. For matters pertaining to the Group's provision of financial assets at fair value through profit or loss as collateral for loans as of December 31 of ,2020 and 2019, please refer to Note 8.

(3) Financial Assets at Fair Value Through Other Comprehensive Income

	<u>2020.12.31</u>	<u>2019.12.31</u>
<u>Current</u>		
Equity Instruments		
Domestic listed stocks	\$57,356	\$25,467
Evaluation adjustment	1,979	(10,935)
	<u>\$59,335</u>	<u>\$14,532</u>

	<u>2020.12.31</u>	<u>2019.12.31</u>
<u>Non-Current</u>		
Equity Instruments		
Domestic non-listed stocks	\$7,660	\$7,660
Foreign non-listed stocks	173,381	209,814
Evaluation adjustment	23,256	1,221
	<u>\$204,297</u>	<u>\$218,695</u>

A. The Group invests in the above-mentioned investment targets based on mid- to long-term strategies and expects to profit from long-term investments. The Group's management believes that including short-term fair value fluctuations of these investments in the profit and loss is inconsistent with the above-mentioned long-term investment plan, and therefore chose to designate these investments to be measured at fair value through other comprehensive profit and loss.

B. In 2020 and 2019, the Group adjusted its investment position to diversify risks, selling some of its domestic listed stocks at fair value of NT\$2,707 thousand and NT\$5,814 thousand. The relevant "other equity - unrealized gains and losses from financial assets measured at fair value through other comprehensive income" of NT\$ (3,875) thousand and NT\$ (3,937) thousand are transferred to "retained earnings".

C. For matters pertaining to the Group's provision of financial assets at fair value through other comprehensive profit or loss as collateral for loans as of December 31, 2020 and 2019, please refer to Note 8.

(4) Financial Assets at Amortized Cost

	<u>2020.12.31</u>	<u>2019.12.31</u>
<u>Current</u>		
Time deposits with original maturity within three months	<u>\$61,248</u>	<u>\$ —</u>
<u>Non-Current</u>		
Bank of Panhsin subordinated financial bonds	<u>\$ —</u>	<u>10,000</u> <u>\$</u>

A. The interest rate range for the Group's time deposits with original maturity more than three months as of December 31, 2020 was 5.30% to 7.20%.

B. The Group purchased Bank of Panhsin subordinated financial bonds at the par value of NT\$10,000 thousand. The coupon interest rate is 2.84%, and effective interest rate is 2.56%. The principal will be repaid in June 2020.

C. As of December 31, 2020 and 2019, none of the above financial assets measured at amortized cost are restricted in use or pledged as collateral.

(5) Notes Receivable, Net

	<u>2020.12.31</u>	<u>2019.12.31</u>
Notes receivable	\$93,847	\$63,797
Less: Allowance for impairment loss	(1,095)	(761)
	<u>\$92,752</u>	<u>\$63,036</u>

A. For disclosures related to the loss allowance on notes receivable please refer to the following accounts receivable.

B. As of December 31, 2020 and 2019, none of the above notes receivable are restricted in use or pledged as collateral.

(6) Accounts Receivable, Net

	<u>2020.12.31</u>	<u>2019.12.31</u>
Accounts receivable	\$483,135	\$435,995
Less: Allowance for impairment loss	(4,313)	(80,188)
Net accounts receivable - non-related parties	478,822	355,807
Accounts receivable - related parties	8,384	2,352
	<u>\$487,206</u>	<u>\$358,159</u>

The Group's average credit period of sales of goods is 30 to 120 days. Loss provisions refer to the estimated unrecoverable amount calculated based on the aging of accounts, historical experience and the customer's financial condition.

The Group adopted the simplified method of recognizing loss provisions based on expected credit loss in the duration. The expected credit loss in the duration takes customer's payment history into account. As the Group's historical experience of credit losses indicates that there is no significant difference in the loss patterns of different

customer bases, the expected credit loss rate is determined only by the accounts receivable days past due.

The Group's loss provisions based on notes receivable and accounts receivable (excluding related parties) measured by the preparation matrix are as follows:

<u>2020.12.31</u>	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss provisions (expected credit loss in the duration)</u>	<u>Amortised cost</u>
Not past due	0%-1%	\$ 576,982	\$(5,408)	\$ 571,574

<u>2019.12.31</u>	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss provisions (expected credit loss in the duration)</u>	<u>Amortised cost</u>
Not past due	0%-1%	\$ 422,914	\$(4,071)	\$ 418,843
Over 121 days overdue	100%	76,878	(76,878)	—
		<u>\$ 499,792</u>	<u>\$(80,949)</u>	<u>\$ 418,843</u>

Movements of the loss allowance for accounts and notes receivable:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$80,949	\$83,257
Add: Provision	1,337	—
Less: Reversal	—	(672)
Consolidated entities with reduced influence	(76,878)	—
Foreign currency exchange difference	—	(1,636)
Ending balance	<u>\$5,408</u>	<u>\$80,949</u>

Movements of the loss allowance for other accounts and notes receivable (excluding related parties):

	<u>2020</u>	<u>2019</u>
Beginning balance	\$308,648	\$323,779
Add: Provision	20,000	—

Less: Remittance from this year (note)	(23,000)	(9,831)
Consolidated entities with reduced influence	(244,284	—)
Foreign currency exchange difference	—	(5,300)
Ending balance	<u>\$61,364</u>	<u>\$308,648</u>

Note: The Group listed NT\$ 21,000 thousand in “expected credit loss (gain)” and NT\$ 2,000 thousand in “other income” in 2020, and NT\$5,831 thousand in “expected credit loss (gain)” and NT\$ 4,000 thousand in “other income” in 2019.

For details on relevant risk management and evaluation methods, please refer to Note 12.

As of December 31, 2020 and 2019, none of the above accounts receivable are restricted in use or pledged as collateral.

(7) Finance Lease Receivables

	<u>2020.12.31</u>	<u>2019.12.31</u>
Undiscounted lease payments		
Year 1	\$5,909	\$6,125
Year 2	5,654	5,709
Year 3	5,654	5,709
Year 4	5,654	5,709
Year 5	5,654	5,709
Over 5 years	74,917	81,347
	<u>103,442</u>	<u>110,308</u>
Less: Unrealized financing income	(63,106)	(69,287)
Net investment in lease	<u>\$40,336</u>	<u>\$41,021</u>
Current	\$840	\$923
Non-Current	<u>39,496</u>	<u>40,098</u>
	<u>\$40,336</u>	<u>\$41,021</u>

The Company’s power supply contract regarding solar power generation equipment stipulates that all power generated since the date of transfer will be sold to Taiwan Power Company. The contract will be treated in accounting as a finance lease with an average finance period of 20 years.

The Company measures the loss provisions of the finance lease receivables based on the expected credit loss in the contract duration. As of the balance sheet date, there are no overdue finance lease receivables. At the same time, considering the past default rate of the other party, the future development of industries related to the lease target, and the value of the collateral, the Company believes that there are no impairments regarding the above-mentioned finance lease receivables.

For the company's provision of solar power generation equipment to financial institutions as pledged collateral for bank loans as of December 31, 2020 and 2019, please refer to Note 8.

(8) Inventories, Manufacturing Business

	<u>2020.12.31</u>	<u>2019.12.31</u>
Finished goods	\$198,029	\$233,710
Work in process	23,223	24,307
Semi-finished goods	117,801	123,454
Materials in transit	5,945	—
Raw materials	597,112	407,387
Goods	<u>97,353</u>	<u>1,238</u>
Total	<u>\$1,039,463</u>	<u>\$790,096</u>
Mortgage situation	<u>None</u>	<u>None</u>

A. Inventory-related (losses) profits recognized as cost of goods in the current period are as follows:

	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$4,499,238	\$3,980,943
Guest room cost	81,579	25,852
Construction cost	6,667	—
Loss on net realizable value of inventory (gains from recovery)	(4,098)	(4,526)
Loss on inventory idle capacity (gains from recovery)	(211)	(126)
Loss (gain) on physical inventory	<u>24</u>	<u>(18)</u>
	<u>\$4,583,199</u>	<u>\$4,002,125</u>

B. The Group's inventories are mainly steel products, construction land and housing sites under construction, the net realizable value of which is affected by market prices. The amount of the inventory cost reduced to the net realizable value should

be recognized as an expense in the current period. Reduction of the inventory cost to the net realizable value should be recognized as an expense in the year the reduction occurred. However, the reversal amount due to increased net realizable value is also reduced in the amount recognized as an expense in the period in which the reversal occurs.

C. As of December 31, 2020 and 2019, none of the above inventories are restricted in use or pledged as collateral.

(9) Inventories (for Construction Business)

Name of construction site	2020.12.31	2019.12.31
Land held for sale –	\$1,161	\$1,161
Wugu Section, Wugu District		
Land held for construction site–		
Xitou Section, Qidu District	464,589	449,525
Prepayment for land purchases –		
Xitou Section, Qidu District	8,994	—
Construction in progress –		
Hulin Section, Xinyi District	153,398	100,228
	<u>\$628,142</u>	<u>\$550,914</u>

A. On March 7, 2008, the Company signed a contract to purchase Land No. 800 in the Guoguang Section of Banqiao District, New Taipei City from Chien Ching-Hui and three others for the total price of NT\$1,930,800 thousand. In the same year, the Company paid NT\$89,110 thousand per the contract, with the money under “prepayments”. Banqiao Guoguang Section was rezoned to Banqiao Yongcui Section on November 26, 2015. However, the Company that Chien Ching-Hui and the others conducted adverse behavior such as giving away and selling parts of the land in question, so the Company filed for provisional seizure and provisional disposition. For the relevant legal proceedings and ruling, please refer to Note 9 (1).

B. On April 16, 2014, the Company’s Board of Directors decided to purchase five plots of land, namely No.765, 766, and 787 of Denglin Section in Wugu District, New Taipei City and No. 418 and 970 in Wugu Section in Wugu District, for the total price of NT\$205,216 thousand. All payments were made and ownerships were transferred by May 15, 2014. Later, on June 30, 2014, the Company signed a joint

construction contract with Stone 2 Gold Industrial Co., Ltd. to build national housing with joint construction and separate sales. On August 26, 2014, the Company donated the relevant costs for No.765 and 766 of the Wugu Denglin Section and No.418 and 970 of the Wugu Wugu Section of NT\$24,688 thousand to the New Taipei City Government in order to apply for building capacity transfer rights. The construction license for this project was issued on January 6, 2015, so the above-mentioned building capacity transfer application cost was reclassified under “land under construction - Wugu Denglin Section (Big Apartment)”. In order to expedite the completion of the construction project, the Company signed a land contract and a supplemental agreement for land sales for the remaining portion of land on the lots held by the Company with Stone 2 Gold Industrial Co., Ltd. on January 3 and March 8, 2019, respectively. The total price of the land was NT\$180,100 thousand, and the transfer registration procedure was completed on March 27, 2019.

C. On August 26, 2014, February 4, 2015, and March 26, 2018, the Company’s Board of Directors decided to have the Group’s Mei Kong Development Ltd. (hereby referred to as “Mei Kong Development”) purchase no more than 2,700 ping of land in the Xitou Section of Qidu District, Keelung City for up to NT\$1,800 thousand per ping. Since August 2014, Mei Kong Development has gradually purchased No.464 and other plots in Qidu’s Xitou Section from unrelated parties and obtained two plots of land in the area through foreclosure in 2016 for the total price of NT\$443,344 thousand, which has been paid in full. To accelerate Mei Kong Development’s acquisition of land property rights in the Qidu Xitou Section and protect the rights and interests of the original land owners, Mei Kong Development and signed a trust deed with some land owners and China Real Estate Management Co., Ltd. to entrust the management of relevant lands and the sale purchase price trust, registering the trust with China Real Estate Management for ownership of the lands. Later on, for development purposes, the trust registered under China Real Estate Management was transferred to Mei Kong Development in March 2018. Also, in order to meet relevant legal requirements to invest in construction on lands in Qidu District, Mei Kong Development purchased No.418-1 of Wugu’s Wugu Section from the Company for NT\$1,353 thousand on July 10, 2014. All payments

have been made in full, and ownership has been transferred. On November 11 and July 25, 2014, Mei Kong Development also signed a land exchange agreement with related party Su Wang-Chuan, exchanging 1.9157 square meters of land in the section and 0.0109 square meters of jointly-owned land in No. 468-2 of Qidu's Xitou Section for 25 plots of jointly-owned land totaling 3.8424 square meters on No.464 of Qidu's Xitou Section. The total cost of this transaction was NT\$192 thousand.

Also, on March 10, 2020, the Board of Directors decided to increase Mei Kong Development's land acquisition limit to under 200 thousand NTD per ping. Mei Kong Development also signed a land sale contract to purchase the joint ownership of 131.405 ping of land for NT\$26,281 thousand. As of December 31, 2020, NT\$24,032 thousand of the aforementioned sum has been paid.

D. On April 24, 2019, the Company's Board of Directors decided to participate in the "Drafted Proposal for the Urban Regeneration and Right Transfer of 34 Plots of Land Including No. 310 of Subsection 4, Hulin Section, Xinyi District, Taipei City" approved by the Taipei City Urban Regeneration Office. On April 25, 2019, the Company and Ding Bang Development Co., Ltd. signed joint investment and construction in the form of joint operation with 1:1 investment. As of December 31, 2020, the Company has paid the relevant deposit of NT\$86,290 thousand, with the money listed under "refundable deposits".

Also, to facilitate the smooth construction and delivery of construction cases and projects, the Company signed a trust contract with the bank regarding the "Xinyi Hulin Section Urban Regeneration" construction project along with Ding Bang Development Co., Ltd. The Company managed the land, existing structures, and funds in compliance with the trust contract throughout the duration of the trust, which is earmarked for the construction progress to facilitate smooth construction and the first registration of structures as soon as they are completed.

E. For the Group's provision of "Inventories - Development Industry" as pledged collateral for bank loans as of December 31, 2020 and 2019, please refer to Note 8.

(10) Other Current Assets

2020.12.31	2019.12.31

Other Financial Assets	\$841,928	\$737,586
Payments for other	10	10
	<u>\$841,938</u>	<u>\$737,596</u>

For matters pertaining to the Group's provision of financial assets as collateral for loans and construction presale buyer trust funds as of December 31, 2020 and 2019, please refer to Note 8.

(11) Investments Accounter for Using Equity Method

A. The Group's investments under the equity method are listed below:

	Initial investment cost	2020.12.31	2019.12.31
<u>Subsidiaries</u>			
Mayer Corporation Development International Limited (BVI)	\$ 390,881	\$ 15,287	\$ 15,287
Glory World Development Ltd. (BVI)	259,121	—	—
Subtotal		15,287	15,287
Less: Accumulated Impairment Loss - Investments Under the Equity Method		(15,287)	(15,287)
		—	—
<u>Affiliated Companies</u>			
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	179,688	223,065	247,114
Diamond Precision Steel Corp.	106,248	189,240	178,664
		412,305	425,778
		<u>\$ 412,305</u>	<u>\$ 425,778</u>

(a) As of December 31, 2020 and 2019, Mayer Corporation Development International Limited (BVI), which was recognized by the Company under the equity method, transferred its net book equity value minus other receivables transferred to allowance for loss of NT\$ (54,549) thousand and NT\$ (57,614) thousand under "Other Non-Current Liabilities - Other" as part of its liquidation process.

(b)As of December 31, 2020 and 2019, Glory World Development Ltd. (BVI), which was recognized by the Company through the equity method, recognized accumulated investment losses and other comprehensive profit and losses to the book value of NT\$ (7,842) thousand and NT\$ (7,438), respectively, listing the amount under “Other Non-Current Liabilities - Other”.

Parts of the Group’s investments under the equity method are disclosed in financial reports made from audit conducted by other CPAs.

B. The Group’s percentage of ownership interest and voting rights in its subsidiaries and affiliate companies as of the balance sheet date is as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Mayer Corporation Development International Limited (BVI)	100.00% (Note 1)	100.00% (Note 1)
Glory World Development Ltd.(BVI)	50.21% (Note 2)	50.21%
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	45.01%	45.01%
Diamond Precision Steel Corp.	42.50%	42.50%

Note 1: Under the ruling of the British Virgin Islands (BVI) court on March 27, 2017, Mayer Corporation Development International Limited (BVI) agreed to enter liquidation and appoint a liquidator. As a result, the Company has lost control of the company and therefore has not included it as an entity in the preparation of consolidated reports since March 27, 2017.

Note 2: Glory World Development Ltd. (BVI) was struck off by the local government on November 3, 2020 and has therefore not been included as an entity in the preparation of consolidated reports since November 2, 2020.

For information on the business nature and main operating locations of the aforementioned subsidiaries and affiliates, please refer to Appendix 6.

C. Subsidiary Summary Information:

	<u>2020</u>	<u>2019</u>
The Group’s share		
Net income from continuing operations	\$(136)	\$ —
Other comprehensive income for the period	3,503	1,226

Total consolidated income	<u>\$3,367</u>	<u>\$1,226</u>

D. The market price information of listed companies' equity investments on the balance sheet date using the equity method, calculated based on the closing price of the stock, are as follows: None.

E. The summarized financial information of the associates that are material to the Company is as follows: None.

F. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below

	<u>2020</u>	<u>2019</u>
The Group's share		
Net income from continuing operations	\$81,278	\$94,487
Other comprehensive income for the period	(26,355)	9,582
Total consolidated income	<u>\$54,923</u>	<u>\$104,069</u>

G. As of December 31, 2020 and 2019, none of the above investments under the equity method are restricted in use or pledged as collateral.

(12) Property, Plant and Equipment

	<u>2020</u>							
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Leasehold improvements	Unfinished construction	Total
Cost:								
Beginning balance	\$ 557,911	\$ 261,428	\$ 1,500,975	\$ 75,098	\$ 118,549	\$ 9,775	\$ 178,994	\$ 2,702,730
Increase	—	1,048	11,860	2,009	4,592	228	11,957	31,694
Disposal or write off	—	(10,611)	(75,576)	(13,047)	(19,680)	(152)	—	(119,066)
Reclassification	—	—	—	—	58,108	132,843	(190,951)	—
Effects of foreign currency exchange differences	—	(1,390)	(4,331)	(84)	(1,192)	—	—	(6,997)
Ending balance	<u>\$ 557,911</u>	<u>\$ 250,475</u>	<u>\$ 1,432,928</u>	<u>\$ 63,976</u>	<u>\$ 160,377</u>	<u>\$ 142,694</u>	<u>\$ —</u>	<u>\$ 2,608,361</u>
Accumulated depreciation:								
Beginning balance	\$ —	\$ 216,835	\$ 1,262,087	\$ 57,972	\$ 82,015	\$ 9,083	\$ —	\$ 1,627,992
Increase	—	5,080	41,562	3,661	14,595	6,995	—	71,893
Disposal or write off	—	(10,479)	(72,936)	(8,632)	(19,500)	(152)	—	(111,699)

2020

	Land	Buildings and structures	Machinery and equipment	Transportat ion equipment	Other equipment	Leasehold improveme nts	Unfinished constructio n	Total
Effects of foreign currency exchange — differences		(415)	(2,844)	(83)	(1,039)	—	—	(4,381)
Ending balance	\$ —	\$ 211,021	\$ 1,227,869	\$ 52,918	\$ 76,071	\$ 15,926	\$ —	\$ 1,583,805
Ending net amount	\$ 557,911	\$ 39,454	\$ 205,059	\$ 11,058	\$ 84,306	\$ 126,768	\$ —	\$ 1,024,556

2019

	Land	Buildings and structures	Machinery and equipment	Transportat ion equipment	Other equipment	Leasehold improveme nts	Unfinished constructio n	Total
Cost:								
Beginning balance	\$ 557,911	\$ 261,238	\$ 1,483,433	\$ 73,822	\$ 102,235	\$ 9,075	\$ —	\$ 2,487,714
Increase	—	755	26,489	1,310	18,478	700	219,937	267,669
Disposal or write off	—	—	(7,193)	—	(1,681)	—	—	(8,874)
Reclassification	—	—	—	—	—	—	(40,943)	(40,943)
Effects of foreign currency exchange — differences		(565)	(1,754)	(34)	(483)	—	—	(2,836)
Ending balance	\$ 557,911	\$ 261,428	\$ 1,500,975	\$ 75,098	\$ 118,549	\$ 9,775	\$ 178,994	\$ 2,702,730
Accumulated depreciation:								
Beginning balance	\$ —	\$ 211,546	\$ 1,221,324	\$ 53,727	\$ 77,383	\$ 8,939	\$ —	\$ 1,572,919
Increase	—	5,452	47,423	4,279	6,598	144	—	63,896
Disposal or write off	—	—	(5,550)	—	(1,548)	—	—	(7,098)
Effects of foreign currency exchange — differences		(163)	(1,110)	(34)	(418)	—	—	(1,725)
Ending balance	\$ —	\$ 216,835	\$ 1,262,087	\$ 57,972	\$ 82,015	\$ 9,083	\$ —	\$ 1,627,992
Ending net amount	\$ 557,911	\$ 44,593	\$ 238,888	\$ 17,126	\$ 36,534	\$ 692	\$ 178,994	\$ 1,074,738

A. The Group's properties, plants, and equipment are depreciated on a straight-line basis based on the following service life:

Buildings	3 to 46 years
Machinery and equipment	3 to 15 years
Transportation equipment	2 to 15 years
Other equipment	3 to 14 years
Leasehold improvements	3 to 14 years

B. On January 1, 2012, the Group chose the revaluation value from land revaluation conducted according to the generally accepted accounting principles in the Republic of China as recognized costs.

C. For the Group's provision of properties, plants, and equipment as pledged collateral for bank loans as of December 31, 2020 and 2019, please refer to Note 8.

(13) Lease Agreement

A. Right-of-use assets

	2020					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Beginning balance	\$ 13,842	\$ 726,935	\$ 312	\$ 483	\$ 552	\$ 742,124
Increase	—	542	—	5,653	95	6,290
Decrease	—	(274)	—	—	(70)	(344)
Effects of foreign currency exchange differences	(569)	—	—	—	—	(569)
Ending balance	<u>\$ 13,273</u>	<u>\$ 727,203</u>	<u>\$ 312</u>	<u>\$ 6,136</u>	<u>\$ 577</u>	<u>\$ 747,501</u>
Accumulated depreciation:						
Beginning balance	\$ 1,239	\$ 24,196	\$ 139	\$ 80	\$ 95	\$ 25,749
Increase	1,518	60,559	138	1,144	149	63,508
Decrease	—	(273)	—	—	(14)	(287)
Effects of foreign currency exchange differences	(29)	—	—	—	—	(29)
Ending balance	<u>\$ 2,728</u>	<u>\$ 84,482</u>	<u>\$ 277</u>	<u>\$ 1,224</u>	<u>\$ 230</u>	<u>\$ 88,941</u>
Ending net amount	<u>\$ 10,545</u>	<u>\$ 642,721</u>	<u>\$ 35</u>	<u>\$ 4,912</u>	<u>\$ 347</u>	<u>\$ 658,560</u>
	2019					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Beginning balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Items that IFRS 16 applies to for the first time	12,438	14,472	312	78	383	27,683
Increase	2,289	716,994	—	483	219	719,985
Decrease	(654)	(4,531)	—	(78)	(50)	(5,313)

	2019					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Effects of foreign currency exchange differences	(231)	—	—	—	—	(231)
Ending balance	<u>\$ 13,842</u>	<u>\$ 726,935</u>	<u>\$ 312</u>	<u>\$ 483</u>	<u>\$ 552</u>	<u>\$ 742,124</u>
Accumulated depreciation:						
Beginning balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Increase	1,427	28,727	139	158	145	30,596
Decrease	(178)	(4,531)	—	(78)	(50)	(4,837)
Effects of foreign currency exchange differences	(10)	—	—	—	—	(10)
Ending balance	<u>\$ 1,239</u>	<u>\$ 24,196</u>	<u>\$ 139</u>	<u>\$ 80</u>	<u>\$ 95</u>	<u>\$ 25,749</u>
Ending net amount	<u>\$ 12,603</u>	<u>\$ 702,739</u>	<u>\$ 173</u>	<u>\$ 403</u>	<u>\$ 457</u>	<u>\$ 716,375</u>

The Group's revenue from subletting right-of-use assets is NT\$177 thousand in both 2020 and 2019.

B. Lease liabilities

	2020.12.31	2019.12.31
Carrying value of lease liabilities		
Current	\$48,745	\$50,281
Non-Current	614,523	658,086
	<u>\$663,268</u>	<u>\$708,367</u>

The discount rate ranges for lease liabilities are as follows:

	2020.12.31	2019.12.31
Land	2.01%	2.01%
Buildings and structures	1.95%-2.75%	2.20%-2.75%
Machinery and equipment	1.55%	1.55%
Transportation equipment	1.4744%-1.55%	1.55%
Other equipment	1.52%-1.55%	1.548%-1.55%

C. Important lease activities and agreements

The Group leases land, buildings, and equipment to serve as operating premises and equipment for plants, offices, and general hotel business. The lease terms for these properties lie between 1 to 14 years, and the Company has the right to renew leases

at the end of lease terms. Also, the contract stipulates that the Group may not sublease leased assets to others without the permission of the lessor. As of December 12, 2020, there is no sign of impairments to right-of-use assets, so no impairment assessments have been made.

D. Sublease

The Group subleased the right to use buildings under an operating lease for a term of 5 years. The total amount of lease payments to be received in the future for the sublease of the operating lease is as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Year 1	\$179	\$179
Between 1 and 5 years	472	651
	<u>\$651</u>	<u>\$830</u>

E. Other lease information

In 2020 and 2019, the Group chose to apply recognition exemptions for short-term leases and qualifying low-value asset leases, and did not recognize related right-of-use assets and lease liabilities for these leases. Information about the relevant expenses are as follows:

	<u>2020</u>	<u>2019</u>
Short-term rental and leasing expenses	\$1,491	\$1,136
Low-value asset lease expenses	67	92
Variable lease payments not included in lease liability assessments.	161	93
	<u>\$1,719</u>	<u>\$1,321</u>
Total lease cash outflow	<u>\$(70,454)</u>	<u>\$(35,134)</u>

(14) Investment Property, Net

A. The Company's investment properties are listed below:

	<u>2020</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Beginning balance	<u>\$82,543</u>	<u>\$104,963</u>	<u>\$187,506</u>
Ending balance	<u>\$82,543</u>	<u>\$104,963</u>	<u>\$187,506</u>
Accumulated depreciation:			

	2020		
	Land	Buildings	Total
Beginning balance	\$ —	\$ 34,004	\$ 34,004
Increase	—	2,933	2,933
Ending balance	<u>\$ —</u>	<u>\$ 36,937</u>	<u>\$ 36,937</u>
Ending net amount	<u>\$ 82,543</u>	<u>\$ 68,026</u>	<u>\$ 150,569</u>
	2019		
	Land	Buildings	Total
Cost:			
Beginning balance	\$ 82,543	\$ 104,963	\$ 187,506
Ending balance	<u>\$ 82,543</u>	<u>\$ 104,963</u>	<u>\$ 187,506</u>
Accumulated depreciation:			
Beginning balance	\$ —	\$ 31,090	\$ 31,090
Increase	—	2,914	2,914
Ending balance	<u>\$ —</u>	<u>\$ 34,004</u>	<u>\$ 34,004</u>
Ending net amount	<u>\$ 82,543</u>	<u>\$ 70,959</u>	<u>\$ 153,502</u>

B. Lease revenue from investment properties and direct operating expenses:

	2020	2019
Lease revenue from investment properties	\$ 8,057	\$ 9,114
Direct operating expenses of investment properties that generate lease revenue	(2,933)	(2,914)
	<u>\$ 5,124</u>	<u>\$ 6,200</u>

C. As of December 31, 2020 and 2019, the total amount of lease payments to be received in the future for leasing investment properties under operating leases is as follows:

	2020.12.31	2019.12.31
Under 1 year	\$ 10,514	\$ 10,286
Between 1 and 5 years	42,743	42,400
Over 5 years	—	10,857
	<u>\$ 53,257</u>	<u>\$ 63,543</u>

D. In 2020, due to how the COVID-19 pandemic severely impacted the market economic, the Company agreed to unconditionally reduce lease amounts by 40% from April 1 to July 31, 2020.

E. The Company's investment properties are depreciated based on the straight-line method according to an estimated useful life of 35 years.

F. The fair value of the Company's investment properties on December 31 of 2020 and 2017 is NT\$272,992 thousand and NT\$210,337 thousand, respectively, as valued by independent valuation experts. The valuation for December 31, 2019 was made by referencing the market evidence of similar real estate transactions and showed no significant change from the basic estimation from December 31, 2017.

G. For the Company's provision of investment properties as pledged collateral for bank loans as of December 31 of 2020 and 2019, please refer to Note 8.

(15) Other Non-Current Assets

	2020.12.31	2019.12.31
Appeal deposit	\$37,654	\$37,654
Contract bond	86,290	91,865
Prepayments for business facilities	13,137	3,525
Long-term lease payments receivable	39,496	40,098
Others	37,719	38,480
	<u>\$214,296</u>	<u>\$211,622</u>

For the company's provision of solar power generation equipment to financial institutions as pledged collateral for bank loans as of December 31, 2020 and 2019, please refer to Note 8.

(16) Current Borrowings

	2020.12.31	2019.12.31
<u>Secured Loans</u>		
Bank loans	<u>\$1,235,145</u>	<u>\$971,286</u>
<u>Unsecured Loans</u>		
Credit loans	391,917	290,000
Letter of credit purchase borrowing	<u>332,845</u>	<u>241,868</u>

	2020.12.31	2019.12.31
	724,762	531,868
	<u>\$1,959,907</u>	<u>\$1,503,154</u>
Interest rate range	<u>1.30%~1.89%</u>	<u>1.32%~1.91%</u>
Unspent amount	<u>\$772,095</u>	<u>\$1,282,784</u>
Secured borrowing situation	<u>Note 8</u>	<u>Note 8</u>

(17) Short-Term Notes and Bills Payable

	2020.12.31	2019.12.31
Commercial paper	\$30,000	\$30,000
Less: Unamortized discounts	(8)	(28)
Net amount	<u>\$29,992</u>	<u>\$29,972</u>

As of December 31, 2020 and 2019, the Company's short-term bills payable that are not yet expired are as follows:

Guarantee/Accep tance agency	Par value	Discount value	Book value	Interest rate range	Secured borrowing situation
<u>2020.12.31</u>					
Dah Chung Bills	<u>\$ 30,000</u>	<u>\$8</u>	<u>\$29,992</u>	0.93%	Note8
<u>2019.12.31</u>					
Dah Chung Bills	<u>\$ 30,000</u>	<u>\$28</u>	<u>\$29,972</u>	1.03%	Note8

(18) Non-Current Portion of Non-Current Borrowings

	2020.12.31	2019.12.31
<u>Secured Loans</u>		
Bank loans	\$75,146	\$77,813
Less: Parts expiring within one year	(2,711)	—
	<u>\$72,435</u>	<u>\$77,813</u>
Interest rate range	<u>1.45%-2.05%</u>	<u>1.55%-2.30%</u>
Unspent amount	<u>\$200,468</u>	<u>\$200,687</u>
Secured borrowing situation	<u>Note8</u>	<u>Note8</u>

(19) Provisions

	2020.12.31	2019.12.31
Employee benefits	\$637	\$316
Decommission, restoration, and repair costs	41,109	—
	<u>\$41,746</u>	<u>\$316</u>
Non-Current	<u>\$41,746</u>	<u>\$316</u>

	2020	2019
Beginning balance	\$316	\$ —
New addition	41,430	316
Ending balance	<u>\$41,746</u>	<u>\$316</u>

(20) Pensions

A. Defined contribution plans

(a) The pension system applicable to the Company and the domestic subsidiaries of the Group in accordance with the "Labor Pension Act" is the defined contribution pension plan managed by the government. Under this play, the Company allocates 6% of employees' salary as labor pension into employees' personal pension accounts of the Bureau of Labor Insurance. Foreign subsidiaries of the Group have participated in defined contribution plans put in place by the local governments and contributes monthly labor pensions to the local governments.

(b) The Group recognized pension expenses of NT\$7,874 thousand and NT\$6,882 thousand in 2020 and 2019, respectively.

B. Defined benefit plans

Within the Group, the pension system applicable to the Company according to the "Labor Pension Act" falls under the category of defined benefit plans. Employee pension payments are calculated based on length of service and the average salary of the six months before employees' approved retirement date. The company allocates 4% of employees' monthly salary for employees' pension funds. The

payment is given to the Labor Retirement Reserve Supervisory Committee and deposited to a special account in the Bank of Taiwan in the committee's name. Before the end of each year, if it is estimated that the balance in the special account is not enough to pay all employees expected to meet retirement conditions in the following year, the difference must be made up before the end of March in the following year. The special account is managed by the agency designated by the competent authority in the central government, so the Group has no right to determine how the pension fund is used.

(a) Recognized pension expenses regarding defined benefit plans are as follows:

	2020	2019
Current service cost	\$ 2,557	\$ 2,997
Net interest cost	158	150
Recognized in profit and loss	2,715	3,147
Remeasured		
Plan asset compensation (excluding sums included in the net interest)	5,936	(6,086)
Actuarial loss (gain) - change in financial assumptions	3,157	2,856
Actuarial loss (gain) - experience adjustment	2,952	9,846
Recognized in other comprehensive income	173	6,616
Total	\$ 2,888	\$ 9,763

The aforementioned pension expenses include the following items:

	2020	2019
Operating costs	\$ 2,111	\$ 2,476
Marketing expenses	190	220
Administrative expenses	414	451
	\$ 2,715	\$ 3,147

(b) The Company's obligations generated because of defined benefit plans are listed in the balance sheet as follows:

	2020.12.31	2019.12.31
Present value of defined benefit obligations	\$(184,088)	\$(186,398)
Fair value of plan assets	161,185	163,384
Net defined benefit liabilities	\$(22,903)	\$(23,014)

(c) Changes in the present value of defined benefit liabilities are as follows:

	2020	2019
Beginning balance	\$ 186,398	\$ 194,207
Current service cost	2,557	2,997
Interest expenses	1,348	1,960
Remeasured		
Actuarial loss (gain) - change in financial assumptions	3,157	2,856
Actuarial loss (gain) - experience adjustment	2,952	9,846
Benefit payments - expenditure from plan assets	(12,324)	(25,468)
Ending balance	<u>\$ 184,088</u>	<u>\$ 186,398</u>

(d) Changes in the fair value of plan assets are as follows:

	2020	2019
Beginning balance	\$ 163,384	\$ 177,915
Interest Income	1,190	1,810
Fund attributed by employer	2,999	3,041
Remeasured		
Plan asset compensation (excluding sums included in the net interest)	5,936	6,086
Benefit payments - expenditure from plan assets	(12,324)	(25,468)
Ending balance	<u>\$ 161,185</u>	<u>\$ 163,384</u>

(e) The Company has been exposed to the following risks due to the Labor Standards Act:

i. Investment risks

The central government's designated agency invests the labor pension fund in targets like domestic and foreign equity securities, debt securities, and bank deposits either on their own or by entrusting a third party. However, according to the "Labor Standards Act", the overall return on assets must not fall below the interest rate offered by local banks for a 2-year time deposit. In instances

where the return on asset does fall below this interest rate, the difference will be made up from the national treasury.

ii. Interest rate risks

The decline in the interest rate of government bonds will increase the present value of defined benefit obligations, but the returns on the debt investment of plan assets will also increase accordingly. Both have a partial offset effect on the net defined benefit liabilities.

iii. Salary-related risks

The present value of defined benefit obligations are calculated with reference to the future salary of plan members. As a result, increases in the salary of plan members will also increase the present value of defined benefit obligations.

- (f) The present value of the Group's defined benefit obligations is actuarially calculated by certified actuaries. Major assumptions made on the measurement date are listed below:

	Measurement date	
	2020.12.31	2019.12.31
Discount rate	0.38%	0.73%
Future salary growth rate	1.00%	1.00%

In the event that significant actuarial assumptions are subject to possible changes, if all other assumptions remain unchanged, the amount of increase (decrease) in present value of defined benefit obligations will be as follows:

	Effect on defined benefit obligations	
	2020.12.31	2019.12.31
Discount rate		
Increased by 0.25% and 0.5%, \$(	2,171)	\$(4,364)
respectively		
Decreased by 0.25% and 0.5%, \$2,213		\$4,537
respectively		
Future salary growth rate		
Increased by 0.25% and 0.5%, \$1,734		\$3,580
respectively		

Decreased by 0.25% and 0.5%, \$(	1,712)	\$(	3,486)
respectively			

Since actuarial assumptions might be related to one another, it would be unlikely for only a single assumption to change. Therefore, the aforementioned sensitivity analysis, might not reflect the actual change in the present value of defined benefit obligations.

The Group expects to allocate NT\$2,958 thousand to definite benefit plans within one year after December 31, 2020.

(21) Equity

A. Ordinary share

	2020.12.31	2019.12.31
Authorized shares (thousand shares)	320,000	320,000
Authorized capital	\$3,200,000	\$3,200,000
Number of shares issued with payments received in full (thousand shares)	222,526	222,526
Issued share capital	\$2,225,261	\$2,225,261

B. Capital surplus

	2020.12.31	2019.12.31
Additional paid-in capital arising from bonds conversion	\$232,709	\$232,709
Difference between the equity price and book value of the subsidiary's equity acquired or disposed	36,010	36,010
Changes in the net worth of the equity of affiliated companies and joint ventures recognized using the equity method.	6,828	6,828
Interest compensation payable for convertible bonds	6,075	6,075
	\$281,622	\$281,622

According to the Company's Articles of Incorporation, if there is a surplus after account settlement of the fiscal year, the Company shall make up accumulated losses from previous years. Also, surplus from the proceeds of issuing shares in excess of par value (including ordinary shares issued in excess of the par value, the share premium of shares issued due to mergers, the conversion premium of corporate bonds, and treasury stock transactions) and parts received as gifts can also be used to make up losses or used to distribute cash dividends or allocate share capital. However, they can only be used to allocate a certain ratio of paid-in share capital each year.

Because investments were made with the equity method, employee share options and additional paid in capital formed by share options may not be used for any other purpose.

C. Retained earnings and dividend policy

In accordance with the earnings distribution policy stipulated in the Company's Articles of Incorporation, if the Company made gains that year, it shall distribute 1% to 5% of the earnings as employees' remuneration and no higher than 3% as directors' remuneration. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance for compensation purposes before remunerations are calculated.

Employee remuneration may be paid in cash or stock shares, and shall be payable to employees of the Company that meet certain requirements. Directors' remuneration shall be paid in cash only.

Matters regarding the distribution of employees' and directors' remuneration shall be approved by over half of directors at board meetings with more than 2/3 of the directors present, and reported in the shareholders' meeting.

If the aforementioned Board of Directors has resolved to distribute employees' remuneration in stocks, they may determine whether to distribute new shares or purchase their own shares.

The Company's dividend policy takes into account the Company's capital needs and long-term financial planning, current and future development plans, investment environment and domestic/foreign competition, and shareholders' interests to

decide the amount and method of surplus distribution. If there are earnings in the Company's annual accounting statement, 10% of the balance shall be added to the legal reserve after paying income tax and making up for losses in previous years, unless the legal reserve has reached the total paid-in capital. After making special reserve allowance or reversal according to the regulations of competent authorities, the Board of Directors shall draft an earnings distribution plan and submit it to the shareholder' meeting to resolve how to distribute the remaining earnings plus any unappropriated retained earnings from previous years.

Earnings can be distributed as cash dividends or stock dividend. If distributed, no less than 50% of distributable earnings for the current year shall be allocated as bonus dividends for shareholders. Bonus dividends to shareholders should be distributed as cash dividends in principle. If stock dividends are distributed, it should not exceed 50% of the total dividends.

The Board of Directors is authorized to carry out the aforementioned distribution of bonus dividends to shareholders as cash dividends based on resolutions agreed upon by over half of attending directors in Board meetings attended by at least 2/3 of directors and report such distributions in the shareholders' meeting.

In distributing earnings, the Company must set aside a special reserve based on net deductions of other shareholders' equity (such as the accumulated balance of financial statements translation differences of foreign operations or unrealized profit and loss of financial assets measured at fair value). If there are subsequent reversals of the equity deduction amount, the reversal amount may be added to distributable earnings.

The Company's earnings distribution plan for 2019 and 2018 passed by the shareholders' meeting on June 16, 2020 and June 12, 2019, respectively, are as follows:

	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Recognized legal reserve	\$ 41,784	\$ 30,059		
Recognized special surplus reserve				
(turnaround)	(34,327	140,047		
Dividend of common shares	411,674	311,537	<u>.85</u>	<u>.40</u>

Regarding the above-mentioned surplus distribution plan for 2019 and 2018, the resolution passed in the Company's shareholders' meeting is consistent with the dividend distribution proposal passed by the Board of Directors.

Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors and shareholders' meetings is posted in the 'Market Observation Post System' on Taiwan Stock Exchange website.

D. Special reserve

	2020.12.31	2019.12.31
Special reserve recognized through IFRSs for the first time	\$102,504	\$102,504
Others	105,720	140,047
	<u>\$208,224</u>	<u>\$242,551</u>

The Company made special reserve allowance and reversal according to Jin-Guan Certificate Fa Zi No. 1010012865, Jin-Guan Certificate Fa Zi No. 1010047490, and the "Questions and Answers Regarding Special Reserve Allowance Based on the IFRSs". If there is subsequent reversal based on the reduction of shareholders' equity, the Company may make a special reserve allowance or reversal based on the rules of partial distributed surplus reversal.

E. Treasury Stocks

2020: None.

	2019			
Reason for remittance	Beginning number of shares	Additions for this period	Write offs in this period	Ending number of shares
Protect the Company's credit and shareholders' equity	—	2,000,000	(2,000,000)	—

The implementation status of the Company's treasury shares are as follows:

Item	Approved by the Board of Directors	Estimated number of shares to be repurchased	Repurchased shares	Repurchase amount	Write off status
21st	107.08.10	3,000,000	3,000,000	43,862	108.01.07

Item	Approved by the Board of Directors	Estimated number of shares to be repurchased	Repurchased shares	Repurchase amount	Write off status
22nd	107.10.29	3,000,000	3,000,000	42,732	108.01.07
23rd	108.01.24	2,000,000	2,000,000	29,739	108.04.25

F. Other equity items

	2020		
	Foreign Translation	Currency Reserve	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
Beginning balance	\$ 4,419		\$(212,643)
Exchange differences arising on translation of foreign operations	(13,554)		—
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	—		57,957
Share of other comprehensive gain of and associates	(22,852)		—
Other comprehensive Income for the year, net of income tax	7,281		—
Ending balance	<u>\$(24,706)</u>		<u>\$(154,686)</u>
	2019		
	Foreign Translation	Currency Reserve	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
Beginning balance	\$(58)		\$(242,493)
Exchange differences arising on translation of foreign operations	(5,211)		—
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	—		29,850
Share of other comprehensive gain of and associates	10,808		—
Other comprehensive Income for the year, net of income tax	(1,120)		—
Ending balance	<u>\$ 4,419</u>		<u>\$(212,643)</u>

G. Non-controlling interests

	2020	2019
Beginning balance	\$(1,512)	\$(178)
Shares attributable to non-controlling interests:		
Net profit (loss) of this year	(480)	(1,375)
Financial statements translation differences of foreign operation	(333)	41
Others	8,328	—
Ending balance	<u>\$6,003</u>	<u>\$(1,512)</u>

(22) Operating Revenue

A. Revenue from customer contracts

	2020	2019
Revenue from customer contracts		
Sales revenue	\$5,030,155	\$4,126,613
Construction revenue	—	333,640
Others	43,612	23,118
	<u>\$5,073,767</u>	<u>\$4,483,371</u>

For the income analysis of major products, please refer to Note 14 (3)

B. Contract balance

Information regarding the Group's revenue from customer contracts in 2020 and 2019 are as follows:

	2020.01.01	2020.12.31	Variance
Sale of goods	<u>\$ 4,875</u>	<u>\$ 2,743</u>	<u>\$(2,132)</u>
	2019.01.01	2019.12.31	Variance
Sale of goods	<u>\$ 25,716</u>	<u>\$ 4,875</u>	<u>\$(20,841)</u>

Changes in contract liabilities are mainly due to the difference between the time when the contract obligations are met and the time when customers make payments.

The amount of contract liabilities from the beginning of the year recognized in operating income in 2020 and 2019 is NT\$4,486 thousand and NT\$25,424 thousand, respectively.

(23) Interest Income

	2020	2019
Interest income from bank deposits	\$6,126	\$10,024
Interest income from financial assets measured at amortized cost	110	256
Other interest income	12,913	4,651
	<u>\$19,149</u>	<u>\$14,931</u>

(24) Other Income

	2020	2019
Rent income	\$8,261	\$9,323
Dividend income	48,763	42,415
Income from Fines and penalties	—	1,076
Government subsidies income	3,496	—
Others income	6,648	8,580
	<u>\$67,168</u>	<u>\$61,394</u>

The Group applied for the Tourism Bureau, Ministry of Transportation and Communications' subsidies for necessary operating costs of tourist hotel industry and hotel industry. The application was approved for a one-time operating capital subsidy on July 3, 2020. As of December 31, 2020, the Group has recognized revenue from government subsidies totaling NT\$3,496 thousand.

(25) Other Gains and Losses, Net

	2020	2019
Gains (Loss) from disposals of property, plant and equipment	\$(3,690)	\$(1,652)
Gain (loss) on disposal of investments	23,780	1,633
Gain (loss) on lease modification	—	309
Net foreign exchange gain (loss)	(2,806)	435
Gain (loss) on financial assets at fair value through profit or loss	84,979	107,273

Other losses	(42,588)	(964)
	<u>\$59,675</u>	<u>\$107,034</u>

(26) Finance Cost, Net

	<u>2020</u>	<u>2019</u>
Interest expense		
Borrowing interest expense	\$33,470	\$30,780
Lease liability expense	17,404	6,416
Others interest expense	26	27
Less: Qualifying asset capitalization amount	(2,237)	(1,011)
	<u>48,663</u>	<u>36,212</u>
Others	<u>—</u>	<u>330</u>
	<u>\$48,663</u>	<u>\$36,542</u>

(27) Employee Benefits, Depreciation, and Amortization Costs

	<u>2020</u>			<u>2019</u>		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefits						
Salary expenses	\$ 166,369	\$ 77,922	\$ 244,291	\$ 155,216	\$ 67,982	\$ 223,198
Employee healthcare and labor insurance expenses	17,169	5,474	22,643	15,913	4,874	20,787
Pension expenses	7,665	3,245	10,910	7,408	2,937	10,345
Other employee benefit expenses	8,172	52,038	60,210	8,265	56,459	64,724
Depreciation expenses	122,726	15,608	138,334	83,031	14,375	97,406
Amortization expenses	7,082	496	7,578	5,175	207	5,382
Total	<u>\$ 329,183</u>	<u>\$ 154,783</u>	<u>\$ 483,966</u>	<u>\$ 275,008</u>	<u>\$ 146,834</u>	<u>\$ 421,842</u>

A. In accordance with the Company's Articles of Incorporation, the Company shall distribute 1% to 5% of the distributed earnings covering accumulated losses as employees' remuneration and no higher than 3% as directors' remuneration. The

Company's estimated employees' remuneration for 2020 and 2019 are NT\$23,939 thousand and NT\$26,529 thousand, respectively. The Company's estimated directors' remuneration in 2020 and 2019 are NT\$14,364 thousand and NT\$15,914 thousand, recognized based on the aforementioned pre-tax benefits of 5% and 3%. Any changes to the sum after the publication of the Company's annual financial report are treated as accounting estimates and added to the balance of the following year.

B. The Company held board meetings on March 19, 2021, March 19, 2020, and June 12, 2019 to determine employees' remuneration and directors' remuneration for 2020, 2019, and 2018, respectively:

	2020		2019		2018	
	Employees'	Directors'	Employees'	Directors'	Employees'	Directors'
	remuneration	remuneration	remuneration	remuneration	remuneration	remuneration
Approved amount	\$ 23,939	\$ 14,364	\$ 26,529	\$ 15,917	\$ 17,942	\$ 10,765

The employees' remuneration and directors' remuneration for 2020, 2019, and 2018 approved by the Board of Directors' are equal to the amount recognized in financial statements.

For information about the Company Board of Director's determination of employees' and directors' remunerations, please refer to the "Market Observation Post System" of the TWSE.

(28) Income Tax

A. Components of income tax expenses

	2020	2019
<u>Current income tax</u>		
Occurred in the current year	\$71,936	\$70,647
Additional undistributed earnings	318	—
Adjustment of previous years	59	—
	72,313	70,647
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	(18,526)	(10,808)
Total tax expenses	\$53,787	\$59,839

B. Income tax recognized in other comprehensive income

	2020	2019
Financial statements translation		
differences of foreign operations	\$(7,281)	\$1,120

C. Adjustments to the income tax expenses recognized in profit and loss in the current year:

	2020	2019
Net profit before tax	\$445,931	\$495,170
Net profit before tax calculated based on the statutory tax rate	\$ 96,489	\$106,253
Effectuated tax amount from adjusted items:		
Effectuated items are not included in the calculation of taxable income	(25,656)	(37,018)
Origination and reversal of temporary differences	(18,526)	(10,808)
Additional undistributed earnings	318	—
Adjustments in respect of prior years	59	—
Land value increment tax	—	1,412
Taxed separately	3,508	—
Current income tax relief	(2,405)	—
Income tax expenses recognized in profit and loss	\$53,787	\$59,839

The statutory tax rate applicable to the Group is 20% per the R.O.C. Income Tax Act, while the tax rate applicable to unappropriated retained earnings is 5%. Taxes incurred in other jurisdictions are calculated based on the tax rates applicable to each relevant jurisdiction.

The Company's application to repatriate offshore funds within a time limit according to the "Management, Utilization, and Taxation of Repatriated Offshore Funds Act" implemented in Taiwan on August 15, 2019 was approved. Since the day the act was implemented, the applicable tax rate was 8% in the first year and 10% in the second year, separate from the general income tax system. Within a year of repatriating funds, the Company needs to apply to participate in real investment

from the Ministry of Economic Affairs. Only those who have completed this step will receive the 50% tax refund.

D. Information on the deduction of unused losses

Information about the Group's loss deduction as of December 31, 2020 is as follows:

Year of maturity	Amount not yet deducted
2024 to 2030	\$107,381

E. Deferred income tax assets and liabilities generated from temporary difference

	2020			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive income	Ending balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Unrealized inventory valuation loss and idle loss	\$1,804	\$7,361	\$—	\$9,165
Effects of investment income tax recognized using the equity method	—	10,471	—	10,471
Others	207	157	—	364
	<u>\$2,011</u>	<u>\$17,989</u>	<u>\$—</u>	<u>\$20,000</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Properties, Plants and Equipment	\$162,405	\$—	\$—	\$162,405
Exchange difference of foreign operations	21,261	—	(7,281)	13,980
Effects of investment income tax recognized using the equity method	537	(537)	—	—
	<u>\$184,203</u>	<u>\$ (537)</u>	<u>\$ (7,281)</u>	<u>\$176,385</u>
	2019			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive profit and loss	Ending balance
<u>Deferred Tax Assets</u>				
Temporary differences				

		2019			
		Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive profit and loss	Ending balance
Unrealized inventory valuation loss and idle loss		\$2,756	\$ (952)	\$ —	\$ 1,804
Others		1,317	(1,110)	—	207
		<u>\$4,073</u>	<u>\$ (2,062)</u>	<u>\$ —</u>	<u>\$ 2,011</u>
<u>Deferred Tax Liabilities</u>					
Temporary differences					
Properties, Plants and Equipment		\$ 162,405	\$ —	\$ —	\$ 162,405
Exchange difference of foreign operations		20,141	—	1,120	21,261
Effects of investment income tax recognized using the equity method		13,407	(12,870)	—	537
		<u>\$195,953</u>	<u>\$ (12,870)</u>	<u>\$ 1,120</u>	<u>\$ 184,203</u>

F. Impacted by the COVID-19 pandemic, the Company's declared profit-seeking enterprise income tax payable for 2019 is NT\$43,627 thousand. On June 20, 2020, the National Taxation Bureau of Taipei of the Ministry of Finance approved the request to pay the tax in 36 installments. As of December 31, 2020, the Company has paid 6 installments totaling NT\$7,271 thousand.

G. Income tax assessment

As of December 31, 2020, the tax collection agency approved Company's profit-seeking enterprise income tax settlement declaration to 2018.

(29) Earnings Per Share

		2020			
		Profit attributable to ordinary shareholders of the parent company	Weighted average number of ordinary shares outstanding (thousand shares)	EPS (NT\$)	
		Before tax	After tax	Before tax	After tax
Basic earnings per share		\$ 446,411	\$ 392,624	222,526	\$ 2.01 \$ 1.76

	2019				
	Profit attributable to ordinary shareholders of the parent company		Weighted average number of ordinary shares outstanding	EPS (NT\$)	
	Before tax	After tax	(thousand shares)	Before tax	After tax
Basic earnings per share	\$ 496,545	\$ 436,706	222,526	\$ 2.23	\$ 1.96

(30) Adjustments in Liabilities From Financing Activities

	2020.01.01	Cash Flow	Non-cash changes	2020.12.31
			Others	
Current borrowings	\$ 1,503,154	\$456,753	\$ —	\$1,959,907
Short-term notes and bills payable	29,972	20	—	29,992
Non-current borrowings (including long-term borrowings, current portion)	77,813	(2,667)	—	75,146
Lease liabilities	708,367	(68,735)	23,636	663,268
Guarantee deposits received	6,583	21,580	—	28,163
Total liabilities from financing activities	\$ 2,325,889	\$406,951	\$23,636	\$ 2,756,476

	2019.01.01	Cash Flow	Non-cash changes	2019.12.31
			Others	
Current borrowings	\$ 1,690,846	\$ (187,692)	\$ —	\$1,503,154
Short-term notes and bills payable	29,974	(2)	—	29,972
Non-current borrowings (including long-term borrowings, current portion)	9,000	68,813	—	77,813
Lease liabilities	16,563	(33,813)	725,617	708,367
Guarantee deposits received	6,583	—	—	6,583

	2019.01.01	Cash Flow	Non-cash changes Others	2019.12.31
Total liabilities from financing activities	<u>\$ 1,752,966</u>	<u>\$ (152,694)</u>	<u>\$ 725,617</u>	<u>\$ 2,325,889</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of Related Parties and Their Relationship with the Group

Name of related parties	Relationship with the group
Mayer Corporation Development International Limited	Subsidiaries
Grand Tech Precision Manufacturing (Thailand) Co., Ltd. (hereby referred to as Grand Tech Precision)	Affiliated companies
Diamond Precision Steel Corp. (hereby referred to as KY-Diamond)	Affiliated companies
Diamond Steel Tube Co., Ltd. (Vietnam)	Affiliated companies
Durban Development Co., Ltd.	Other related parties
Mayer Holdings Limited (Cayman)	Other related parties
Miramar Hospitality Co., Ltd. (hereby referred to as Miramar Hospitality)	Other related parties
Tze Shin International Co., Ltd. (hereby referred to as Tze Shin International)	Other related parties
Ying Shun Construction Co., Ltd.	Other related parties
Athena Information Systems International Co., Ltd.	Other related parties
Huang Yu-Chi	Key management
Directors, president, vice president, and other executive officers	Key management

(2) Significant Transactions with Related Parties

In 2020 and 2019, the Group conducted the following operating transactions with the related parties of non-merged companies:

A. Sales Revenue

	2020	2019
Affiliated companies	<u>\$ 13,934</u>	<u>\$ 15,568</u>

The Group's transactions with the above-mentioned related parties are handled based on conditions agreed upon by both parties.

B. Accounts Receivable

	<u>2020.12.31</u>	<u>2019.12.31</u>
Affiliated companies	<u>\$8,384</u>	<u>\$2,352</u>

C. Construction Cost

In 2020, the Company paid NT\$6,667 thousand of construction and maintenance costs to other related parties for the exterior wall renovation of the sold construction project. The sum is accounted for under "Operating Cost".

D. Construction in Progress

The management service fees the Company paid to other related parties for real estate development in 2020 and 2019 are NT\$1,440 thousand and NT\$840 thousand, respectively. The sums are accounted for under "Inventories - Construction Industry - Construction in Progress".

E. Notes Payable

	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$ —</u>	<u>\$572</u>

F. Accounts Payable

	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$120</u>	<u>\$ —</u>

G. Other Receivable (Including amounts loaned)

	<u>2020.12.31</u>	<u>2019.12.31</u>
General payment		
Subsidiaries	\$160	\$168
Amount loaned		
Subsidiaries	<u>17,353</u>	<u>18,328</u>
Subtotal	17,513	18,496
Less: Allowance for impairment loss	<u>(17,513)</u>	<u>(18,496)</u>

	<u>\$ —</u>	<u>\$ —</u>
H. Other Payables:		
	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$16</u>	<u>\$2,221</u>
I. Incomplete Construction Projects		
	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$ —</u>	<u>\$300</u>
J. Unfinished construction		
	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$ —</u>	<u>\$1,342</u>
K. Refundable Deposits		
	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$5</u>	<u>\$5</u>
L. Contract Liabilities		
	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$7</u>	<u>\$7</u>
M. Lease Revenue		
	<u>2020</u>	<u>2019</u>
Other related parties	<u>\$179</u>	<u>\$184</u>
N. Dividend Income		
	<u>2020</u>	<u>2019</u>
Investment reductions under the equity method		
Grand Tech Precision	\$33,739	37,944
KY-Diamond	34,494	47,109
	<u>68,233</u>	<u>85,053</u>
Other income		
Miramar Hospitality	—	31
Tze Shin International	—	3,027
	<u>—</u>	<u>3,058</u>

\$68,233	\$88,111

O. Others

- i. The company signed a transportation equipment purchase agreement with the management on January 7, 2020. The total contract price was NT\$1,056 thousand. Ownership of the goods was transferred on January 15, 2020, and the relevant payments were paid off on January 16, 2020.
- ii. The Group signed equipment and software purchase agreements with other related parties in August and November, 2020. The total contract price was NT\$1,556 thousand. The Group paid NT\$220 thousand and NT\$1,336 thousand in 2020 and 2019, respectively, and has transferred the purchase under “machinery, equipment, and intangible assets” in 2020.
- iii. In 2020, the Company purchased NT\$86 thousand worth of gifts from other related parties and listed the purchase under “operating expenses”.
- iv. In 2019, the Group paid NT\$554 thousand worth of computer information service fees to other related parties, with the payment listed under “operating costs”.
- v. The Group’s computer information service fees and commissions paid to other related parties in 2020 and 2019 are NT\$80 thousand and NT\$44 thousand respectively, with the payments listed under “operating expenses”.
- vi. In 2019, the Group received NT\$4 thousand in service fees for paying the management fees for affiliated companies in advance. The sum is listed under “other income”.

(3) Key Management Compensation

	2020	2019
Salary and short-term employee benefits	\$46,415	\$46,682
Post-Employment Benefits	614	581
	<u>\$47,029</u>	<u>\$47,263</u>

The remuneration of directors and other key management are determined based on individual performance and market trends by the remuneration committee.

8. PLEDGED ASSETS

The book value of the Group's assets pledged to financial institutions as collateral for long or short-term loans, presale buyer trust funds for construction projects, and restrictions on repatriated overseas funds on December 31, 2020 and 2019 are detailed below:

	2020.12.31	2019.12.31
Inventories (for construction business)	\$ 153,398	\$ 100,228
Other financial assets - bank deposits	27,814	6,000
Other financial assets - current financial assets at fair value through profit and loss	624,844	547,042
Other financial assets - current investments in equity instruments designated at fair value through other comprehensive income	189,270	184,544
Finance lease receivables	40,336	41,021
Properties, plants and equipment	578,819	582,305
Investment property	150,569	153,502
	<u>\$ 1,765,050</u>	<u>\$ 1,614,642</u>

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMPACT COMMIMENTS

(1) On March 7, 2008, the Company signed a contract to purchase land at No. 800 of the Guoguang Section of Banqiao District, New Taipei City from Chien Ching-Hui and three others for the total price of NT\$1,930,800 thousand. As of December 31, 2020, the Company has paid NT\$89,110 thousand according to the contract, and the unpaid balance has been offset by the claim for damages. The Company verified that Chien Ching-Hui and the others gifted and sold parts of the land to Yeashin International Development Co., Ltd. and registered transfer of ownership, severely violating the terms of the contract and damaging the Company's creditor's rights. The progress of the relevant lawsuit are as follows:

(2) The Company filed a civil complaint with the Taiwan Taipei District Court on April 7, 2017 demanding that Chien Ching-Huang and two other defendants honor the sale and purchase contract and supplementary agreement signed by both parties in 2008 and transfer ownership of the 1,511.19 square meters of land in the rezoned No.62 to No.67 of Yongcui Section of Banqiao District, New Taipei City to the Company. On August 27, 2018, the court ruled in Civil Judgement No. 594 (2017)

that Chien Ching-Huang and the two other defendants should transfer ownership of the aforementioned land to the Company. However, Chien Ching-Huang and the two other defendants decided to appeal the court's decision. Also, Kan Chien-Fu and 5 others with joint ownership of the land in question have signed an agreement with the Company pledging to help the Company win the lawsuit and declared their participation in the lawsuit on June 18, 2019. The appeal was rejected by the Taiwan High Court in Civil Judgement No. 739 (2018). Chien Ching-Huang and the two other defendants appealed the judgement, and the case is now being handled by the Supreme Court.

(3) On October 25, 2017, the Company filed a civil complaint with the Taiwan Taipei District Court seeking NT\$118,678 thousand in damage compensations from Chien Ching-Hui and three others for transferring ownership of Land No.48 of Yongcui Section in Banqiao District, New Taipei City. On March 12, 2020, the Taiwan Taipei District Court ruled in Judgement No.1325 (2017) that Chien Ching-Hui and the three others should pay NT\$97,825 thousand to the Company along with 5% annual interest from March 24, 2017 to the settlement date. The Company has appealed parts of the ruling, demanding that Chien Ching-Hui and the three others should pay an additional NT\$20,853 thousand along with 5% annual interest from March 24, 2017 to the settlement date. Chien Ching-Hui and the three others are also unsatisfied with the ruling. The case is now being judged as Case No.298 (2020) in the Taiwan High Court.

(4) On April 30, 2020, the Company filed a civil complaint with the Taiwan Taipei District Court seeking NT\$594,956 thousand in damage compensations from Chien Ching-Hui and three others for transferring ownership of Land No.49 of Yongcui Section in Banqiao District, New Taipei City. The case is currently being judged in Case No.487 (2020) in the Taiwan Taipei District Court.

(2) Regarding the 200 million shares of “unlisted stock” of Mayer Holdings Limited (Cayman) (hereby referred to as Mayer Holdings (Cayman)) held by the Group's Mayer Corporation Development International Limited (hereby referred to as Mayer Corp. (BVI)), the Group was notified by Computershare Hong Kong on January 12, 2012 that Aspial Investment Limited and Bumper East Limited applied to transfer unlisted stocks under their name. After consulting with lawyers, Mayer Corp. (BVI)

filed a Statement of Claim with the High Court of the Hong Kong Special Administrative Region on March 13, 2012. Aspial Investment Limited and Bumper East Limited also filed a Statement of Claim on March 15, 2012, claiming to be the legal buyer of the unlisted stocks. They demand that Aspial Investment Limited and Bumper East Limited should be declared owners of the unlisted stock and that Mayer Corp. (BVI) pay damage compensations. The progress of the trial is as follows:

(2) On July 3, 2014, the Hong Kong Court of Final Appeal ruled that Mayer Corp. (BVI) lost ownership of Mayer Holdings (Cayman). Aspial Investment Limited and Bumper East Limited were registered as shareholders of Mayer Holdings (Cayman) on August 19, 2014.

(3) As of December 31, 2020, Mayer Corp. (BVI) has recognized an accumulated total of US\$2,678 thousand in damage compensation cost due to the above-mentioned case, but the final amount of possible compensation cannot be predicted nor reasonably estimated according to the result of the ruling.

(4) On July 30 and August 21, 2014, 3rd defendant Lin Chien-Chin petitioned the Hong Kong Court of First Instance to have Hong Kong courts order the Company to join the case as a defendant. Whether the Company will become a defendant in the case has yet to be determined by the Hong Kong Court of First Instance, and a date for the trial has not yet been set.

(5) The Company entrusted the “unlisted stocks” in question to Lai, the owner of Mayer Corp. (BVI) for safekeeping, disposal, and other management matters. Lai disposed (sold) the shares to a third party without permission or authorization from the Company, so that the Company had no way to return the shares to Mayer Corp. (BVI). On April 29, 2015, the Board of Directors resolved to file a criminal report to the District Prosecutors Office to hold Lai legally accountable and protect the rights and interests of the Company and its shareholders. The case is being investigated by the Taiwan Taipei District Prosecutors Office in Case No.7922 and No.7923 (2016). The Company will also file a civil suit when the prosecutor initiates a criminal lawsuit.

(6) On January 28, 2016, Mayer Corp. (BVI) filed a statement of claim from all defendants including the above-mentioned companies to the High Court of Hong

Kong stating that the original ruling by the High Court of Hong Kong regarding the ownership of the 200 million shares of Mayer Holdings Limited (Cayman) held by Mayer Corp. (BVI) to be invalid. Based on common issues in this case and aforementioned relevant cases, Mayer Corp. (BVI) applied to the High Court of Hong Kong for a joint trial on April 12, 2016. On July 25, 2016, the High Court of Hong Kong decided postpone processing the joint trial application until after the dismissal application was processed. Because Mayer Corp. (BVI) has filed liquidation application to apply for a joint trial and parties related to the case have already received liquidation orders, the relevant joint trial application is expected to be postponed indefinitely.

(7)As of December 31, 2020, Mayer Corp. (BVI) has recognized accumulated attorney expenses totaling US \$3,339 thousand because of the above-mentioned case.

(3) On September 27, 2016, Mayer Corp. (BVI) received a notice from the Hong Kong Official Receiver's Office stating that the High Court of the Hong Kong Special Administrative Region has received the petition from Bumper East Limited and Aspiat Investment Limited (hereby referred to as “petitioners”) demanding the liquidation of Mayer Corp. (BVI), because petitioners must file an application the Hong Kong court for papers to be served overseas. The petitioners have proven on December 8, 2016 that they have completed all applications for relevant liquidation proceedings. Mayer Corp. (BVI) filed objection affidavits with the Hong Kong High Court on December 28, 2016 and February 21, 2017, and proceeded to the hearing on April 20, 2017. The relevant liquidation procedures are described below:

(2)On March 3, 2017, Mayer Corp. (BVI) appointed an attorney to apply for company insolvent liquidation from the British Virgin Islands (BVI) court and appointed liquidators to handle liquidation. The BVI court issued the liquidation order for Mayer Corp. (BVI) on March 27, 2017 and appointed Mr. Martin Trott from RHSW Limited (BVI) and Mr. Stephen Liu Yiu Keung and Mr. Yen Ching Wai David from Ernst&Young Transactions Ltd. as joint liquidators. The Hong Kong court issued the recognition order on April 18, 2017.

(3)The petitioners’ attorney proposed in the hearing on April 20, 2017 that the Hong Kong court cannot issue a recognition order in a voluntary liquidation case, but the High Court of Hong Kong still reconfirmed the recognition order issued on April

18, 2017 to be valid and agreed that the liquidator Ernst&Young Transaction Ltd. (hereby referred to as “liquidator”) may carry out the liquidation order on Mayer Corp. (BVI) in Hong Kong. The Hong Kong Court of Final Appeal dismissed their application for appeal in court on March 19, 2020 and issued grounds for rejecting the application on April 16, 2020. As of March 19, 2021, the liquidator is claiming relevant fees from the petitioners.

(4) As of December 31, 2020, Mayer Corp. (BVI) has recognized accumulated attorney expenses totaling US\$31 thousand because of the above-mentioned case.

- (4) Glory World Development Limited (BVI), a joint venture subsidiary between the Company and Mayer Holdings Limited (Cayman), signed an exclusive supply contract with Vietnam Minerals Holding Company (Brunei) through its subsidiary Elternal Galaxy Limited (BVI) on September 15, 2010, and the first contract bond installment of US\$10 million was paid on October 15, 2010. The three-year exclusive supply contract signed between Elternal Galaxy Limited (BVI) and Vietnam Minerals Holding Company (Brunei) on September 15, 2010 has expired. The two parties signed an agreement on March 7, 2014 to extend the contract to September 15, 2016 with the possibility of another 3-year extension. With exception to additional stipulations (1) Vietnam Minerals Holding Company (Brunei) should guarantee a monthly supply of 8 thousand dry metric tons, and (2) starting on July 1, 2014, if quarterly supply falls under 20,000 dry metric tons, Vietnam Minerals Holding Company (Brunei) shall refund US\$20 for each ton that is short, there are no major changes to the contract.

Subsidiary Elternal Galaxy Limited (BVI) observed that the actual supply volume of Vietnam Minerals Holding Company (Brunei) did not meet the requirements stipulated in the exclusive supply contract, and therefore entrusted attorneys in Hong Kong to officially issue a letter of attorney on April 9, 2015 demanding that Vietnam Minerals Holding Company (Brunei) improve supply conditions to meet the contract requirements within 90 days of receiving the letter. Vietnam Minerals Holding Company (Brunei) proposed using mining rights, beneficiation sites, and relevant production equipment to make up the remaining margin, so Elternal Galaxy Limited (BVI) has appointed lawyers and professional valuation companies to evaluate assets of Vietnam Minerals Holding Company (Brunei) such as mining rights, beneficiation sights, production and transportation equipment, and inventories. The subsidiary

Elternal Galaxy Limited (BVI) also signed a letter of intent with Vietnam Minerals Holding Company (Brunei) and the shareholders of its mining partner Phu Duc Mining Joint Stock Company (Vietnam) to offset the US\$8.34 million remaining from the first installment Elternal Galaxy Limited (BVI) paid and cancel the aforementioned exclusive supply contract.

Considering that Vietnam Minerals Holding Company (Brunei) did not refund US\$20 for every ton short of 20 thousand dry metric tons it supplied each season in 2015 according to the additional stipulations signed on March 7, 2014, along with the determination that the value of the above-mentioned letter of intent cannot be reasonably estimated, the Group followed conservative principles and transferred “refundable deposits” under “other receivables”, setting the entire sum aside as allowance for bad debts. The Group has set aside US\$2.92 million and US\$5.42 million for impairment losses and allowance for bad debts, respectively. Through the notice issued by the Brunei Registry, the Group learned that the Brunei government will suspend international business companies. For Brunei companies without any disposals, their register agent license will be completely revoked. In addition to confirming the value of various assets (or rights) and whether they can be legally mortgaged or transferred, the Group plans to discuss with attorneys and take legal actions to safeguard the company's rights and interests.

- (5) Glory World Development Limited (BVI), a joint venture subsidiary between the Company and Mayer Holdings Limited (Cayman), signed an exclusive supply contract on September 27, 2010 with Dynamic Natural Resources Pte. Ltd. (Singapore) through its subsidiary Sinowise Development Limited (BVI). The contract was effective from the date of signing and valid for a period of 5 years, and the US\$4 million contract bond was paid off on October 5, 2010. However, in view of the recent changes in global and regional demand for coal, Sinowise Development Limited (BVI) signed a termination agreement with the company on March 25, 2012. The contract bond, prepayments, and loss contribution up to that date was to be repaid in installments with a 5% annual interest starting on January 1, 2012. The total amount to be repaid is US\$6.98, but only US\$1.3 million was received, so a 100% allowance for bad debts was provided out of the conservative principle. Sinowise Development Limited (BVI) appointed a lawyer and renegotiated the damage claim amount to US\$5,256 thousand,

filing petitions to the High Court of Hong Kong on May 29, 2013 and June 30, 2015. The High Court of Hong Kong formally accepted the case on June 25, 2016 and agreed to issue a subpoena to the registered address of Dynamic Natural Resources Pte. Ltd. (Singapore). The subpoena was served on June 29, 2016. The High Court of Hong Kong made its final judgement on September 28, 2016, ruling that Dynamic Natural Resources Pte. Ltd. (Singapore) shall repay Sinowise Development Limited (BVI) with interest calculated based on the claim amount US\$5,256 thousand plus the judgment interest rate from September 28, 2016 to the settlement date. However, the appointed attorney indicated that Dynamic Natural Resources Pte. Ltd. (Singapore) was struck off. Sinowise Development Limited (BVI) intends to discuss the matter with attorneys and take legal action to safeguard the Company's rights and interests.

- (6) The Group's Hong Kong Miramar Development Limited participated in the seasonal equity offering of Oasis Eden Properties Limited on February 10, 2011 for US\$17,500 thousand and signed an "investment agreement" with Oasis Eden Properties Limited (BVI), Chongqing Hengyang Real Estate Development Co., Ltd., and Rising Sun Real Estate Investment Consulting LLC. The agreement stipulates that Oasis Eden Properties Limited (BVI) will return US\$45,150 thousand (including the principal of US\$17,500 thousand and after-tax profit of US\$27,650 thousand) to Hong Kong Miramar Development Limited, with Rising Sun Real Estate Investment Consulting LLC. providing joint guarantee. At the same time the contract is executed, Hong Kong Miramar Development Limited and Chongqing Hengyang Real Estate Development Co., Ltd. signed the original pre-purchase contract for hotel commercial housing located in the U Standard Zone of Xiyong Group, Chongqing City Proper for RMB \$299,484 thousand, which is approximately NT\$1,323,719 thousand.

Oasis Eden Properties Limited (BVI) signed an equity transfer agreement with Evergrande Real Estate Group Limited on October 17, 2016, selling 100% equity it held of Chongqing Hengyang Real Estate Development Co., Ltd. and other four reinvestment companies for RMB\$700 million. However, the money should first be used to cover the existing debts of Oasis Eden Properties Limited (BVI) before the rest can be distributed to shareholders. As of December 31, 2020, Hong Kong Miramar Development Limited should receive US\$1,073 thousand based on the distribution ratio.

The Group measured the fair value of these receivables based on the above conditions, listing the sum under “financial assets mandatorily measured at fair value through profit or loss - current”. Based on the above rights and interests, the Company does not rule out taking legal action to protect the Company’s rights and interests.

- (7) Since April, 2016, the Group and Durban Development Co., Ltd. has filed multiple civil complaints with the Taiwan Keelung District Court, demanding in a total of 35 cases that Yu Chun-Lai and other individuals vacate and demolish the structures they occupy on the land in Xitou Section, Qidu District, return the land to its co-owners, and pay monthly rent until the day the land is returned. As of March 19, 2021, 32 cases have been completed or settled, with 3 cases still being heard by the Taiwan High Court and Keelung District Court.
- (8) On April 5, 2017, the Hong Kong Securities and Futures Commission ruled in the Market Misconduct Tribunal that Mayer Holdings Limited (Cayman) and its 9 current and former senior officials failed to fulfill their disclosure obligations due to violations of the Securities and Futures Ordinance, imposing total fines of HK\$10.2 million. The Company has appointed lawyers to represent its president and 6 other officials to appeal the ruling in the Court of Appeal of the High Court of Hong Kong. The Court of Appeal has granted permission to appeal on June 14, 2017, and after the appeal hearing on November 20 and 21, 2018, the Tribunal issued instructions on July 24, 2020 requiring both parties to submit expert reports, and set August 16 to 18, 2021 as the hearing date. As of December 31, 2020, the Company has recognized a total of HK\$2,674 thousand in attorney fees regarding the aforementioned case.
- (9) In order to expand new businesses, the Company signed a three-party purchase and sale contract for 40 thousand wet tons of Brazilian manganese sand on June 12, 2017. The total estimated price of the contract was US\$6,154 thousand, and as the intermediary, the Company was expected to receive a commission of US\$292 thousand. However, the Company, the supplier, and the buyer agreed to terminate the three-party sales and purchase agreement on July 5, 2017, after which the Company signed a new purchase and sale contract for Brazilian manganese sand with the supplier and a new buyer. As of September 28, 2017, the Company had paid the supplier US\$2,923 thousand or NT\$88,259 thousand according to the contract. However, the supplier did not fulfill its contract obligations as it failed to deliver the

goods on time. As a result, the Company was unable to fulfill its obligation to deliver 40 thousand wet tons of manganese sand to the new buyer. At the same time, the Company listed the full payment as bad debt losses and signed a repayment agreement with the supplier on November 24, 2017, which stipulated that the supplier must repay the paid amount plus compensation and delayed interest in seven installments. As a result, the sum was transferred from “prepayments” to “other receivables”.

After the Company obtained the civil ruling in Case No.46 (2018) from the Taiwan Taipei District Court on April 11, 2018, the joint guarantor set the first maximum mortgage right of NT\$100,000 thousand on two plots of land, No. 62-02 and No. 118 in the Daping Subsection of Central Wanli Jiatou Section, Wanli District, New Taipei City, and issued a promissory note of equal value as a guarantee for payment, re-signing a repayment agreement with the Company on October 15, 2019. In addition to the remaining outstanding principal of US\$2,030 thousand, the guarantor should also repay the NT\$81,445 thousand in compensations and delayed interest stipulated in the repayment agreement that the supplier signed on November 24, 2017, along with compound interest calculated as 0.005% of the monthly interest rate. However, since March 2020, the joint guarantor has failed to repay the principal in compliance with the repayment agreement. Therefore, the company has sent a legal confirmation letter on March 11, 2020 to notify the joint guarantor to repay the outstanding sum. As of December 31, 2020, the joint guarantor still has not repaid the principal. In order to exercise its first and maximum mortgage right, the Company has requested the auction of the mortgaged property for compulsory execution.

As of December 31, 2020, the Company has recovered a total of NT\$29,794 thousand in principal and plus interest from the supplier and joint guarantor.

- (10) On June 30, 2016, the Hong Kong Securities and Futures Commission provided Mayer Holdings (Cayman) with a stamped copy of the petition filed in the High Court of Hong Kong under Miscellaneous Litigation No. 1673 (2016). According to the petition, Mayer Holdings (Cayman) took legal action to recover losses caused by relevant directors in three suspicious transactions. Since two of the former executive and non-executive directors were recommended by the Company to serve as directors of Mayer Holdings (Cayman), the Company’s Board of Directors agreed on March 26, 2018 to compensate two of the former executive and non-executive directors for legal fees and

other necessary litigation expenses. As of December 31, 2020, the Company has recognized a total of HK\$282 thousand in attorney fees regarding the aforementioned case.

(11) On September 7, 2018, the Environmental Protection Administration, Executive Yuan sent a letter notifying that the Company's production plant (Puxin Plant) would be named a groundwater pollution remediation site by the Groundwater Pollution Control Place and Designated Pollution Control Zone. The Company proposed a "Soil and Groundwater Pollution Investigation and Evaluation Plan" and "Project Report" on April 23 and December 3, 2019, which the Taoyuan City Government agreed to file for future reference on June 5, 2019 and July 13, 2020, respectively. As of December 31, 2020, the Company has estimated a liability reserve of NT\$41,109 thousand for remediation costs and has submitted the "Soil and Groundwater Pollution Remediation Plan" on February 25, 2021.

(12) On December 4, 2019, Mayer Holdings Limited (Cayman) filed an arbitration application with an arbitration agency in Hong Kong requesting that the Company replace a director of Glory World Development Limited (BVI) in accordance with a shareholders' agreement signed on September 5, 2010 and present the relevant books and records of the company. The Company submitted its defense and counterclaim to the arbitration agency on March 11, 2020. Also, Mayer Holdings Limited (Cayman) submitted an application to extend the claim submission deadline to September 2, 2020, and pre-trials are scheduled for May 12, 2021.

As of December 31, 2020, the Company has recognized ICC arbitration and attorney fees of US\$50 thousand and HK\$118 thousand, respectively.

(13) On March 19, 2020, the Company's Board of Directors resolved to sign an agreement with non-related parties to transfer the scope of the Company's claim in the lawsuits against Chien Ching-Huang and two other defendants for transferring ownership of land in the Banqiao Yongcui Section [Taiwan Taipei District Court Civil Judgement No. 594 (2017), Taiwan High Court Civil Judgement No. 739 (2018)] for NT\$300 million. However, the agreement could only be signed after the Supreme Court makes a ruling. As of March 19, 2021, there are no new developments.

(14) As of December 31, 2020 and 2019, the unused balances of letters of credit issued by

the Group were NT\$115,754 thousand and NT\$74,702 thousand, respectively.

(15) As of December 31, 2020 and 2019, the balance of guaranteed notes issued by the Group for bank borrowings, procurement of materials, and endorsements/guarantees were NT\$2,913,622 thousand and NT\$3,332,736 thousand, respectively.

(16) As of December 31, 2020 and 2019, the Group's contracted and unpaid amount for the procurement of machinery and equipment and land development was NT\$29,190 thousand and NT\$28,333 thousand, respectively.

10. SIGNIFICANT DISASTER LOSS: None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:None.

12. OTHERS:

(1) Capital Risk Management

The Group needs to maintain enough capital to support expansions and improvements of plants and equipment. Therefore, the Group's capital management is to ensure that it has necessary financial resources and operating plans to meet the needs of working capital, capital expenditures, research and development expenses, debt repayment, and dividend expenditures in the next 12 months.

(2) Financial Instruments

A. Financial instruments by category

	2020.12.31	2019.12.31
<u>Financial Assets</u>		
Designated at amortized cost (Note 1)	\$1,196,071	\$1,002,248
Designated at fair value through profit or loss	1,042,189	1,026,580
Designated at fair value through other comprehensive income	452,902	417,771
<u>Financial Liabilities</u>		
Designated by amortized cost (Note 2)	\$2,546,408	\$2,131,421

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, finance lease receivables, and other financial assets.

Note 2: The balance includes financial liabilities at amortized cost such as current borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, guarantee deposits received, and non-current portion of non-current borrowings.

B. Fair value information

(a) Financial instruments not measured at fair value

The Group believes that the book value of financial assets and financial liabilities measured at amortized cost is a reasonable approximation of fair value.

(b) Financial instruments measured at fair value

The following table provides the relevant analysis of financial instruments measured at fair value after initial recognition, and is divided into Levels 1 to 3 based on fair value observability.

i. Level 1 fair value measurements are quoted prices in active markets for identical assets or liabilities (unadjusted)

ii. Level 2 fair value measurements are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (price) or indirectly (derived from price).

iii. Level 3 fair value measurement refers to fair value evaluation techniques not based on the input value of assets or liabilities based on observable market data (unobservable input value).

				2020.12.31			
Recurring fair value measurements				Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss							
Domestic listed company stocks				\$ 646,196	\$ —	\$ —	\$ 646,196
Domestic non-listed company stocks				—	—	350,320	350,320

				2020.12.31			
Recurring measurements	fair value			Level 1	Level 2	Level 3	Total
Foreign non-listed company stocks				—	—	38,509	38,509
Fund beneficiary certificate				7,164	—	—	7,164
				<u>\$ 653,360</u>	<u>\$ —</u>	<u>\$ 388,829</u>	<u>\$ 1,042,189</u>
Financial assets at fair value through other comprehensive income							
Domestic listed company stocks				\$ 248,605	\$ —	\$ —	\$ 248,605
Domestic non-listed company stocks				—	—	5,052	5,052
Foreign non-listed company stocks				—	—	199,245	199,245
				<u>\$ 248,605</u>	<u>\$ —</u>	<u>\$ 204,297</u>	<u>\$ 452,902</u>

			2019.12.31			
Recurring measurements	fair value		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Domestic listed company stocks			\$ 603,811	\$ —	\$ —	\$ 603,811
Domestic non-listed company stocks			—	—	345,092	345,092
Foreign non-listed company stocks			—	—	69,246	69,246
Fund beneficiary certificate			8,431	—	—	8,431
			<u>\$ 612,242</u>	<u>\$ —</u>	<u>\$ 414,338</u>	<u>\$ 1,026,580</u>
Financial assets at fair value through other comprehensive income						
Domestic listed company stocks			\$ 199,076	\$ —	\$ —	\$ 199,076

Recurring fair value measurements	2019.12.31			
	Level 1	Level 2	Level 3	Total
Domestic non-listed company stocks	—	—	4,750	4,750
Foreign non-listed company stocks	—	—	213,945	213,945
	<u>\$ 199,076</u>	<u>\$ —</u>	<u>\$ 218,695</u>	<u>\$ 417,771</u>

There have been no transfers between Level 1 and Level 2 of the Group's financial assets and liabilities measured at fair value on a repetitive basis in 2020 and 2019.

Adjustment of financial instruments measured at Level 3 fair value.

The Group's financial assets measured at Level 3 fair value are equity instrument investments that measured at fair value through profit and loss or at fair value through other comprehensive profit or loss.

Financial assets at fair value through profit or loss were adjusted as follows:

	2020	2019
Beginning balance	\$414,338	\$ 403,170
Capital reduction and refund of shares	(31,702)	(572)
Finance measured at fair value through profit or loss	7,525	12,701
Unrealized gains (losses) from assets		
Foreign currency exchange difference	(1,332)	(961)
Ending balance	<u>\$388,829</u>	<u>\$ 414,338</u>

Investments in equity instruments measured at fair value through other comprehensive income were adjusted as follows:

	2020	2019
Beginning balance	\$218,695	\$ 286,344
Obtained in the period	—	7,660
Capital reduction and refund of shares	(36,433)	(72,866)
Unrealized gains (losses) of financial assets measured at fair value through other comprehensive income	22,035	(2,443)
Ending balance	<u>\$204,297</u>	<u>\$ 218,695</u>

(c) Evaluation techniques and assumptions used to measure fair value

The Group determines the fair value of its financial assets and liabilities through the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and

traded in active markets are determined with reference to quoted market prices (including listed corporate bonds, agency bonds, stocks of listed companies, and government bonds).

The fair value of unlisted companies without an active market are estimated using the market method, which is based on parameters such as recent fundraising activities, valuation of similar companies, technological development of the company, market conditions, and other economic indicators.

C. Financial risk management purpose and policy

The objective of the Group's financial risk management is to manage operation-related foreign currency risk, interest rate risk, credit risk, and liquidity risk. To reduce relevant financial risks, the Group is committed to identifying, evaluating, and avoiding market uncertainties in order to reduce potential negative impacts of market changes on the Company's financial performance.

The Group's significant financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. In executing financial plans, the Group must strictly follow financial operating procedures

regarding overall financial risk management and division of power and responsibilities.

(a) Market risk

Market risk to the Group is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprise of mainly currency risk, interest rate risk, and other price risks.

i. Currency risk

The Group's operation and net investments by foreign operating institutions are mainly conducted in foreign currencies, which expose the Group to currency risk. The Company's foreign currency receivables are the same as some of the foreign currency payables, with certain positions resulting in a natural hedging effect. Also, the net investment of foreign operating institutions is a strategic investment, so the Group has not hedged against it.

Currency risk sensitivity analysis calculated based on information on the Group's foreign currency financial assets and liabilities with significant impact:

Unit: \$1000 in each foreign currency

		2020.12.31			
(Foreign functional currency)	currency:				Effects on profit and
		Foreign currency	Exchange rate	Degree of variation	loss (NTD)
<u>Financial Assets</u>					
Monetary items					
USD: NTD		\$ 1,334	28.48	1%	\$ 380
USD: VND		410	23,082.5	1%	117
<u>Financial Liabilities</u>	:	None.			

Unit: \$1000 in each foreign currency

2019.12.31

(Foreign functional currency: currency)	Foreign currency	Exchange rate	Degree of variation	Effects on profit and loss (NTD)
<u>Financial Assets</u>				
Monetary items				
USD: NTD	\$ 270	30.08	1%	\$ 81
USD: VND	396	23,172.5	1%	119
<u>Financial Liabilities</u>				
HKD: USD	2,948	7.780652	1%	114

ii. Interest rate risks

Interest rate risk is the risk that a change in market interest rates will reduce the fair value of financial instruments. The Group's exposure to interest rate risk is primarily due to fixed-income investments and fixed-rate borrowings.

The sensitivity analysis of interest rate risk is based on changes in the fair value of fixed-income investments at the balance sheet date. If interest rates increase/decrease by 0.25% with all other variables remaining constant, the Group's net profit in 2020 and 2019 will be reduced by NT\$4,372 thousand and NT\$3,049 thousand, respectively.

iii. Other price risks

The price risk of the Group's equity instruments comes mainly from financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive gains and losses. All major equity instrument investments must be approved by the Company's Board of Directors.

The sensitivity analysis of equity instrument price risk is based on changes in fair value at the balance sheet date. If the price of equity instruments increased/decreased by 5%, the Group's net profit in 2020 and 2019 will be increased/reduced by NT\$33,245 thousand and NT\$32,726 thousand, respectively, with other comprehensive profit and loss increasing/decreasing by NT\$12,417 thousand and NT\$9,995 thousand, respectively.

(b)Credit risk

Credit risk refers to the risk of a counterparty breaching contractual obligations, causing financial losses to the Group. The Group's exposure to credit risk comes mainly from receivables from operating activities, bank deposits from investment activities, fixed-income investments, and other financial instruments. Operation-related credit risk and financial credit risk are managed separately.

i. Operation-related credit risk

The Group has established operation-related credit risk management procedures to maintain the quality of accounts receivable.

Risk assessments of individual customers takes into account multiple factors that can affect a customer's ability to make payments, including the customer's financial situation, credit rating by credit rating agencies, credit rating by the Group, transaction history, and current economic situation. The Group will also use certain credit enhancement tools like prepayments and credit insurance to reduce the credit risk of specific customers.

Concentrations of credit risk are limited given that the Group's customer base is large and unrelated. As of December 31, 2020 and 2019, the ratio of the total accounts receivable from the Group's top ten customers to the total accounts receivable was 49% and 34%, respectively.

ii. Financial credit risk

The credit risk of bank deposits and other financial instruments are assessed and monitored by the Group's finance department. Because the Group's transaction partners and counterparties are all banks with high credit quality and financial institutions of investment grade, there is no significant default risk, and therefore no significant credit risk.

(c)Liquidity risk management

The Group's purpose for managing liquidity risk is to maintain cash and cash equivalents, highly liquid securities, and sufficient bank financing limits needed for operations to ensure that the Group has sufficient financial flexibility.

The following table summarizes the analysis of financial liabilities within the agreed repayment period of the Group based on maturity date and undiscounted maturity amount:

2020.12.31					
	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
<u>Non-Derivative</u>					
<u>Financial Liabilities</u>					
Current borrowings	\$ 1,959,907	\$ —	\$ —	\$ —	\$ 1,959,907
Short-term notes and bills payable	29,992	—	—	—	29,992
Notes and accounts payable (including related parties)	324,155	—	—	—	324,155
Other payables (including related parties)	129,045	—	—	—	129,045
Lease liabilities	48,745	99,556	92,941	422,026	663,268
Non-current portion of non-current borrowings	2,711	5,540	5,703	61,192	75,146
	<u>\$ 2,494,555</u>	<u>\$ 105,096</u>	<u>\$ 98,644</u>	<u>\$ 483,218</u>	<u>\$ 3,181,513</u>
2019.12.31					
	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
<u>Non-Derivative</u>					
<u>Financial Liabilities</u>					
Current borrowings	\$ 1,503,154	\$ —	\$ —	\$ —	\$ 1,503,154
Short-term notes and bills payable	29,972	—	—	—	29,972
Notes and accounts payable (including related parties)	368,891	—	—	—	368,891
Other payables (including related parties)	145,008	—	—	—	145,008

Lease liabilities	50,281	94,389	95,979	467,718	708,367
Non-current portion of non-current borrowings	—	—	49,533	28,280	77,813
	<u>\$ 2,097,306</u>	<u>\$ 94,389</u>	<u>\$ 145,512</u>	<u>\$ 495,998</u>	<u>\$ 2,833,205</u>

13. SUPPLEMENTARY DISCLOSURES:

When preparing the consolidated financial report, all major transactions between the parent and subsidiary companies and their balances have been eliminated.

(1) Information on major transactions and (2) invested businesses:

- A. Loans to others. (Please refer to Table 1)
- B. Provision of endorsements/guarantees to others. (Please refer to Table 2)
- C. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity). (Please refer to Table 3)
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more. (Please refer to Table 4)
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchase or sale of goods from or to related parties reaching at least NT\$100 million or 20% of paid-in capital: None.
- H. Receivables from related parties reaching at least NT\$100 million or 20% of paid-in capital: None.
- I. Entities engaged in derivative trading: None.
- J. Business relations and important transactions between parent and subsidiary companies. (Please refer to Table 5)
- K. Names, locations, and other information of investee companies (excluding the investees in Mainland China). (Please refer to Table 6)

(3) Information on investments in Mainland China

A. The name, primary operations, paid-in capital, investment methods, capital remittances, shareholding ration, investment gains and losses, ending investment book value, remitted investment gains, and invest limit in Mainland China of investees in Mainland China: None.

B. Direct or indirect significant transactions with investees in Mainland China via a third region and the prices, payment terms, and unrealized gains and losses of such transactions: None.

(4) Information on major shareholders (the names and number/percentage of shares held of shareholders that hold over 5% shares): Table 7

14. DEPARTMENTAL INFORMATION

(1) Operating Segments

Information provided to chief operating decision makers for allocating resources and evaluating departmental performance, focusing on each type of product or service delivered or provided. In accordance with IFRS 8 - "Operating Segments", department in the Group that should be reported are described as follows:

A. Steel department: This department is primarily for the production and sales of black steel pipes, zinc-coated steel pipes, and stainless-steel coils for Pipes.

B. Real estate investment department: This department is primarily engaged in the procurement of construction land to build public housing in independent or joint construction projects, as well as the development, leasing, and purchase and sale of properties.

C. Investment department: This department is primarily for business regarding holding companies and operating investments.

D. Mineral trade department: This department is primarily engaged in mineral resources trading.

E. Hotel services department: This department primarily handles hotel operations.

(2) Department revenue and operating results

Information on the revenue and operating results of the Group's departments are as follows:

2020							
Revenue	Steel Department	Real Estate Investment Department	Direct Investment Department	Hotel Services Department	Other departments (Note)	Inter-department write-offs	Total
Revenue from external customers	\$ 5,030,155	\$ —	\$ 3,961	\$39,651	\$ —	\$ —	\$ 5,073,767
Inter-department revenue	—	—	—	—	—	—	—
	<u>\$ 5,030,155</u>	<u>\$ —</u>	<u>\$ 3,961</u>	<u>\$39,651</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,073,767</u>
Operating income	<u>\$ 323,469</u>	<u>\$ 1,988</u>	<u>\$ 1,793</u>	<u>\$ (58,504)</u>	<u>\$ (1,399)</u>	<u>\$ 113</u>	<u>\$ 267,460</u>
Recognize shares in the net benefits of affiliated companies and joint ventures using the equity method	\$ 45,980	\$ —	\$ —	\$ —	\$ —	\$ 35,162	\$ 81,142
Total tax expenses	<u>\$ 53,469</u>	<u>\$ —</u>	<u>\$ 318</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 53,787</u>

Note: The mineral trade department has been merged into other departments since 2020.

2019							
Revenue	Steel Department	Real Estate Investment Department	Direct Investment Department	Mineral Trade Department	Other departments	Inter- department write-offs	Total
Revenue from external customers	\$ 4,121,163	\$ 333,640	\$ 7,494	\$ —	\$ 21,074	\$ —	\$ 4,483,371
Inter-department revenue	—	—	—	—	—	—	—
	<u>\$ 4,121,163</u>	<u>\$ 333,640</u>	<u>\$ 7,494</u>	<u>\$ —</u>	<u>\$ 21,074</u>	<u>\$ —</u>	<u>\$ 4,483,371</u>
Operating income	<u>\$ 152,154</u>	<u>\$ 117,983</u>	<u>\$ 6,253</u>	<u>\$ (2,780)</u>	<u>\$ (19,840)</u>	<u>\$ 112</u>	<u>\$ 253,882</u>
Recognize shares in the net benefits of affiliated companies and joint ventures using the equity method	\$ 103,093	\$ —	\$ —	\$ —	\$ —	\$ (8,606)	\$ 94,487
Total tax expenses	<u>\$ 57,820</u>	<u>\$ 1,412</u>	<u>\$ 607</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 59,839</u>

(3) Revenue from primary goods and services

Analysis of the Group's revenue from primary goods and services are as follows:

2020	2019

Steel	\$5,030,155	\$4,121,163
Hotel	39,651	—
Real estate	—	333,640
Investments	3,961	7,494
Others	—	21,074
	<u>\$5,073,767</u>	<u>\$4,483,371</u>

(4) Regional information

Revenue from external customers	2020	2019
Taiwan	\$4,771,680	\$4,080,911
Vietnam	191,517	190,349
Thailand	73,539	130,964
Others	37,031	81,147
	<u>\$5,073,767</u>	<u>\$4,483,371</u>
Non-current assets	2020.12.31	2019.12.31
Taiwan	\$2,993,424	\$3,102,569
Vietnam	69,025	81,741
	<u>\$3,062,449</u>	<u>\$3,184,310</u>

(5) Information on primary customers

The following is a list of primary customers whose annual amount of sales account for more than 10% of the Group's net operating revenue on the balance sheet in 2020 and 2019:

Name of customer	2020		2019	
	Amount of sales	Percentage of net sales %	Amount of sales	Percentage of net sales %
Company A	\$ 452,545	8.92	\$ 485,521	10.83
Company Z	656,393	12.94	2,420	0.06
	<u>\$ 1,108,938</u>	<u>21.86</u>	<u>\$ 487,941</u>	<u>10.89</u>

Mayer Steel Pipe Corporation and subsidiaries

Loans to others

January 1 to December 31, 2020

Table1

In Thousands of New Taiwan Dollars

No. (Note 1)	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period	Ending balance (Note 2)	Actual amount drawn down	Interest rate range	Nature of loan	Transaction amount	Reason for short- term financing	Allowance for loss provision	Collateral		Limit on loans granted to a single party (Note 4)	Limit on total lender's loans granted (Note 5)
													Name	Value		
0	Mayer Steel Pipe Corporation	Mayer Corporation Development International Limited	Other receivables	Yes	\$ 18,462	\$ 17,353	\$ 17,353	1.22 % (註 6)	Note 3	—	In response to the short-term financing needs of subsidiaries	\$ 17,353	—	—	\$ 313,835	\$ 1,255,341
0	Mayer Steel Pipe Corporation	Mayer Corporation Inn Corporation	Other receivables	Yes	50,000	—	—	1.89%	Note 3	—	In response to the short-term financing needs of subsidiaries	—	—	—	313,835	1,255,341
0	Mayer Steel Pipe Corporation	Ding Bang Development Co., Ltd.	Other receivables	No	58,000	58,000	58,000	18%	Note 3	—	In response to short-term financing needs	—	—	—	313,835	1,255,341

Note 1: How to fill out the number column:

1. Issuer is 0.
2. Investees are numbered in order starting from '1'.

Note 2: Funds available for loans to others approved by the Board of Directors.

Note 3: Those in need of short-term financing.

Note 4: The Group's financing limit for a single enterprise must not exceed 10% of its net worth according to most recent financial report.

Note 5: The Group's financing limit must not exceed 40% of its net worth according to most recent financial report.

Note 6: Mayer Corporation Development International Limited entered liquidation on March 27, 2017, so imputed interests have been suspended since April 2017.

Mayer Steel Pipe Corporation and subsidiaries
Provision of endorsements/guarantees to others
January 1 to December 31, 2020
Table 2

In Thousands of New Taiwan Dollars

No. (Note 1)	Provider of endorsements / guarantees Name of company	Entity for which the endorsement/guarantee is made		Limit on endorsements / guarantees to a single enterprise (Note 3)	Highest outstanding balance of endorsements / guarantees in the current period	Ending balance of endorsements / guarantees	Actual amount drawn down	Endorsed guaranteed amount with property collateral	Cumulative endorsed / guaranteed amount as a percentage of the net value in the most recent financial statement	Maximum endorsed/guar anteed amount (Note 4)	Parent company to subsidiary	Subsidiary to parent company	To Mainland China
		Name of company	Relation to the Company (Note 2)										
0	Mayer Steel Pipe Corporation	Ding Bang Development Co., Ltd.	5	\$ 3,138,352	\$ 250,000	\$ 250,000	\$ 49,532	\$ —	7.96	\$ 3,138,352	No	No	No

Note 1: How to fill out the number column:

1. Issuer is 0.
2. Investees are numbered in order starting from '1'.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following seven categories:

1. Companies with business interactions with the Company.
2. Companies in which the Company directly or indirectly holds more than 50% of voting shares.
3. Companies that in directly or indirectly hold more than 50% of the Company's voting shares.
4. Companies in which the Company directly or indirectly holds more than 90% of voting shares.
5. Companies providing mutual endorsements/guarantees between industry peers or joint applicants for purposes of undertaking a construction project.
6. Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide performance guarantees of sales contracts for pre-sale homes according to the Consumer Protection Act for one another.

Note 3: The Company's endorsement/guarantee limit for a single firm shall not exceed the Company's net worth according to the most recent financial report.

Note 4: The Company's endorsement/guarantee limit must not exceed 100% of its net worth according to the most recent financial report.

Mayer Steel Pipe Corporation and subsidiaries

Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity)

December 31, 2020

Table 3

In Thousands of New Taiwan Dollars

Holding company	Type and name of securities	Securities issuer	General ledger account	End of period			Market price	Note
		Relation to the Company		Share/unit	Book value	Percentage (%)		
Mayer Steel Pipe Corporation	Xpec Entertainment Inc.		Current financial assets at fair value through profit or loss	70,225	—	0.04	—	
	Miramar Hospitality Co., Ltd.		"	725,000	3,683	1.94	3,683	
	IBF Financial Holdings Co., Ltd.		"	50,000,995	642,513	1.73	642,513	48,626 thousand shares pledged
	Taishin Asia-Australia High Yield Bond		"	68,541	864	—	864	
	Mega Danish Covered Mortgage Bond Index Fund		"	150,000	1,502	—	1,502	
	Taishin Senior Secured High Yield Bond Fund		"	97,813	995	—	995	
	Manulife Global Preferred Income Fund		"	93,633	992	—	992	
	Fubon 3-Year Maturity Asia USD Bond Fund		"	200,000	1,821	—	1,821	
	TCB US Short Duration High Yield Bond Fund		"	100,004	990	—	990	
	Sirtec International Co., Ltd.		Current financial assets at fair value through other comprehensive income	4,700,000	130,425	4.56	130,425	4,600 thousand shares pledged
	Tze Shin International Co., Ltd.	Chairman is the same person	"	9,473,000	112,255	5.48	112,255	5,200 thousand shares pledged
	Taiwan Stock Exchange Corporation		Non-current financial assets at fair value through profit or loss	416,389	69,371	0.06	69,371	
	Steel United International Investment Development Co., Ltd.		"	1,250,000	23,318	2.55	23,318	
	Chung Mao Trading Corporation		"	12,550	1,087	2.50	1,087	
	Durban Development Co., Ltd.	Chairman is the same person	"	1,933,104	6,952	1.27	6,952	
	Super Nova Optoelectronics Corporation		"	4,888,672	—	9.78	—	
	Genesis Capital Holdings Limited		"	3,151	—	4.51	—	
	Miramar Resort Co., Ltd.	Chairman is the same person	"	2,025,000	—	9.00	—	
Mei Kong Development Ltd.	Taiwan Navigator Asset Investment Limited		"	18,000,000	273,997	14.06	273,997	
	Jia Ruei Investment Development Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	3,400,000	113,560	6.07	113,560	
	Tze Shin International Co., Ltd.	Chairman is the same person	Current financial assets at fair value through other comprehensive income	500,000	5,925	0.29	5,925	
Miramar Development Limited	Jia Ruei Investment Development Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	2,564,770	85,685	4.58	85,685	
	Singleton Pharma Logistics Co. Ltd.		"	1,276,600	5,052	16.08	5,052	
	Oasis Eden Properties Limited		Current financial assets at fair value through profit or loss	1,750	14,104	13.46	14,104	

Note: For information about investments in subsidiaries and affiliated companies, please refer to Table 6.

Mayer Steel Pipe Corporation and subsidiaries

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

January 1 to December 31, 2020

Table 4

In Thousands of New Taiwan Dollars

Acquired company	Name of property	Transaction date of date of occurrence	Transaction amount	Payment delivery (Note)	Counterparty	Relation to the Company	Data transferred before transaction with related parties				Reference for price determination	Purpose of acquisition and usage	Other matters of agreement
							Owner	Relation to the Company	Date of transfer	Amount			
Mayer Steel Pipe Corporation	110 plots of land on No. 800, Guoguang Section, Banqiao District, New Taipei City	2008.3.7	\$ 1,822,160	\$ 89,110	Chien Ching-Hui, Chien Ching-Huang, Chien Ching-Ming, Chien Ching-Hsing	None					NT\$1,935,098 thousand and NT\$1,862,540 thousand according to professional valuation companies.	Purchased to build national housing	

Note: Payment delivery status as of December 31, 2020.

Mayer Steel Pipe Corporation and subsidiaries
Business relations and important transactions between parent and subsidiary companies
January 1 to December 31, 2020

Table 5

In Thousands of New Taiwan Dollars

No. (Note 1)	Company n	Counterparty	Relationship with company (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Mayer Steel Pipe Corporation	Mei Kong Development Ltd.	1	Leasing revenue	114	Note 4:	—
0	Mayer Steel Pipe Corporation	Mei Kong Development Ltd.	1	Investment reductions using the equity method	(2,701)	Note 5:	(0.04)
0	Mayer Steel Pipe Corporation	Mayer Inn Corporation	1	Interest revenue	688	Note 6:	0.01
0	Mayer Steel Pipe Corporation	Vietnam Mayer Co., Ltd.	1	Investment reductions using the equity method	(102,306)	Note 5:	(1.51)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is '0'.
2. The subsidiaries are numbered in order starting from '1'.

Note 2: Transactions can be divided in to the following three categories (please indicate the category):

1. Parent company to subsidiary.
2. Subsidiary to subsidiary.
3. Subsidiary to parent company.

Note 3: The percentage of transaction amount to the consolidated total revenue or total assets are calculated as the ending balance to the consolidated total assets for asset liability accounts. For profit and loss accounts, it is calculated as the cumulated amount during the period to the consolidated total revenue.

Note 4: Revenue from sub-leasing offices and expenses for advances.

Note 5: Revenue from dividends.

Note 6: Creditor's rights and debts from lending funds.

Mayer Steel Pipe Corporation and subsidiaries

Names, locations, and other information of investee companies - excluding investees in Mainland China

January 1 to December 31, 2020

Table 6

In Thousands of New Taiwan Dollars

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Net profit (loss) of investee for the current period	Investment (loss) profit recognized by the company	Note
				Balance sheet date	End of last year	Number of shares (1000 shares)	Percentage	Book value			
Mayer Steel Pipe Corporation	Mayer Corporation Development International Limited	British Virgin Islands	Holding, various investment business	\$ 390,881	\$ 390,881	5,550	100.00	\$ — (註1)	\$ —	\$ —	Subsidiaries
	Vietnam Mayer Co., Ltd.	Vietnam	Processing and sales of steel pipes, steel plates and other metal products	212,601	212,601	—	100.00	214,140	34,373	34,373	Subsidiaries
	Glory World Development Limited	British Virgin Islands	Various investment business	259,121	259,121	8,882	50.21	— (註2)	(1,681)	(844)	Subsidiaries
	Mei Kong Development Ltd.	Taiwan	Various investment and property development business	535,149	535,149	530,000	100.00	565,097	1,661	1,661	Subsidiaries
	Miramar Development Limited	Hong Kong	Various investment business	498,923	498,923	17,100	90.00	54,023	2,219	1,997	Subsidiaries
	Mayer Inn Corporation	Taiwan	General hospitality business and international trade	314,800	204,800	23,000	100.00	211,741	(72,485)	(72,485)	Subsidiaries
	Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	Thailand	Processing and sales of steel pipes, steel plates and other metal products	179,688	179,688	17,350	45.01	223,065	60,804	27,378	Investees evaluated using the equity method
	Diamond Precision Steel Corp.	Cayman Islands	Various investment business	106,248	106,248	3,528	42.50	189,240	126,823	53,900	Investees evaluated using the equity method
Glory World Development Limited	Sinowise Development Limited	British Virgin Islands	Trading of on-ferrous metals and other mineral resources	236,731	236,731	7,550	100.00	— (註3)	—	註6	Indirect investments in sub-subsidiaries
	Eternal Galaxy Limited	British Virgin Islands	Trading of on-ferrous metals and other mineral resources	291,617	291,617	9,350	100.00	— (註4)	(1,282)	註6	Indirect investments in sub-subsidiaries
	Grace Capital Group Limited	Samoa	Trading of on-ferrous metals and other mineral resources								Indirect investments in sub-subsidiaries

Note 1: Mayer Corporation Development International Limited (BVI) entered liquidation on March 27, 2017 and was therefore not included as an entity in the consolidated report. As a result, the balance of NT\$(54,549) thousand from the net book equity value of NT\$ (72,062) thousand minus other receivables transferred to allowance for loss of NT\$17,513 thousand was transferred under “non-current liabilities - other”.

Note 2: Glory World Development Limited was struck off by the local government on November 3, 2020 and was therefore not included as an entity in the preparation of this consolidated report.

As a result, the net book equity value was transferred under non-current liabilities- other NT\$7,842 thousand.

Note 3: Transferred to non-current liabilities - other NT\$733 thousand.

Note 4: Transferred to non-current liabilities - other NT\$13,299 thousand.

Note 5: Transferred to non-current liabilities - other liabilities NT\$189 thousand.

Note 6: The profit and loss of the investee company has been included in its investment company and will not be expressed separately.

Mayer Steel Pipe Corporation and subsidiaries

Information on major shareholders

December 31, 2020

Table 7

Name of major shareholders	Shareholding	
	Shares held (thousand shares)	Percentage (%)
Yuan Chuan Steel Corporation	36,962	16.61
Tze Shin International Co., Ltd.	17,000	7.63
Miramar Hotel Taipei Co., Ltd.	16,151	7.25
Sian Da Investment Co., Ltd.	15,201	6.83

Note 1: Taiwan Depository & Clearing Corporation calculates the information of the shareholders holding 5% or more of the Company's non-physical common shares and special shares which have been registered in dematerialized form (including treasury shares) based on the last business day of every quarter. The stock recorded in the Company's financial statements may differs from the shares which have been registered in dematerialized form because of different basis of preparation.

Note 2: If the shareholders deliver shareholdings to the trust, the above information shows the trustor's separate account opened by the trustee. As to insiders' equity declaration of shareholdings over 10% under securities trading laws, the shareholders' shareholdings include their own shareholdings and shares delivered to the trust with the right to decide how to use the trust property. For information related to insiders' equity declaration, please refer to the Market Observation Post System.

IV. Parent Company Only Financial Statement Certified by the CPA for the Most Recent Year (Excluding Material Accounting Statements):

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Mayer Steel Pipe Corporation

Opinion

We have audited the accompanying parent company only financial statements of Mayer Steel Pipe Corporation (the “Company”), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis of 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 Parent Company Only 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 parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters from the Company's parent company only financial statements for the year ended December 31, 2020 are stated as follows:

Valuation of inventory

As of December 31, 2020, the inventory - manufacturing net amount of the Company is NT\$1,000,184 thousand (after deducting allowance for inventory valuation, obsolescence losses, and idled losses of NT\$4,715 thousand). Please refer to Notes 5 and 6 (8) for the financial statements. The inventory valuation of the Company are affected by international steel price and market fluctuations, possibly resulting in slow-moving inventory and subsequent obsolescence losses. The Company's accounting policies for reporting allowance for inventory valuation and obsolescence losses are based on information on the age of inventory, which comes from management's evaluation of the expected net realizable value of each product based on inventory sales and purchase price to determine the value of normal quality inventory by the lower cost and net realizable value and report allowances for valuation loss. Because such evaluation involves major judgments from management and the inventory's book value is such a major part of financial statements, we have listed inventory valuation as a key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

5. Understand and evaluate the design and effectiveness of the Company's internal inventory control system, including the accuracy of reported age of inventory.
6. Evaluate the age of inventory at the end of the year and take samples to verify the accuracy of reported age of inventory.
7. Verify that basic assumptions made in the calculation of net realizable values are sound.
8. Conduct inventory sampling at the end of the year to confirm and evaluate whether the inventory is out of date or damaged.

Valuation of financial assets

As of December 31, 2020, the Company's non-current financial assets at fair value through profit or loss, non-current financial assets at fair value through other comprehensive income, and net investment accounted under the equity method totals NT\$1,945,591 thousand. Please refer to Notes 5 and 6 (2), (3), and (11). The Company assess their fair value and report their financial asset (losses) income at fair value, unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income, and shares of income of affiliated companies and joint ventures accounted under the equity method. These assessments are made by management based on assessment reports by professional appraisal companies and the net equity value and current gains/losses of affiliated companies. The management evaluates increases and decreases in book value to recognize the shares of investees' income, then evaluate whether there are any objective evidence of impairment to determine any impairment amount. Because book value is significant to the parent company only financial statements, we have listed non-current financial asset at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, and net investment amount recognized under the equity method as key audit matters. Our primary auditing procedure for the aforementioned item is as follows:

5. Obtain professional appraisal report of the Company's non-current financial assets at fair value through other comprehensive income, non-current financial assets at fair value through other comprehensive income, as well as the most recent comparable financial statements provided by affiliate companies to verify the soundness of how the fair value is determined.
6. Verify the accuracy of reported financial assets at fair value through profit or loss, unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income, and shares of profits and losses of affiliated companies and joint ventures recognized under the equity method.
7. Make adjustments to the financial statements of affiliated companies based on auditing results so that the financial statements comply with the requirements and presentations of the IFRS, IAS, IFRIC, and SIC approved by Financial Supervisory Commission.

Other Matters

We did not audit the financial statements of certain companies in which the Company has investments accounted for using the equity method. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements was based solely on the reports of other independent accountants. Investments in these associates amounted to NT\$189,240 thousand and NT\$178,664 thousand, both representing 3% of the total assets as of December 31, 2020 and 2019, and the share of profit of these associates accounted for using equity method amounted to NT\$53,900 thousand and NT\$58,150 thousand, both representing 12% of total income before income tax for the years then ended, respectively. In addition, the share of other comprehensive income of these associates accounted for using equity method amounted to NT\$ (8,830) thousand and NT\$ (3,801) thousand, representing (31%) and (14%) of total comprehensive income for the years then ended, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 the parent company only 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:

7. Identify and assess the risks of material misstatements of the parent company only 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.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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 parent company only 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.

11. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including the disclosures, and whether the the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our auditor 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 parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chin-Feng Lin and Ya-Chuan Chang.

Crowe (TW) CPAs

Taipei, Taiwan (Republic of China)

March 19, 2021

Notice to Readers

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

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Assets	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Current assets :				
Cash and cash equivalents(Note 6)	\$ 172,557	3	\$ 161,223	3
Current financial assets at fair value through profit or loss(Note 6)	28,516	-	61,825	1
Current financial assets at fair value through other comprehensive income(Note 6)	53,410	-	14,532	-
Notes receivable, net(Note 6)	92,752	2	63,036	1
Notes receivable due from related parties, net(Note 6 and 7)	-	-	86	-
Accounts receivable, net(Note 6)	424,032	7	327,485	6
Accounts receivable due from related parties, net(Note 6 and 7)	8,384	-	2,352	-
Finance lease receivable, net(Note 6 and 8)	840	-	923	-
Other receivables(Note 6)	68,476	1	7,802	-
Other receivables due from related parties(Note 6)	-	-	30,000	1
Inventories, manufacturing business(Note 6)	1,000,184	16	746,502	13
Inventories (for construction business)(Note 6, 7 and 8)	153,398	3	100,228	2
Prepayments(Note 6)	104,878	2	102,832	2
Other current assets(Note 6 and 8)	841,938	14	737,596	13
Total current assets	2,949,365	48	2,356,422	42
Non-current assets :				
Non-current financial assets at fair value through profit or loss(Note 6)	374,725	6	369,379	7
Non-current financial assets at fair value through other comprehensive income(Note 6)	113,560	2	121,938	2
Non-current financial assets at amortised cost(Note 6)	-	-	10,000	-
Investments accounted for using equity method(Note 6 and 7)	1,457,306	24	1,501,670	27
Property, plant and equipment(Note 6, 7 and 8)	798,430	13	836,762	15
Right-of-use assets(Note 6)	32,136	1	40,316	1
Investment property, net(Note 6 and 8)	150,569	3	153,502	3
Intangible assets	177	-	-	-
Deferred tax assets(Note 6)	20,000	-	2,011	-
Other non-current assets(Note 6, 7, 8 and 9)	192,397	3	186,571	3
Total non-current assets	3,139,300	52	3,222,149	58
Total assets	\$ 6,088,665	100	\$ 5,578,571	100
Liabilities and equity				
Current liabilities :				
Current borrowings(Note 6 and 8)	\$ 1,959,907	32	\$ 1,503,154	27
Short-term notes and bills payable(Note 6)	29,992	1	29,972	1
Current contract liabilities(Note 6 and 7)	2,461	-	4,576	-
Notes payable	228,904	4	304,189	5
Accounts payable	64,745	1	31,910	1
Accounts payable to related parties(Note 7)	120	-	-	-
Other payables	120,300	2	124,540	2
Other payables to related parties(Note 7)	-	-	126	-
Current tax liabilities	76,446	1	43,510	1
Current lease liabilities(Note 6)	10,489	-	13,381	-
Long-term borrowings, current portion(Note 6 and 8)	2,711	-	-	-
Other current liabilities, others	6,613	-	6,519	-
Total current liabilities	2,502,688	41	2,061,877	37
Non-current liabilities :				
Non-current portion of non-current borrowings(Note 6 and 8)	72,435	1	77,813	2
Non-current provisions(Note 6 and 9)	41,746	1	316	-
Current tax liabilities, non-current(Note 6)	21,814	-	-	-
Deferred tax liabilities(Note 6)	176,385	3	184,203	3
Non-current lease liabilities(Note 6)	21,788	-	27,096	-
Net defined benefit liability, non-current(Note 6)	22,903	-	23,014	-
Other non-current liabilities, others(Note 6)	90,554	2	71,634	2
Total non-current liabilities	447,625	7	384,076	7
Total liabilities	2,950,313	48	2,445,953	44
Equity :				
Total Share capital(Note 6)	2,225,261	37	2,225,261	40
Total capital surplus(Note 6)	281,622	5	281,622	5
Retained earnings(Note 6)				
Legal reserve	197,832	3	156,048	3
Special reserve	208,224	3	242,551	4
Unappropriated retained earnings	404,805	7	435,360	8
Total retained earnings	810,861	13	833,959	15
Total other equity interest(Note 6)	(179,392)	(3)	(208,224)	(4)
Total equity	3,138,352	52	3,132,618	56
Total liabilities and equity	\$ 6,088,665	100	\$ 5,578,571	100

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
Operating revenue(Note 6 and 7)	\$ 4,811,114	100	\$ 4,194,836	100
Operating costs(Note 6 and 7)	(4,330,519)	(90)	(3,754,299)	(89)
Gross profit from operations	480,595	10	440,537	11
Unrealized profit (loss) from sales	(1,143)	-	(980)	-
Realized profit (loss) on from sales	980	-	1,543	-
Gross profit from operations	480,432	10	441,100	11
Operating expenses(Note 6 and 7)				
Selling expenses	(75,677)	(2)	(77,681)	(2)
Administrative expenses	(130,987)	(3)	(123,581)	(3)
Impairment gain and reversal of impairment loss	19,663	1	6,503	-
Total operating expenses	(187,001)	(4)	(194,759)	(5)
Net operating income	293,431	6	246,341	6
Non-operating income and expenses				
Interest income(Note 6 and 7)	13,850	1	5,246	-
Other income(Note 6 and 7)	60,969	1	58,475	2
Other gains and losses, net(Note 6)	58,294	1	105,696	3
Finance costs, net(Note 6)	(32,042)	(1)	(30,701)	(1)
Impairment gain and reversal of impairment loss	-	-	(16)	-
Share of profits of subsidiaries and associates(Note 6)	45,980	1	103,093	2
Total non-operating income and expenses	147,051	3	241,793	6
Profit (loss) from continuing operations before tax	440,482	9	488,134	12
Income tax expense (Note 6)	(47,858)	(1)	(51,428)	(2)
Net Income	392,624	8	436,706	10
Other comprehensive income (loss)				
Remeasurement of defined benefit obligation(Note 6)	(173)	-	(6,616)	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income(Note 6)	45,833	1	32,185	1
Components of other comprehensive income that will not be reclassified to profit or loss	45,660	1	25,569	1
Share of other comprehensive gain of subsidiaries and associates	(24,282)	(1)	3,262	-
— Items that may be reclassified subsequently to profit or loss:(Note6)				
Other comprehensive loss for the year, net of income tax(Note 6)	7,281	1	(1,120)	-
Components of other comprehensive income that will be reclassified to profit or loss	(17,001)	-	2,142	-
Other comprehensive income, net	28,659	1	27,711	1
Total comprehensive income	\$ 421,283	9	\$ 464,417	11
Basic earnings per share(Note 6)	\$ 1.76		\$ 1.96	

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

Mayer Steel Pipe Corporation
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	Retained Earnings						Others				
	Common Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Foreign Currency Translation Reserve	Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Stock	Total Equity
Balance, January 1, 2019	\$ 2,245,261	\$ 283,711	\$ 125,989	\$ 102,504	\$ 499,164	\$ 727,657	\$ (58)	\$ (242,493)	\$ (242,551)	\$ -	\$ 3,014,078
Effects of retrospective application	-	-	-	-	(664)	(664)	-	-	-	-	(664)
Balance of Period After Adjustments, January 1, 2019	2,245,261	283,711	125,989	102,504	498,500	726,993	(58)	(242,493)	(242,551)	-	3,013,414
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	30,059	-	(30,059)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	140,047	(140,047)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(311,537)	(311,537)	-	-	-	-	(311,537)
Net income in 2019	-	-	-	-	436,706	436,706	-	-	-	-	436,706
Other comprehensive income (loss) in 2019, net of income tax	-	-	-	-	(6,616)	(6,616)	4,477	29,850	34,327	-	27,711
Total comprehensive income (loss) in 2019	-	-	-	-	430,090	430,090	4,477	29,850	34,327	-	464,417
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(29,739)	(29,739)
Retirement of treasury share	(20,000)	(2,089)	-	-	(7,650)	(7,650)	-	-	-	29,739	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,445)	(3,445)	-	-	-	-	(3,445)
Others	-	-	-	-	(492)	(492)	-	-	-	-	(492)
Balance, December 31, 2019	2,225,261	281,622	156,048	242,551	435,360	833,959	4,419	(212,643)	(208,224)	-	3,132,618
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	41,784	-	(41,784)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(411,674)	(411,674)	-	-	-	-	(411,674)
Reversal of special reserve	-	-	-	(34,327)	34,327	-	-	-	-	-	-
Net income in 2020	-	-	-	-	392,624	392,624	-	-	-	-	392,624
Other comprehensive income (loss) in 2020, net of income tax	-	-	-	-	(173)	(173)	(29,125)	57,957	28,832	-	28,659
Total comprehensive income (loss) in 2020	-	-	-	-	392,451	392,451	(29,125)	57,957	28,832	-	421,283
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,875)	(3,875)	-	-	-	-	(3,875)
Balance, December 31, 2020	\$ 2,225,261	\$ 281,622	\$ 197,832	\$ 208,224	\$ 404,805	\$ 810,861	\$ (24,706)	\$ (154,686)	\$ (179,392)	\$ -	\$ 3,138,352

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

Mayer Steel Pipe Corporation

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities		
Profit (loss) before tax	\$ 440,482	\$ 488,134
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	67,077	70,794
Amortization expense	5,949	4,068
Expected credit loss (gain)	(19,663)	(6,487)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(82,801)	(106,460)
Interest expense	32,042	30,394
Interest income	(13,850)	(5,246)
Dividend income	(48,763)	(42,415)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(45,980)	(103,093)
Loss (gain) on disposal of property, plan and equipment	3,674	1,637
Loss (gain) on disposal of investments	(23,780)	(1,633)
Other adjustments to reconcile profit (loss)	-	(309)
Total adjustments to reconcile profit (loss)	(126,095)	(158,750)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets at fair value through profit or loss, mandatorily measured at fair value	56,734	8,622
Decrease (increase) in notes receivable	(29,716)	46,872
Decrease (increase) in notes receivable due from related parties	86	(86)
Decrease (increase) in accounts receivable	(97,884)	21,584
Decrease (increase) in accounts receivable due from related parties	(6,032)	9,392
Decrease (increase) in other receivable	(33,756)	(382)
Decrease (increase) in other receivable due from related parties	30,000	(30,000)
Decrease (increase) in inventories	(306,852)	181,902
Decrease (increase) in prepayments	(2,046)	4,447
Decrease (increase) in other current assets	(21,815)	23,205
Total changes in operating assets	(411,281)	265,556
Increase (decrease) in contract liabilities	(2,115)	(15,862)
Increase (decrease) in notes payable	(75,285)	(108,505)
Increase (decrease) in accounts payable	32,835	(17,715)
Increase (decrease) in accounts payable to related parties	120	-
Increase (decrease) in other payable	(4,661)	15,176
Increase (decrease) in other payable to related parties	(126)	126
Increase (decrease) in provisions	41,430	316
Increase (decrease) in other current liabilities	94	15
Increase (decrease) in net defined benefit liability	(284)	106
Total changes in operating liabilities	(7,992)	(126,343)
Total changes in operating assets and liabilities	(419,273)	139,213
Total adjustments	(545,368)	(19,537)
Cash inflow (outflow) generated from operations	(104,886)	468,597
Interest received	7,932	6,040
Dividends received	222,003	231,286
Interest paid	(30,838)	(31,078)
Income taxes refund (paid)	(11,636)	(34,198)
Net cash flows from (used in) operating activities	82,575	640,647

(Continued)

	2020	2019
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(16,789)	(930)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,707	2,885
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	20,814	41,628
Proceeds from repayments of financial assets at amortised cost	10,000	-
Acquisition of investments accounted for using equity method	(110,000)	(196,170)
Proceeds from capital reduction of investments accounted for using equity method	-	40,000
Acquisition of property, plant and equipment	(18,750)	(46,256)
Proceeds from disposal of property, plant and equipment	3,677	124
Decrease in refundable deposits	3,486	58,135
Acquisition of intangible assets	(185)	-
Decrease in long-term lease and installment receivables	685	(41,021)
Increase in other non-current assets	(4,848)	-
Decrease in prepayments for business facilities	(11,007)	13,383
Increase in other prepayments	-	(9,545)
Other investing activities	171	(563)
Net cash flows from (used in) investing activities	(120,039)	(138,330)
Cash flows from (used in) financing activities :		
Increase in short-term loans	456,753	-
Decrease in short-term loans	-	(187,692)
Increase in short-term notes and bills payable	20	-
Decrease in short-term notes and bills payable	-	(2)
Proceeds from long-term debt	-	68,813
Repayments of long-term debt	(2,667)	-
Increase in guarantee deposits received	21,580	-
Payments of lease liabilities	(15,214)	(14,053)
Cash dividends paid	(411,674)	(311,537)
Payments to acquire treasury shares	-	(29,739)
Net cash flows from (used in) financing activities	48,798	(474,210)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	11,334	28,107
Cash and cash equivalents at beginning of period	161,223	133,116
Cash and cash equivalents at end of period	\$ 172,557	\$ 161,223

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

Mayer Steel Pipe Corporation

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

15. GENERAL INFORMATION

Mayer Steel Pipe Corporation (hereby referred to as “The Company”), was founded in September 1959 in compliance with the Company Act of the Republic of China and registered in Taipei City. The Company is the first professional steel pipe manufacturer in Taiwan. The primary business of the Company and its entities is to specialize in the production and sales of black steel pipes, galvanized steel pipes and stainless-steel coils for pipes. The Company was also awarded the CNS Mark certificate by the Bureau of Standards, Metrology, and Inspection of the Ministry of Economic Affairs for “black welded steel pipes for low pressure use, zinc-coated welded steel pipes for low pressure use, carbon steel pipes for general structures, carbon steel pipes for machine structures, and electrical metallic tubing”. In order to expand diversified operations, the Company established its construction department in 2003 and purchased land to build public housing in independent or joint construction projects.

The Company’s shares were approved for public offering in August 1990 by the Securities and Futures Commission of the Ministry of Finance (now the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan), approved for listed on February 4, 1993, and officially listed for trading on April 27, 1993.

16. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 19, 2021.

17. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(24)Effect of the adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) in issue and endorsed by the Financial Supervisory Commission, R.O.C. (FSC):

The IFRSs endorsed and issued by the FSC in 2020 were listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments of IFRS 3 Definition of a Business	January 1, 2020
Amendments of IAS 1 and Definition of Material IAS 8	January 1, 2020
Amendments of IFRS 9, IAS Interest Rate Benchmark Reform 39 and IFRS 7	January 1, 2020
Amendments of IFRS 16 Covid-19 - Related Rent Concessions	June 1, 2020(Note)

Note: The FSC allowed companies to adopt these changes in advance on January 1, 2020.

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Material"

The Company adopted the amendment from January 1, 2020. The threshold for materiality influencing users has been changed to "could reasonably be expected to influence" and, therefore, the disclosures in the parent company only financial report have been adjusted and immaterial information that may obscure material information has been deleted.

(25) The impact of the Company has not applied the IFRSs in issue and endorsed by FSC:

The IFRSs endorsed by the FSC for application with starting date from 2021 were listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB
Amendment to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	June 25, 2020 (Effective immediately upon promulgation by the IASB)
Amendment to IFRS 16 "COVID-19-related rent concession"	June 1, 2020 (Note 1)
Amendments to IFRS 9, "Interest Rate Benchmark Reform IAS 39, IFRS 7, IFRS 4, - Phase 2 and IFRS 16	January 1, 2021 (Note 2)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or June 1, 2020

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or June 1, 2020 January 1, 2021

As of the date the parent company only 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.

Amendment to IFRS 16 "COVID-19-Related Rent Concession"

The Company did not make rent negotiations related to the aforementioned amendment in 2020. However, the amendment will apply to any such negotiations in 2021.

(26) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC:

		Effective Date
New, Revised or Amended Standards and Interpretations		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 Contract"	January 1, 2023
Amendment to IFRS 17		January 1, 2023
Amendment to IAS 1	"Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendment to IAS 16	"Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 2)
Amendment to IAS 37	"Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 3)
Amendment to IFRS 3	"Reference to the Conceptual Framework"	January 1, 2022 (Note 4)
Annual Improvements to IFRSs 2018-2020		January 1, 2022 (Note 5)

New, Revised or Amended Standards and Interpretations			Effective Date Announced by IASB (Note 1)
Amendment to IAS 1	“Disclosure of Accounting Policies”		January 1, 2023
Amendment to IAS 8	“Definition of Accounting Estimates”		January 1, 2023

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

Note 4: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 5: 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.

As of the date the parent company only financial statements were reported to the board of directors and authorized for issue, the Company is continuously assessing the possible impact that the initial application of the other standards and the amendments and interpretations will have on their financial position and financial performance and disclose the relevant impact when the assessment is completed.

18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies listed below is consistent adopted in all reporting periods. Unless otherwise stated, these policies are applied consistently throughout the reporting period.

(1) Statement of Compliance

The accompanying parent company only financial report have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuer.

(2) Basis of Preparation

C. The accompanying parent company only financial statements have been prepared on a historical cost basis except for financial instruments 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.

D. The preparation of financial statements in compliance with IFRSs as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign Currency Translation

D. The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

E. In preparing the parent company only financial statements, transactions in currencies other than the functional currency of the entity (foreign currency) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange difference on monetary items are recognized as the period's profit or loss. Non-monetary items measured at fair value that are denominated in foreign currency are retranslated at the rates prevailing at the date when the fair value was determined. Exchange difference arising on the are

retranslation of non-monetary items are included in profit or loss for the year 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 difference are also recognized directly in other comprehensive income. Non-monetary items that are measured by historical cost in a foreign currency are not retranslated.

F. In preparation of the parent company only financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange difference are recognized in other comprehensive income and accumulated in equity attributed to the owners.(and appropriately allocated to non-controlling interests).

(4) Classification of Current and Non-Current Assets and Liabilities

Current assets are assets held for trading purposes and assets expected to be realized or consumed within one year from the end of the reporting period. Assets that are not current assets are classified as non-current assets. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the end of the reporting period. Liabilities that are not current liabilities are classified as non-current liabilities.

Also, the business cycle of the Company's construction department is longer than a year, but its relevant assets and liabilities are categorized as current or non-current assets based on regular business cycles.

(5) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, cash in banks, and short-term and highly liquid time deposits and investments that can be converted into imprest cash at any time with little risk of changing value. Such cash and cash equivalents are used to meet short-term cash commitments.

(6) Financial Instruments

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

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

Financial Assets

D. Category of financial assets and measurement

Regular transaction of financial assets are recognized on the day of transaction.

Financial assets transactions on a regular way purchase or sale are recognized and derecognized using trade date accounting.

The Company has held categories of financial assets are including financial assets at fair value through profit or loss, financial assets at amortized cost and equity instrument at fair value through other comprehensive income.

(d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated to be measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include equity instrument investments that the Company did not designate to be measured at fair value, or investment in debt instruments that cannot be classified as either measured at cost after amortization or measured at fair value through other comprehensive gains and losses.

Financial assets at fair value through profit or loss are recognized at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss. These profit or loss incorporates any dividends or interests. For the method of determining fair value, please refer to Note 12 (2).

(e) Financial assets at amortized cost

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

- iii. The financial asset are held under certain business models with the purpose of holding financial assets to collect contractual flows, and
- iv. 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.

After initial recognition, financial assets at amortized cost are measured by the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

With exception to the following two conditions, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset:

- iii. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- iv. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

(f) Equity instrument at fair value through other comprehensive income

On initial recognition, the Company may irrevocably designate investments in equity investments that are not held for trading as at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value. Subsequent changes in fair value are reported 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 measured at fair value through other comprehensive income are recognized in profit and loss when the

Company's right to receive the dividends is established, unless the dividends clearly represent partial recovery of the investment cost.

E. Impairment of financial assets

The Company recognizes a loss allowance for financial assets (including accounts receivable) at amortized cost based on expected credit loss assessment at the end of the reporting period, investment in debt instruments measured at fair value through other comprehensive income, finance lease receivables, or contract assets.

Accounts receivable, contract assets and financial lease receivables are all recognized as allowance for loss based on expected credit losses of the duration. Other financial assets are first assessed to determine whether there has been significant increases to credit risk since the initial recognition. If there has been no significant increase, the 12-month expected credit loss is recognized as allowance of loss. If there has been significant increase, then the duration expected credit loss is recognized as allowance for loss.

Expected credit loss is the weighted average credit loss based on default risk. 12-month expected credit loss refers to expected credit losses arising from possible defaults of financial instruments within 12 months after the reporting date. Duration expected credit loss refers to expected credit losses arising from possible defaults during the expected duration of a financial instrument.

The impairment loss of all financial assets reduces carrying amount by the allowance account, with exception to the allowance of loss of debt instrument investments measured at fair value through other comprehensive income, which is recognized as other comprehensive income and does not reduce the carrying amount of the financial asset.

F. Derecognition of financial assets

The Company only derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other entity.

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 measured at fair value through other comprehensive income, the difference the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profits and losses. However, on derecognition of an investment in an equity instrument at fair value through other comprehensive income, the accumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Equity Instruments

An equity instrument refers to any contract that recognizes the remaining equity of the Company after deducting all liabilities from its assets. The equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

Retrieving the company's own equity instruments is recognized and deducted under equity. The purchase, sale, issuance, or cancellation of the company's own equity instruments are not recognized in profit or loss.

Financial Liabilities

C. Subsequent assessments

Except for the following conditions, subsequent assessments of financial liabilities are made based on amortized cost calculated by effective interest method or measured at fair value through profit and loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and designated to be measured at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value. Any benefits or losses resulting from reassessments are recognized as profit or loss.

Financial liabilities not held for trading nor designated to be measured at fair value through profit or loss are measured at amortized cost at the end of the subsequent reporting period.

D. Derecognition of financial liabilities

The Company only derecognizes financial liabilities when obligations are discharged, cancelled or expired. In derecognizing financial liabilities, the difference between the carrying amount and the total consideration paid and payable is recognized as profit or loss.

(7) Inventories – Manufacturing Business

Inventories include raw materials, materials, finished products, and works in progress. Acquisition cost is used as the accounting basis for inventories, and costs are calculated through weighted average. Inventory is measured by cost or net realizable value, depending on which is lower. Cost and net realizable value are compared based on individual items unless the inventories are of the same category. Net realizable value refers to estimated selling price under normal circumstances after subtracting the estimated costs and sales expenses that need to be invested to complete the project. Inventory write-downs and unallocated fixed expenses when actual production is lower than normal production capacity are transferred to the current cost of goods sold.

(8) Inventories (for Construction Business)

Inventories include properties for sale, properties under construction, and prepaid land payments. Inventories are recorded based on acquisition cost, and construction profit and loss is recognized according to the completed contract method. Prepaid land payments are transferred under construction land after the Company obtains ownership, then transferred once again under construction site when active development begins. Relevant interests are capitalized from the start of active development or construction work to project completion.

(9) Joint Agreement

Investment joint agreements are divided into joint operations and joint ventures based on contractual rights and obligations.

Joint Operations

Regarding equity in joint operations, the Company recognizes its direct rights (and their shares) in the assets, liabilities, income and expenses of the joint operation, which have been included under applicable items in the financial report.

(10) Investments Accounted for Using Equity Method

Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.

The Company's share of profits or losses after the acquisition of associates is recognized in profit or loss, and its share of other comprehensive income after acquisition is recognized in other comprehensive income. If the Company's share of loss in a subsidiary exceeds its share of equity in such a subsidiary, the Company continues to recognize losses in its shareholding percentage.

If a change in shareholding in a subsidiary does not result in a loss of control (i.e. transactions with non-controlling interests), such a change is accounted for as an equity transaction, that is, a transaction with owners in their capacity as owners. 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.

When the Company loses control of a subsidiary, any retained investment of the former subsidiary is measured at the fair value at that date. A gain or loss is recognized in profit or loss and calculated as the difference between (a) the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and (b) the previous carrying amount of the investments in such subsidiary. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the subsidiary had directly disposed of the related assets and liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's parent company only

financial statements only to the extent of interests in the subsidiaries that are not owned by the Company.

Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence refers to the power to participate in but not control nor jointly control financial and operating policy decisions of the investee company. The Company adopts the equity method in handling investments in associates. Under the equity method, investment in associates are initially recognized at cost. After the date of acquisition, the carrying amount is increased or decreased in accordance with the share of profits and losses of associates and other comprehensive income enjoyed by the Company and profit distribution. In addition, changes in the equity of associates are recognized based on the ownership percentage.

If the Company does not subscribe or acquire new shares issued by associates according to its ownership percentage, resulting in changes to the ownership percentage, thus causing increases or decreases in the net equity value of the investment, the increase or decrease is adjusted to the “capital surplus” and “investments accounted for using equity method”. However, if not subscribe or acquire new shares according to ownership percentage resulted in a decrease in the Company’s ownership interest in the associates, the amount recognized in the other comprehensive income related to the associates shall be reclassified according to the reduction percentage. The basis of this accounting process is the same as the associates must follow if they directly dispose of relevant assets or liabilities. If the former adjustment must be debited to additional paid-in capital, but the paid-in capital generated by investments using the equity method is insufficient, the difference will be debited to retained earnings.

The Company will cease to recognize further losses if the Company's share of losses in an associates equals or exceeds its equity in the associates. The Company only

recognizes additional losses and liabilities within the scope of legal obligations, constructive obligations, or payments made on behalf of associates.

If the acquisition cost exceeds the Company's share of the net fair value of the associates's identifiable assets and liabilities on the date of acquisition, the exceeded amount is listed as goodwill. This goodwill is included in the carrying amount of the investment and cannot be amortized. If the Company's share of the net fair value of the associates's identifiable assets and liabilities on the date of acquisition exceeds the acquisition cost, the difference is listed as current income.

When assessing impairment, the Company treats the overall book value of the investment (including goodwill) as a single asset and compares the recoverable amount (value in use or fair value minus sales costs, whichever is higher) with the book value to test for impairment. The recognized impairment loss is also part of the book value of the investment. Any reversal of impairment losses shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The Company will cease to adopt the equity method from the date it ceases to be a significant influence over an associate. It will then measure its remaining investments in the former associates at fair value. The fair value of remaining investments and the difference between any disposition price and the book value of the investment on the day the Company ceases to be a significant influence shall be included in the current profit and loss. In addition, the accounting basis for amounts recognized in other comprehensive income related to said associates is the same as the basis that the associates must follow if it directly disposes of relevant assets or liabilities.

Gains and losses resulting from upstream, downstream, and sidestream transactions between the Company and its associates are only recognized in the parent company only financial statement to the extent that they are unrelated to the Company's equity in the associates.

(11)Property, Plants and Equipment

Properties, plants and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss. Cost includes incremental costs that can be directly attributed to the acquisition or construction of assets.

Self-owned lands are not listed for depreciation.

The Company uses the straight-line depreciation method, which means that the difference between the cost of the asset and salvage value of the asset is divided by the useful life of the asset. The estimated useful life, salvage value and depreciation method of assets are reviewed at least once at the end of each year. Prospective application for any impact of estimated changes.

Derecognize properties, plants, and equipment that are disposed of or if the disposal or usage of which can no longer be expected to generate future economic benefits. The amount of gains or losses resulting from the derecognition of properties, plants, and equipment is the difference between the net disposal price and the carrying amount of the assets in question and are recognized in that period's profit or loss.

(12)Leases

The Company assesses whether a contract belongs to (or includes) a lease on the day the contract is established. For contracts with a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to the lease components based on the relative stand-alone price of each lease component and the aggregate stand-alone price of non-lease components.

C. The Company as lessee

Except from recognizing short-term and low-value leases on a straight-line bases, the Company recognizes right-of-use assets and lease liability for all arrangements in which it is a lessee.

(c) Right-of-use assets

Right-of-use assets are initially measured at cost (including the amount of the initial measurement of the corresponding lease liability, lease payment made prior to the commencement date of the lease minus lease incentives received, initial direct costs, and the estimated cost of restoring the underlying asset). Subsequent measurements are based on cost minus accumulated depreciation and impairment, adjusted by the re-measurement of lease liability.

With exception to right-of-use assets that can be defined as investment properties, right-of-use assets are reported in balance sheets as line items.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term. However, if ownership of an underlying asset will be obtained by the Company at the end of the lease term, or if the cost of a right-of-use asset reflects the exercise of the purchase option, the asset is depreciated from the commencement date of the lease to the end of the underlying asset's useful life.

(d) Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payment, substantive fixed payment and deduction of lease incentives). If the interest rate implicit in the lease is readily determinable, then lease payments are discounted using the interest rate. If the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate of the lessee will be used instead.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expenses are amortized during the lease term. During the lease term, if evaluation of the purchasing options of the underlying asset, amounts expected to be paid under residual value guarantees, or variable lease payments that depend on an index or a rate causes a change in future lease payments, the Company will remeasures the lease liability and make corresponding adjustments to right-of-use assets. However, if the book value of right-of-use assets has been reduced to zero, the remaining re-measurement amount will be recognized in profit and loss. Lease liabilities are presented on a separate line in the balance sheets.

D. The Company as the lessor

Leases that transfer substantially all risks and rewards incidental to the underlying asset are categorized as finance leases. Otherwise, they are categorized as operating leases.

When a lease includes land and building components, the Company assesses each component to categorize them as wither a finance lease or operating lease and allocate lease payments (including any one-off front-end payments) between the land

and buildings in proportion to their fair values at the commencement date of the contract. If lease payments cannot be reliably allocated to these two components, then the overall lease is categorized as a finance lease. However, if these two components are clearly in line with operating lease standards, then the overall lease is categorized as an operating lease.

When subleasing right-of-use assets, the Company uses right-of-use assets (instead of underlying assets) to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the Company, the sublease is classified as an operating lease.

Under finance leases, lease payment includes both fixed payments (including in-substance fixed payments) and variable lease payments that depend on an index or rate. Net lease investment is the sum of the present value of both the lease receivable and the unguaranteed residual value plus the original direct cost that is expressed as the financial lease receivable. The Company allocates finance income over the lease term on a systematic and rational basis to reflect the constant periodic rate of return on the Company's net investment in the lease.

Under operating leases, lease payments after deducting lease incentives are recognized on a straight-line basis. Lease negotiation with the leasee is accounted as a new lease from the effective date of the lease modification.

(13) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both. Investment property also includes land held for a currently undetermined future use. And right-of-use assets that meet the definition of investment property.

Investment property is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The Company recognizes depreciation on a straight line basis. In other words, the asset cost minus residual value is allocated over the useful life of the investment property.

Derecognize investment properties that disposed of or permanently withdrawn from use, or if the disposal of which can no longer be expected to generate future economic

benefits. The amount of gains or losses resulting from the derecognition of investment properties is the difference between the net disposal price and the carrying amount of the assets in question and are recognized in that period's profit or loss.

(14) Intangible Assets

Separately-acquired intangible assets with finite useful lives are recognized as cost less accumulated amortization and accumulated impairment, and amortized in a straight-line basis over the useful lives. The estimated useful lives and amortization method are reviewed at the end of the reporting period, with prospective application for any impact of estimated changes.

Derecognize intangible assets that are disposed of or if the disposal or usage of which can no longer be expected to generate future economic benefits. The amount of gains or losses resulting from the derecognition of intangible assets is the difference between the net disposal price and the book value of the assets in question and are recognized in that period's profit or loss.

(15) Impairment of Non-Financial Assets

The Company assesses at the end of each reporting period the recoverable amounts of those assets where there are any impairment indications. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. If there are no asset impairments recognized in the previous year, the amount can be reversed within the scope of losses recognized in the previous year.

(16) Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured using the cash flows estimated to settle the present obligation.

(17) Employee Benefits

E. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for that service, and shall be recognized as expenses when the employees have rendered service.

F. Pensions

(c) Defined contribution plans

Under the defined contribution plan, the pension amount appropriated during the service years of the employees is recognized as the current pension cost.

(d) Defined benefit plans

The defined benefit cost of defined benefit plans (including the cost of service, net interest, and reevaluation) is calculated using the projected unit credit method. Cost of service and net defined benefit liability (asset) interest shall be recognized as employee benefit expenses at the time of realization. Reevaluation (including actuarial gains and losses, changes in the impact of asset limits, and planned asset returns after interest deduction) shall be recognized as other comprehensive income, reported as retained earnings at the time of realization, and not be reclassified as income in subsequent periods.

The net defined benefit liability (asset) is the amount short (remaining) in appropriation of the defined benefit retirement plan. Net defined benefit assets shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

G. Employees' remuneration and directors' remuneration

Employees' remuneration and directors' remuneration are recognized as expense and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

H. Termination benefits

Termination benefits are benefits provided when an employee's employment is terminated before their normal retirement date or when the employee decides to accept the company's offer of benefits in exchange for termination of employment.

The Company recognizes termination benefit liabilities when it can no longer withdraw termination benefit offers or recognize relevant restructuring costs (whichever is earlier).

(18) Treasury Stock

Repurchased stocks are recognized as treasury stocks at the net of tax value based on their repurchase price (including directly accountable costs) as a deduction of equity. Stocks of the parent company held by subsidiaries are treated as treasury stock.

When treasury stocks are sold, if the selling price is higher than the carrying amount, the difference should be listed under capital reserve - treasury stock transaction. If the selling price is lower than carrying amount, the difference should first be offset against capital reserve from the same category of treasury stock transactions, and any remainder should be debited to retained earnings. The carrying amount of treasury stocks should be calculated using the weighted average for the purpose of repurchased stocks.

(19) Revenue Recognition

E. Merchandise sales

Merchandise sales come from the sale of merchandise such as carbon steel and stainless steel. Merchandise sold by the Company is mainly recognized when customers obtain control of their promised assets, that is, when the Company fulfills its obligations by delivering the merchandise to the designated location. Payments received before the merchandise is delivered are recognized as contract liabilities.

When materials are sent in for processing, control and ownership of the processed product is not transferred, therefore material for processing is not recognized as revenues.

Merchandise sales is measured at fair value based on considerations receivable minus estimated returns, discounts, and other allowances. Based on experience, the Company considers different contract conditions to estimate possible sales returns and discounts, and recognizes refund liabilities (payable expenses and other current liabilities).

F. Sale of property and land

For real estate sales within the scope of normal business activity, a fixed transaction price is charged in installments and contract liabilities are recognized. After considering major financial components, revenue is recognized when the real estate sold is completed and delivered to the buyer.

G. Guest room revenue

Guest room revenue comes from the operation of tourist hotels. The concession right agreement does not exceed the agreed-upon price, and revenue is recognized when services have been provided.

H. Financial components

For contracts between the Company and the customer, if the time between the transfer of committed goods or service and payment from the customer exceed one year, the transaction price shall be adjusted to reflect the time value of money.

(20)Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset until almost all necessary activities for the asset to reach its intended use or sale status have been completed.

Specific borrowings, such as income from temporary investments prior to qualifying capital expenditures, are deducted from borrowing costs that meet capitalization conditions.

Except for the above scenarios, all other borrowing costs are recognized as an expense for the period in which they occurred.

(21)Income Tax

Income tax expense is the sum of current income tax plus deferred income tax.

D. Current income tax

Current income tax liabilities are based on the taxable income of the current year. Because some income and expenses are taxable or deductible items in other years or non-taxable and non-deductible items according to relevant tax laws, the taxable income is not the same as the net profit reported in the consolidated comprehensive

balance sheet. The current income tax-related liabilities of the Company are calculated based on the tax rate that has been legislated or has been substantively legislated at the balance sheet date.

Additional profit-seeking enterprise income tax on unappropriated retained earnings are listed as income tax expense of shareholders' resolution year according to the Income Tax Act.

Adjusted the income tax payable of the past year that recognize as current income tax.

E. Deferred income tax

Deferred income tax is recognized based on the temporary difference between the carrying amount of assets and liabilities in the parent company only financial report and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is likely to be taxable income to deduct temporary differences, loss deductions or income tax deductions from expenditures such as research and development.

Deferred income tax liabilities are recognized for all taxable temporary differences related to the Company's subsidiaries, affiliated companies, and joint venture equities unless the Company can control the timing of reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and equities are recognized within the scope of earnings that with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

The book value of deferred income tax assets must be reviewed at the balance sheet date, and the book value of those that no longer have sufficient taxable income to recover all or part of the asset should be revised down. Assets originally not recognized as deferred income tax assets must also be reviewed at the balance sheet date, and the book value of those that have a high likelihood of producing enough taxable income to recover all or part of the asset should be revised up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

F. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity, which are recognized in the other comprehensive profit or loss or directly included in the equity, respectively. If the current income tax or deferred income tax is generated from a business combination, the income tax effects are included in the accounting treatment of the business combination.

19. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS ON UNERTAINTY

The Company has included economic impacts from the COVID-19 pandemic as a major considering factor of accounting estimates and will continue to review basic assumptions and estimates. If revision of the estimate only affects the current period, it is recognized in the period of the revision. If the revision of the accounting estimate affects the current period and future periods, it is recognized in future periods as well as the period in which the revision is made.

In preparing the parent company only financial report, the Company made the following critical judgements, critical accounting estimates, and assumptions:

(3) Critical Accounting Judgements

D. Judgment of business model of financial asset classification

The Company evaluates the business model of financial assets based on the level of financial assets that are jointly managed to achieve a specific business purpose. Such evaluation calls for consideration of all relevant evidence, including asset performance assessment methods, risks affecting performance, and the salary

determination method of relevant managers, as well as sound judgement. The Company continuously assesses whether its judgement on business models is appropriate. It also monitors the financial assets carried at amortized cost and investment in debts instruments at fair value through other comprehensive income to look into the reasons for its disposition and assess whether the disposition would be consistent with the business model's objectives. Whenever the business model was found to have changed, the Company reclassify financial assets according to the regulations of IFRS 9 and postpone application of the above to the day of the reclassification.

E. Revenue recognition

In accordance with IFRS 15, the Company determines whether it has obtained control of specific goods or services before transferring said goods or services to customers, and whether the Company is the principal or agent of said transactions. If determined to be the agent, the net transaction amount is recognized as income.

The Company is considered the principal in the following scenarios:

- (d) If the Company obtains control of goods or other assets from another party before said goods or assets are transferred to the customer.
- (e) If the Company controls the right to have another party provide labor services, so that it can arrange for the other party to provide services to the customer on behalf of the Company.
- (f) If the Company obtains control of goods or services from another party to combine with other goods or services in order to provide customers with specific goods or services.

Indicators used to help determine whether the Company obtained control of goods or services before transferring said goods or services to the customer include (but are not limited to):

- (d) Whether the Company is primarily responsible for fulfilling the commitment to provide specific goods or services.
- (e) Whether the Company assumes inventory risk before and after specific goods and services are transferred to customers.

(f) Whether the Company has the discretion to set prices.

F. Lease terms

In determining the lease term, the Company takes into account all relevant facts and circumstances that might generate economic incentives to exercise (or not to exercise) the option, including all facts and circumstances from the start of the lease to the day when the option is exercised with expected changes. The main factors taken into account include the contract terms and conditions during the period covered within the option, significant lease interest improvements (or expected improvements) during the contract period, and the importance of the underlying assets to the lessee's operations. The lease term shall be reassessed if there are significant changes to major matters or circumstances within the control of the Company.

(4) Critical Accounting Estimates and Assumptions

I. Revenue recognition

Sales revenue is recognized when the control of goods or services is transferred to the customer to meet performance obligations. Estimated related sales returns, discounts and other similar discounts are deducted. These sales returns and discounts are estimated based on the Company's historical experience and other known reasons, and the Company regularly assesses how reasonable the estimates are.

J. Estimated impairment of financial assets

The impairment of accounts receivable and contract assets was estimated based on the Company's assumptions about the default rate and the expected loss rate. The Company took into account historical experience, current market conditions and forward-looking information to work out assumptions and select input values for impairment assessment.

K. Fair value measurement and evaluation process

Regarding the fair value of the level 3 equity assets, the Company adopts appropriate evaluation methods based on the nature of the investee, such as the financial status and operating results of the investee, the transaction price of similar instruments in the market, market conditions, and necessary discounts, to assess fair value. If the actual changes in future input values and expectations would differ, fair value

changes might occur. The Company regularly updated each input value according to market conditions to monitor whether fair value measurement was appropriate.

L. Assessment on the impairment of tangible assets and intangible assets

In the process of asset impairment assessment, the Company needs to rely on subjective judgment, asset usage patterns, and industry characteristics to determine the independent cash flow of a particular asset group, years of useful life, and future revenue and expenses that might cause significant impairment in the future due to changes in economic conditions or estimated changes to the Company's strategies.

M. Feasibility of deferred income tax assets

Deferred income tax assets are recognized when there is a possibility in the future that there would be sufficient taxable income to deduct temporary differences.

Assessing the feasibility of deferred income tax assets requires the management to make significant accounting judgments and estimations, including the estimation of future sales revenue growth and profit margins, tax exemption periods, available income tax deductions, and tax planning. Any changes in the global economic environment, industrial environment, or laws and regulations might cause significant adjustment of deferred income tax assets.

N. Evaluation of inventories

Inventory falling price loss is measured by cost or net realizable value, depending on which is lower. Cost and net realizable value are compared based on individual items unless the inventories are of the same category. In addition, obsolescence loss of inventories is evaluated based on inventory turnover and days sales of inventory.

O. Calculation of net defined benefit liabilities

Upon calculation of the present value of the benefit obligations, the Company must use judgments and estimates to determine the relevant actuarial hypotheses on the balance sheet date, including the discount rate and future salary growth rate. Any changes in actuarial assumptions could significantly affect the Company's defined benefit obligations amount.

P. Lessee's incremental loan interest rate

When determining the lessees' incremental loan interest rate for discounting lease payments, the Company used the risk-free interest rate of the equivalent duration and currency as the reference interest rate, and takes the estimated credit risk discounts and lease specific adjustments of the lessee (such as asset characteristics and factors such as guarantees) into consideration.

20. DETAILS OF SIGNIFICANT ACCOUNTS

(31) Cash and Cash Equivalents

	<u>2020.12.31</u>	<u>2019.12.31</u>
Cash on hand and revolving fund	\$240	\$253
Bank Deposits	172,317	140,970
Cash equivalents	—	20,000
	<u>\$172,557</u>	<u>\$161,223</u>

Interest rate ranges for bank deposits on the balance sheet date were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Bank Deposits	0.02%-0.05%	0.08%-0.33%
Cash equivalents	—	0.78%

C. The Company transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

D. As of December 31, 2020 and 2019, the amount the Company provided in bank deposits and cash equivalents due to restrictions on their use and the amount pledged to financial institutions as collateral for loans under other financial assets are NT\$27,814 thousand and NT\$6,000 thousand, respectively. Please refer to Note 8.

(32) Financial Assets at Fair Value Through Profit or Loss

	<u>2020.12.31</u>	<u>2019.12.31</u>
<u>Financial Assets - Current</u>		
Mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Domestic listed stocks	\$21,352	\$53,394
Fund beneficiary certificate	<u>7,164</u>	<u>8,431</u>

	2020.12.31	2019.12.31
	\$28,516	\$61,825

Financial Assets - Non-Current

Mandatorily measured at fair value through profit or loss

Non-derivative financial assets

Domestic non-listed stocks	\$350,320	\$345,092
Foreign non-listed stocks	24,405	24,287
	\$374,725	\$369,379

C. The Company's investment in the above-mentioned investment targets are not for strategic investment purpose. The Company's management believes that the short-term fair value fluctuations of these investments should be included in the profit and loss, and chose to designate these investments to be mandatorily measured at fair value through profit and loss.

D. For matters pertaining to the Company's provision of financial assets at fair value through profit or loss as collateral for loans as of December 31 of ,2020 and 2019, please refer to Note 8.

(33) Financial Assets at Fair Value Through Other Comprehensive Income

	2020.12.31	2019.12.31
<u>Current</u>		
Equity Instruments		
Domestic listed stocks	\$53,956	\$25,467
Evaluation adjustment	(546)	(10,935)
	\$53,410	\$14,532

Non-Current

Equity Instruments

Foreign non-listed stocks	\$98,574	\$119,388
Evaluation adjustment	14,986	2,550
	\$113,560	\$121,938

D. The Company invests in the above-mentioned investment targets based on mid- to long-term strategies and expects to profit from long-term investments. The Company's management believes that including short-term fair value fluctuations of these

investments in the profit and loss is inconsistent with the above-mentioned long-term investment plan, and therefore chose to designate these investments to be measured at fair value through other comprehensive profit and loss.

E. In 2020 and 2019, the Company adjusted its investment position to diversify risks, selling some of its domestic listed stocks at fair value of NT\$2,707 thousand and NT\$2,885 thousand. The relevant “other equity - unrealized gains and losses from financial assets measured at fair value through other comprehensive income” of NT\$ (3,875) thousand and NT\$ (3,445) thousand are transferred to “retained earnings”.

F. For matters pertaining to the Company’s provision of financial assets at fair value through other comprehensive profit or loss as collateral for loans as of December 31, 2020 and 2019, please refer to Note 8.

(34) Financial Assets at Amortized Cost

	<u>2020.12.31</u>	<u>2019.12.31</u>
<u>Non-Current</u>		
Bank of Panhsin subordinated financial bonds	\$ —	\$10,000

D. The Company purchased Bank of Panhsin subordinated financial bonds at the par value of NT\$10,000 thousand. The coupon interest rate is 2.84%, and effective interest rate is 2.56%. The principal will be repaid in June 2020.

E. As of December 31, 2020 and 2019, none of the above financial assets measured at amortized cost are restricted in use or pledged as collateral.

(35) Notes Receivable, Net

	<u>2020.12.31</u>	<u>2019.12.31</u>
Notes receivable	\$93,847	\$63,797
Less: Allowance for impairment loss	(1,095)	(761)
Net notes receivable - non-related parties	92,752	63,036
Notes receivable - related parties	—	86
	<u>\$92,752</u>	<u>\$63,122</u>

C. For disclosures related to the loss allowance on notes receivable please refer to the following accounts receivable.

D. As of December 31,2020 and 2019, none of the above notes receivable are restricted in use or pledged as collateral.

(36) Accounts Receivable, Net

	<u>2020.12.31</u>	<u>2019.12.31</u>
Accounts receivable	\$428,345	\$330,795
Less: Allowance for impairment loss	(4,313)	(3,310)
Net accounts receivable - non-related parties	424,032	327,485
Accounts receivable - related parties	8,384	2,352
	<u>\$432,416</u>	<u>\$329,837</u>

The Company's average credit period of sales of goods is 30 to 120 days. Loss provisions refer to the estimated unrecoverable amount calculated based on the aging of accounts, historical experience and the customer's financial condition.

The Company adopted the simplified method of recognizing loss provisions based on expected credit loss in the duration. The expected credit loss in the duration takes customer's payment history into account. As the Company's historical experience of credit losses indicates that there is no significant difference in the loss patterns of different customer bases, the expected credit loss rate is determined only by the accounts receivable days past due.

The Company's loss provisions based on notes receivable an accounts receivable (excluding related parties) measured by the preparation matrix are as follows:

	Expected credit loss rate	Total book value	Loss provisions (expected credit loss in the duration)	Amortised cost
2020.12.31				
Not past due	0%-1%	<u>\$ 522,192</u>	<u>\$(5,408)</u>	<u>\$ 516,784</u>

	Expected credit loss rate	Total book value	Loss provisions (expected credit loss in the duration)	Amortised cost
2019.12.31				
Not past due	0%-1%	<u>\$ 394,592</u>	<u>\$(4,071)</u>	<u>\$ 390,521</u>

Movements of the loss allowance for accounts and notes receivable:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$4,071	\$4,743

Add: Provision	1,337	—
Less: Reversal	—	(672)
Ending balance	<u>\$5,408</u>	<u>\$4,071</u>

Movements of the loss allowance for other accounts and notes receivable (excluding related parties):

	<u>2020</u>	<u>2019</u>
Beginning balance	\$64,364	\$74,298
Add: Provision	20,000	—
Less: Remittance from this year (note)	(23,000)	(9,831)
Foreign currency exchange difference	—	(103)
Ending balance	<u>\$61,364</u>	<u>\$64,364</u>

Note: The Company listed NT\$ 21,000 thousand in “expected credit loss (gain)” and NT\$ 2,000 thousand in “other income” in 2020, and NT\$5,831 thousand in “expected credit loss (gain)” and NT\$ 4,000 thousand in “other income” in 2019.

For details on relevant risk management and evaluation methods, please refer to Note 12.

As of December 31, 2020 and 2019, none of the above accounts receivable are restricted in use or pledged as collateral.

(37) Finance Lease Receivables

	<u>2020.12.31</u>	<u>2019.12.31</u>
Undiscounted lease payments		
Year 1	\$5,909	\$6,125
Year 2	5,654	5,709
Year 3	5,654	5,709
Year 4	5,654	5,709
Year 5	5,654	5,709
Over 5 years	74,917	81,347
	103,442	110,308
Less: Unrealized financing income	(63,106)	(69,287)
Net investment in lease	<u>\$40,336</u>	<u>\$41,021</u>
Current	\$840	\$923

	2020.12.31	2019.12.31
Non-Current	39,496	40,098
	<u>\$40,336</u>	<u>\$41,021</u>

The Company's power supply contract regarding solar power generation equipment stipulates that all power generated since the date of transfer will be sold to Taiwan Power Company. The contract will be treated in accounting as a finance lease with an average finance period of 20 years.

The Company measures the loss provisions of the finance lease receivables based on the expected credit loss in the contract duration. As of the balance sheet date, there are no overdue finance lease receivables. At the same time, considering the past default rate of the other party, the future development of industries related to the lease target, and the value of the collateral, the Company believes that there are no impairments regarding the above-mentioned finance lease receivables.

For the company's provision of solar power generation equipment to financial institutions as pledged collateral for bank loans as of December 31, 2020 and 2019, please refer to Note 8.

(38) Inventories, Manufacturing Business

	2020.12.31	2019.12.31
Finished goods	\$176,726	\$209,713
Work in process	23,223	24,307
Semi-finished goods	117,801	123,454
Materials in transit	5,945	—
Raw materials	579,136	387,790
Goods	97,353	1,238
Total	<u>\$1,000,184</u>	<u>\$746,502</u>
Mortgage situation	<u>None</u>	<u>None</u>

D. Inventory-related (losses) profits recognized as cost of goods in the current period are as follows:

	2020	2019
Cost of goods sold	\$4,328,131	\$3,759,076
Construction cost	6,667	—

Loss on net realizable value of inventory (gains from recovery)	(4,098)	(4,526)
Loss on inventory idle capacity (gains from recovery)	(205)	(23)
Loss (gain) on physical inventory	24	(18)
	<u>\$4,330,519</u>	<u>\$3,754,299</u>

E. The Company's inventories are mainly steel products, construction land and housing sites under construction, the net realizable value of which is affected by market prices. The amount of the inventory cost reduced to the net realizable value should be recognized as an expense in the current period. Reduction of the inventory cost to the net realizable value should be recognized as an expense in the year the reduction occurred. However, the reversal amount due to increased net realizable value is also reduced in the amount recognized as an expense in the period in which the reversal occurs.

F. As of December 31, 2020 and 2019, none of the above inventories are restricted in use or pledged as collateral.

(39) Inventories (for Construction Business)

Name of construction site	2020.12.31	2019.12.31
Construction in progress – Hulin Section, Xinyi District	<u>\$153,398</u>	<u>\$100,228</u>

F. On March 7, 2008, the Company signed a contract to purchase Land No. 800 in the Guoguang Section of Banqiao District, New Taipei City from Chien Ching-Hui and three others for the total price of NT\$1,930,800 thousand. In the same year, the Company paid NT\$89,110 thousand per the contract, with the money under “prepayments”. Banqiao Guoguang Section was rezoned to Banqiao Yongcui Section on November 26, 2015. However, the Company that Chien Ching-Hui and the others conducted adverse behavior such as giving away and selling parts of the land in question, so the Company filed for provisional seizure and provisional disposition. For the relevant legal proceedings and ruling, please refer to Note 9 (1).

G. On April 16, 2014, the Company's Board of Directors decided to purchase five plots of land, namely No.765, 766, and 787 of Denglin Section in Wugu District, New

Taipei City and No. 418 and 970 in Wugu Section in Wugu District, for the total price of NT\$205,216 thousand. All payments were made and ownerships were transferred by May 15, 2014. Later, on June 30, 2014, the Company signed a joint construction contract with Stone 2 Gold Industrial Co., Ltd. to build national housing with joint construction and separate sales. On August 26, 2014, the Company donated the relevant costs for No.765 and 766 of the Wugu Denglin Section and No.418 and 970 of the Wugu Wugu Section of NT\$24,688 thousand to the New Taipei City Government in order to apply for building capacity transfer rights. The construction license for this project was issued on January 6, 2015, so the above-mentioned building capacity transfer application cost was reclassified under “land under construction - Wugu Denglin Section (Big Apartment)”. In order to expedite the completion of the construction project, the Company signed a land contract and a supplemental agreement for land sales for the remaining portion of land on the lots held by the Company with Stone 2 Gold Industrial Co., Ltd. on January 3 and March 8, 2019, respectively. The total price of the land was NT\$180,100 thousand, and the transfer registration procedure was completed on March 27, 2019.

H. On April 24, 2019, the Company’s Board of Directors decided to participate in the “Drafted Proposal for the Urban Regeneration and Right Transfer of 34 Plots of Land Including No. 310 of Subsection 4, Hulin Section, Xinyi District, Taipei City” approved by the Taipei City Urban Regeneration Office. On April 25, 2019, the Company and Ding Bang Development Co., Ltd. signed joint investment and construction in the form of joint operation with 1:1 investment. As of December 31, 2020, the Company has paid the relevant deposit of NT\$86,290 thousand, with the money listed under “refundable deposits”.

Also, to facilitate the smooth construction and delivery of construction cases and projects, the Company signed a trust contract with the bank regarding the “Xinyi Hulin Section Urban Regeneration” construction project along with Ding Bang Development Co., Ltd. The Company managed the land, existing structures, and funds in compliance with the trust contract throughout the duration of the trust, which is earmarked for the construction progress to facilitate smooth construction and the first registration of structures as soon as they are completed.

I. For the Company's provision of "Inventories - Development Industry" as pledged collateral for bank loans as of December 31, 2020 and 2019, please refer to Note 8.

(40) Other Current Assets

	<u>2020.12.31</u>	<u>2019.12.31</u>
Other Financial Assets	\$841,928	\$737,586
Payments for other	<u>10</u>	<u>10</u>
	<u>\$841,938</u>	<u>\$737,596</u>

For matters pertaining to the Company's provision of financial assets as collateral for loans and construction presale buyer trust funds as of December 31, 2020 and 2019, please refer to Note 8.

(41) Investments Accounted for Using Equity Method

H. The Company's investments under the equity method are listed below:

	Initial investment cost	<u>2020.12.31</u>	<u>2019.12.31</u>
<u>Subsidiaries</u>			
Mayer Corporation Development International Limited (BVI)	\$ 390,881	\$15,287	\$ 15,287
Vietnam Mayer Co., Ltd.	212,601	214,140	292,628
Glory World Development Ltd. (BVI)	259,121	—	—
Mei Kong Development Ltd.	535,149	565,097	554,013
Miramar Development Limited	498,923	54,023	55,025
Mayer Inn Corporation	314,800	<u>211,741</u>	<u>174,226</u>
Subtotal		1,060,288	1,091,179
Less: Accumulated Impairment Loss - Investments Under the Equity Method		<u>(15,287)</u>	<u>(15,287)</u>
		<u>1,045,001</u>	<u>1,075,892</u>
<u>Affiliated Companies</u>			
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	179,688	223,065	247,114
Diamond Precision Steel Corp.	106,248	189,240	178,664

	Initial investment cost	2020.12.31	2019.12.31
Less: Accumulated Impairment Loss - Investments Under the Equity Method		—	—
		412,305	425,778
		<u>\$1,457,306</u>	<u>\$ 1,501,670</u>

(c) As of December 31, 2020 and 2019, Mayer Corporation Development International Limited (BVI), which was recognized by the Company under the equity method, transferred its net book equity value minus other receivables transferred to allowance for loss of NT\$ (54,549) thousand and NT\$ (57,614) thousand under “Other Non-Current Liabilities - Other” as part of its liquidation process.

(d) As of December 31, 2020 and 2019, Glory World Development Ltd. (BVI), which was recognized by the Company through the equity method, recognized accumulated investment losses and other comprehensive profit and losses to the book value of NT\$ (7,842) thousand and NT\$ (7,438), respectively, listing the amount under “Other Non-Current Liabilities - Other”.

Parts of the Company’s investments under the equity method are disclosed in financial reports made from audit conducted by other CPAs.

I. The Company’s percentage of ownership interest and voting rights in its subsidiaries and affiliate companies as of the balance sheet date is as follows:

	2020.12.31	2019.12.31
Mayer Corporation Development International Limited (BVI)	100.00%	100.00%
	(Note 1)	(Note 1)
Vietnam Mayer Co., Ltd.	100.00%	100.00%
Glory World Development Ltd.(BVI)	50.21%	50.21%
	(Note 2)	
Mei Kong Development Ltd.	100.00%	100.00%
Miramar Development Limited	90.00%	90.00%
Mayer Inn Corporation	100.00%	100.00%

	<u>2020.12.31</u>	<u>2019.12.31</u>
Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	45.01%	45.01%
Diamond Precision Steel Corp.	42.50%	42.50%

Note1: Under the ruling of the British Virgin Islands (BVI) court on March 27, 2017, Mayer Corporation Development International Limited (BVI) agreed to enter liquidation and appoint a liquidator.

Note2: Glory World Development Ltd. (BVI) was struck off by the local government on November 3, 2020.

For information on the business nature and main operating locations of the aforementioned subsidiaries and affiliates, please refer to Appendix 5.

J. Subsidiary summary information:

	<u>2020</u>	<u>2019</u>
The Company's share		
Net income from continuing operations	\$(35,298)	\$8,606
Other comprehensive income for the period	2,073	(6,320)
Total consolidated income	<u>\$(33,225)</u>	<u>\$2,286</u>

K. The market price information of listed companies' equity investments on the balance sheet date using the equity method, calculated based on the closing price of the stock, are as follows: None.

L. The summarized financial information of the associates that are material to the Company is as follows: None.

M. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

	<u>2020</u>	<u>2019</u>
The Company's share		
Net income from continuing operations	\$81,278	\$94,487
Other comprehensive income for the period	(26,355)	9,582

Total consolidated income	<u>\$54,923</u>	<u>\$104,069</u>

N. As of December 31,2020 and 2019, none of the above investments under the equity method are restricted in use or pledged as collateral.

(42)Property, Plant and Equipment

2020

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Beginning balance	\$ 557,911	\$ 242,984	\$ 1,413,337	\$ 73,396	\$ 92,827	\$ 2,380,455
Increase	—	1,048	11,394	2,009	4,299	18,750
Disposal or write off	—	(10,763)	(75,576)	(13,047)	(19,661)	(119,047)
Ending balance	<u>\$ 557,911</u>	<u>\$ 233,269</u>	<u>\$ 1,349,155</u>	<u>\$ 62,358</u>	<u>\$ 77,465</u>	<u>\$ 2,280,158</u>

Accumulated

depreciation:

Beginning balance	\$ —	\$ 217,898	\$ 1,208,109	\$ 56,300	\$ 61,386	\$ 1,543,693
Increase	—	4,664	35,242	3,632	6,193	49,731
Disposal or write off	—	(10,630)	(72,936)	(8,632)	(19,498)	(111,696)
Ending balance	<u>\$ —</u>	<u>\$ 211,932</u>	<u>\$ 1,170,415</u>	<u>\$ 51,300</u>	<u>\$ 48,081</u>	<u>\$ 1,481,728</u>
Ending net amount	<u>\$ 557,911</u>	<u>\$ 21,337</u>	<u>\$ 178,740</u>	<u>\$ 11,058</u>	<u>\$ 29,384</u>	<u>\$ 798,430</u>

2019

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Unfinished construction	Total
Cost:							
Beginning balance	\$ 557,911	\$ 241,529	\$ 1,394,041	\$ 72,086	\$ 77,447	\$ —	\$ 2,343,014
Increase	—	1,455	26,489	1,310	17,002	40,943	87,199
Disposal or write off	—	—	(7,193)	—	(1,622)	—	(8,815)
Ending balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(40,943)</u>	<u>(40,943)</u>
Ending net amount	<u>\$ 557,911</u>	<u>\$ 242,984</u>	<u>\$ 1,413,337</u>	<u>\$ 73,396</u>	<u>\$ 92,827</u>	<u>\$ —</u>	<u>\$ 2,380,455</u>

Accumulated

depreciation:

2019

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Unfinished construction	Total
Beginning balance	\$ —	\$ 213,024	\$ 1,172,961	\$ 52,102	\$ 58,040	\$ —	\$ 1,496,127
Increase	—	4,874	40,698	4,198	4,850	—	54,620
Disposal or write off	—	—	(5,550)	—	(1,504)	—	(7,054)
Ending balance	\$ —	\$ 217,898	\$ 1,208,109	\$ 56,300	\$ 61,386	\$ —	\$ 1,543,693
Ending net amount	\$ 557,911	\$ 25,086	\$ 205,228	\$ 17,096	\$ 31,441	\$ —	\$ 836,762

D. The Company's properties, plants, and equipment are depreciated on a straight-line basis based on the following service life:

Buildings	3 to 46 years
Machinery and equipment	3 to 15 years
Transportation equipment	2 to 15 years
Other equipment	3 to 14 years

E. On January 1, 2012, the Company chose the revaluation value from land revaluation conducted according to the generally accepted accounting principles in the Republic of China as recognized costs.

F. For the Company's provision of properties, plants, and equipment as pledged collateral for bank loans as of December 31, 2020 and 2019, please refer to Note 8.

(43) Lease Agreement

F. Right-of-use assets

	2020					
	Land	Buildings and structures	Machinery and equipment	Transportatio n equipment	Other equipment	Total
Cost:						
Beginning balance	\$ 2,289	\$ 45,103	\$ 312	\$ 483	\$ 552	\$ 48,739
Increase	—	542	—	5,653	95	6,290
Decrease	—	(274)	—	—	(70)	(344)
Ending balance	\$ 2,289	\$ 45,371	\$ 312	\$ 6,136	\$ 577	\$ 54,685
Accumulated depreciation:						

	2020					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Beginning balance	\$ 859	\$ 7,250	\$ 139	\$ 80	\$ 95	\$ 8,423
Increase	1,143	11,839	138	1,144	149	14,413
Decrease	—	(273)	—	—	(14)	(287)
Ending balance	<u>\$ 2,002</u>	<u>\$ 18,816</u>	<u>\$ 277</u>	<u>\$ 1,224</u>	<u>\$ 230</u>	<u>\$ 22,549</u>
Ending net amount	<u>\$ 287</u>	<u>\$ 26,556</u>	<u>\$ 35</u>	<u>\$ 4,911</u>	<u>\$ 347</u>	<u>\$ 32,136</u>
	2019					
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Beginning balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Items that IFRS 16 applies to for the first time	654	14,472	312	78	383	15,899
Increase	2,289	35,162	—	483	219	38,153
Decrease	(654)	(4,531)	—	(78)	(50)	(5,313)
Ending balance	<u>\$ 2,289</u>	<u>\$ 45,103</u>	<u>\$ 312</u>	<u>\$ 483</u>	<u>\$ 552</u>	<u>\$ 48,739</u>
Accumulated depreciation:						
Beginning balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Increase	1,037	11,781	139	158	145	13,260
Decrease	(178)	(4,531)	—	(78)	(50)	(4,837)
Ending balance	<u>\$ 859</u>	<u>\$ 7,250</u>	<u>\$ 139</u>	<u>\$ 80</u>	<u>\$ 95</u>	<u>\$ 8,423</u>
Ending net amount	<u>\$ 1,430</u>	<u>\$ 37,853</u>	<u>\$ 173</u>	<u>\$ 403</u>	<u>\$ 457</u>	<u>\$ 40,316</u>

The Company's revenue from subletting right-of-use assets are NT\$294 thousand and NT\$291 thousand in 2020 and 2019, respectively.

G. Lease liabilities

	2020.12.31	2019.12.31
Carrying value of lease liabilities		

Current	\$ 10,489	\$ 13,381
Non-Current	21,788	27,096
	<u>\$32,277</u>	<u>\$40,477</u>

The discount rate ranges for lease liabilities are as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Land	2.01%	2.01%
Buildings and structures	1.95%-2.75%	2.20%-2.75%
Machinery and equipment	1.55%	1.55%
Transportation equipment	1.4744%-1.55%	1.55%
Other equipment	1.52%-1.55%	1.548%-1.55%

H. Important lease activities and agreements

The Company leases land, buildings, and equipment to serve as operating premises and equipment for plants, offices, and general hotel business. The lease terms for these properties lie between 1 to 5 years, and the Company has the right to renew leases at the end of lease terms. Also, the contract stipulates that the Company may not sublease leased assets to others without the permission of the lessor. As of December 12, 2020, there is no sign of impairments to right-of-use assets, so no impairment assessments have been made.

I. Sublease

The Company subleased the right to use buildings under an operating lease for a term of 5 years. The total amount of lease payments to be received in the future for the sublease of the operating lease is as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Year 1	\$236	\$236
Between 1 and 5 years	472	651
	<u>\$708</u>	<u>\$887</u>

J. Other lease information

In 2020 and 2019, the Company chose to apply recognition exemptions for short-term leases and qualifying low-value asset leases, and did not recognize related right-

of-use assets and lease liabilities for these leases. Information about the relevant expenses are as follows:

	2020	2019
Short-term rental and leasing expenses	\$853	\$970
Low-value asset lease expenses	67	92
Variable lease payments not included in lease liability assessments.	40	29
	<u>\$960</u>	<u>\$1,091</u>
Total lease cash outflow	<u>\$(16,174)</u>	<u>\$(15,144)</u>

(44) Investment Property, Net

H. The Company's investment properties are listed below:

	2020		
	Land	Buildings	Total
Cost:			
Beginning balance	\$82,543	\$104,963	\$187,506
Ending balance	<u>\$82,543</u>	<u>\$104,963</u>	<u>\$187,506</u>
Accumulated depreciation:			
Beginning balance	\$ —	\$34,004	\$34,004
Increase	—	2,933	2,933
Ending balance	<u>\$ —</u>	<u>\$36,937</u>	<u>\$36,937</u>
Ending net amount	<u>\$82,543</u>	<u>\$68,026</u>	<u>\$150,569</u>
	2019		
	Land	Buildings	Total
Cost:			
Beginning balance	\$82,543	\$104,963	\$187,506
Ending balance	<u>\$82,543</u>	<u>\$104,963</u>	<u>\$187,506</u>
Accumulated depreciation:			
Beginning balance	\$ —	\$31,090	\$31,090
Increase	—	2,914	2,914
Ending balance	<u>\$ —</u>	<u>\$34,004</u>	<u>\$34,004</u>
Ending net amount	<u>\$82,543</u>	<u>\$70,959</u>	<u>\$153,502</u>

I. Lease revenue from investment properties and direct operating expenses:

	2020	2019
Lease revenue from investment properties	\$8,057	\$9,114
Direct operating expenses of investment properties that generate lease revenue	(2,933)	(2,914)
	<u>\$5,124</u>	<u>\$6,200</u>

J. As of December 31, 2020 and 2019, the total amount of lease payments to be received in the future for leasing investment properties under operating leases is as follows:

	2020.12.31	2019.12.31
Under 1 year	\$10,514	\$10,286
Between 1 and 5 years	42,743	42,400
Over 5 years	—	10,857
	<u>\$53,257</u>	<u>\$63,543</u>

K. In 2020, due to how the COVID-19 pandemic severely impacted the market economic, the Company agreed to unconditionally reduce lease amounts by 40% from April 1 to July 31, 2020.

L. The Company's investment properties are depreciated based on the straight-line method according to an estimated useful life of 35 years.

M. The fair value of the Company's investment properties on December 31 of 2020 and 2017 is NT\$272,992 thousand and NT\$210,337 thousand, respectively, as valued by independent valuation experts. The valuation for December 31, 2019 was made by referencing the market evidence of similar real estate transactions and showed no significant change from the basic estimation from December 31, 2017.

N. For the Company's provision of investment properties as pledged collateral for bank loans as of December 31 of 2020 and 2019, please refer to Note 8.

(45) Other Non-Current Assets

	2020.12.31	2019.12.31
Appeal deposit	\$37,654	\$37,654
Contract bond	86,290	91,865
Prepayments for business facilities	13,137	2,130
Long-term lease payments receivable	<u>39,496</u>	<u>40,098</u>

Others	15,820	14,824
	<u>\$192,397</u>	<u>\$186,571</u>

For the company's provision of solar power generation equipment to financial institutions as pledged collateral for bank loans as of December 31, 2020 and 2019, please refer to Note 8.

(46) Current Borrowings

	<u>2020.12.31</u>	<u>2019.12.31</u>
<u>Secured Loans</u>		
Bank loans	<u>\$1,235,145</u>	<u>\$971,286</u>
<u>Unsecured Loans</u>		
Credit loans	391,917	290,000
Letter of credit purchase borrowing	<u>332,845</u>	<u>241,868</u>
	<u>724,762</u>	<u>531,868</u>
	<u>\$1,959,907</u>	<u>\$1,503,154</u>
Interest rate range	<u>1.30%~1.89%</u>	<u>1.37%~1.91%</u>
Unspent amount	<u>\$772,095</u>	<u>\$1,282,784</u>
Secured borrowing situation	<u>Note 8</u>	<u>Note 8</u>

(47) Short-Term Notes and Bills Payable

	<u>2020.12.31</u>	<u>2019.12.31</u>
Commercial paper	\$30,000	\$30,000
Less: Unamortized discounts	<u>(8)</u>	<u>(28)</u>
Net amount	<u>\$29,992</u>	<u>\$29,972</u>

As of December 31, 2020 and 2019, the Company's short-term bills payable that are not yet expired are as follows:

Guarantee/Acceptance agency	Par value	Discount value	Book value	Interest rate range	Secured borrowing situation
<u>2020.12.31</u>					
Dah Chung Bills	<u>\$30,000</u>	<u>\$8</u>	<u>\$29,992</u>	0.93%	Note8
<u>2019.12.31</u>					
Dah Chung Bills	<u>\$30,000</u>	<u>\$28</u>	<u>\$29,972</u>	1.03%	Note8

(48) Non-Current Portion of Non-Current Borrowings

	2020.12.31	2019.12.31
<u>Secured Loans</u>		
Bank loans	\$75,146	\$77,813
Less: Parts expiring within one year	(2,711)	—
	<u>\$72,435</u>	<u>\$77,813</u>
Interest rate range	<u>1.45%-2.05%</u>	<u>1.55%-2.30%</u>
Unspent amount	<u>\$200,468</u>	<u>\$200,687</u>
Secured borrowing situation	<u>Note 8</u>	<u>Note 8</u>
<u>(49)Provisions</u>		
	2020.12.31	2019.12.31
Employee benefits	\$637	\$316
Decommission, restoration, and repair costs	41,109	—
	<u>\$41,746</u>	<u>\$316</u>
Non-Current	<u>\$41,746</u>	<u>\$316</u>
	2020	2019
Beginning balance	\$316	\$ —
New addition	41,430	316
Ending balance	<u>\$41,746</u>	<u>\$316</u>

(50)Pensions

C. Defined contribution plans

(c)The pension system applicable to the Company and the domestic subsidiaries of the Company in accordance with the "Labor Pension Act" is the defined contribution pension plan managed by the government. Under this play, the Company allocates 6% of employees' salary as labor pension into employees' personal pension accounts of the Bureau of Labor Insurance. Foreign subsidiaries of the Company have participated in defined contribution plans put in place by the local governments and contributes monthly labor pensions to the local governments.

(d)The Company recognized pension expenses of NT\$7,012 thousand and NT\$6,523 thousand in 2020 and 2019, respectively.

D. Defined benefit plans

Within the Company, the pension system applicable to the Company according to the “Labor Pension Act” falls under the category of defined benefit plans. Employee pension payments are calculated based on length of service and the average salary of the six months before employees’ approved retirement date. The company allocates 4% of employees’ monthly salary for employees’ pension funds. The payment is given to the Labor Retirement Reserve Supervisory Committee and deposited to a special account in the Bank of Taiwan in the committee’s name. Before the end of each year, if it is estimated that the balance in the special account is not enough to pay all employees expected to meet retirement conditions in the following year, the difference must be made up before the end of March in the following year. The special account is managed by the agency designated by the competent authority in the central government, so the Company has no right to determine how the pension fund is used.

(g) Recognized pension expenses regarding defined benefit plans are as follows:

	<u>2020</u>	<u>2019</u>
Current service cost	\$ 2,557	\$ 2,997
Net interest cost	<u>158</u>	<u>150</u>
Recognized in profit and loss	<u>2,715</u>	<u>3,147</u>
Remeasured		
Plan asset compensation (excluding sums included in the net interest)	5,936	(6,086)
Actuarial loss (gain) - change in financial assumptions	3,157	2,856
Actuarial loss (gain) - experience adjustment	2,952	9,846
Recognized in other comprehensive income	<u>173</u>	<u>6,616</u>
Total	<u><u>\$ 2,888</u></u>	<u><u>\$ 9,763</u></u>

The aforementioned pension expenses include the following items:

<u>2020</u>	<u>2019</u>

Operating costs	\$ 2,111	\$ 2,476
Marketing expenses	190	220
Administrative expenses	<u>414</u>	<u>451</u>
	<u>\$ 2,715</u>	<u>\$ 3,147</u>

(h) The Company's obligations generated because of defined benefit plans are listed in the balance sheet as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Present value of defined benefit obligations	\$(184,088)	\$(186,398)
Fair value of plan assets	<u>161,185</u>	<u>163,384</u>
Net defined benefit liabilities	<u>\$(22,903)</u>	<u>\$(23,014)</u>

(i) Changes in the present value of defined benefit liabilities are as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 186,398	\$ 194,207
Current service cost	2,557	2,997
Interest expenses	1,348	1,960
Remeasured		
Actuarial loss (gain) - change in financial assumptions	3,157	2,856
Actuarial loss (gain) - experience adjustment	2,952	9,846
Benefit payments - expenditure from plan assets	<u>(12,324)</u>	<u>(25,468)</u>
Ending balance	<u>\$ 184,088</u>	<u>\$ 186,398</u>

(j) Changes in the fair value of plan assets are as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 163,384	\$ 177,915
Interest Income	1,190	1,810
Fund attributed by employer	2,999	3,041
Remeasured		

Plan asset compensation (excluding sums included in the net interest)	5,936	6,086
Benefit payments - expenditure from plan assets	(12,324)	(25,468)
Ending balance	<u>\$ 161,185</u>	<u>\$ 163,384</u>

(k)The Company has been exposed to the following risks due to the Labor Standards Act:

iv. Investment risks

The central government's designated agency invests the labor pension fund in targets like domestic and foreign equity securities, debt securities, and bank deposits either on their own or by entrusting a third party. However, according to the "Labor Standards Act", the overall return on assets must not fall below the interest rate offered by local banks for a 2-year time deposit. In instances where the return on asset does fall below this interest rate, the difference will be made up from the national treasury.

v. Interest rate risks

The decline in the interest rate of government bonds will increase the present value of defined benefit obligations, but the returns on the debt investment of plan assets will also increase accordingly. Both have a partial offset effect on the net defined benefit liabilities.

vi. Salary-related risks

The present value of defined benefit obligations are calculated with reference to the future salary of plan members. As a result, increases in the salary of plan members will also increase the present value of defined benefit obligations.

(l) The present value of the Company's defined benefit obligations is actuarially calculated by certified actuaries. Major assumptions made on the measurement date are listed below:

	<u>Measurement date</u>	
	<u>2020.12.31</u>	<u>2019.12.31</u>
Discount rate	0.38%	0.73%
Future salary growth rate	1.00%	1.00%

In the event that significant actuarial assumptions are subject to possible changes, if all other assumptions remain unchanged, the amount of increase (decrease) in present value of defined benefit obligations will be as follows:

	Effect on defined benefit obligations	
	2020.12.31	2019.12.31
Discount rate		
Increased by 0.25% and 0.5%, \$(	2,171)	\$(4,364)
respectively		
Decreased by 0.25% and 0.5%, \$	2,213	\$4,537
respectively		
Future salary growth rate		
Increased by 0.25% and 0.5%, \$	1,734	\$3,580
respectively		
Decreased by 0.25% and 0.5%, \$(	1,712)	\$(3,486)
respectively		

Since actuarial assumptions might be related to one another, it would be unlikely for only a single assumption to change. Therefore, the aforementioned sensitivity analysis, might not reflect the actual change in the present value of defined benefit obligations.

The Company expects to allocate NT\$2,958 thousand to definite benefit plans within one year after December 31, 2020.

(51) Equity

H. Ordinary share

	2020.12.31	2019.12.31
Authorized shares (thousand shares)	320,000	320,000
Authorized capital	\$3,200,000	\$3,200,000
Number of shares issued with payments received in full (thousand shares)	222,526	222,526
Issued share capital	\$2,225,261	\$2,225,261

I. Capital surplus

	2020.12.31	2019.12.31

Additional paid-in capital arising from bonds conversion	\$232,709	\$232,709
Difference between the equity price and book value of the subsidiary's equity acquired or disposed	36,010	36,010
Changes in the net worth of the equity of affiliated companies and joint ventures recognized using the equity method.	6,828	6,828
Interest compensation payable for convertible bonds	6,075	6,075
	<u>\$281,622</u>	<u>\$281,622</u>

According to the Company's Articles of Incorporation, if there is a surplus after account settlement of the fiscal year, the Company shall make up accumulated losses from previous years. Also, surplus from the proceeds of issuing shares in excess of par value (including ordinary shares issued in excess of the par value, the share premium of shares issued due to mergers, the conversion premium of corporate bonds, and treasury stock transactions) and parts received as gifts can also be used to make up losses or used to distribute cash dividends or allocate share capital. However, they can only be used to allocate a certain ratio of paid-in share capital each year.

Because investments were made with the equity method, employee share options and additional paid in capital formed by share options may not be used for any other purpose.

J. Retained earnings and dividend policy

In accordance with the earnings distribution policy stipulated in the Company's Articles of Incorporation, if the Company made gains that year, it shall distribute 1% to 5% of the earnings as employees' remuneration and no higher than 3% as directors' remuneration. However, in the event the Company has sustained cumulative losses, a proportion of profit shall be reserved in advance for compensation purposes before remunerations are calculated.

Employee remuneration may be paid in cash or stock shares, and shall be payable to employees of the Company that meet certain requirements. Directors' remuneration shall be paid in cash only.

Matters regarding the distribution of employees' and directors' remuneration shall be approved by over half of directors at board meetings with more than 2/3 of the directors present, and reported in the shareholders' meeting.

If the aforementioned Board of Directors has resolved to distribute employees' remuneration in stocks, they may determine whether to distribute new shares or purchase their own shares.

The Company's dividend policy takes into account the Company's capital needs and long-term financial planning, current and future development plans, investment environment and domestic/foreign competition, and shareholders' interests to decide the amount and method of surplus distribution. If there are earnings in the Company's annual accounting statement, 10% of the balance shall be added to the legal reserve after paying income tax and making up for losses in previous years, unless the legal reserve has reached the total paid-in capital. After making special reserve allowance or reversal according to the regulations of competent authorities, the Board of Directors shall draft an earnings distribution plan and submit it to the shareholder meeting to resolve how to distribute the remaining earnings plus any unappropriated retained earnings from previous years.

Earnings can be distributed as cash dividends or stock dividend. If distributed, no less than 50% of distributable earnings for the current year shall be allocated as bonus dividends for shareholders. Bonus dividends to shareholders should be distributed as cash dividends in principle. If stock dividends are distributed, it should not exceed 50% of the total dividends.

The Board of Directors is authorized to carry out the aforementioned distribution of bonus dividends to shareholders as cash dividends based on resolutions agreed upon by over half of attending directors in Board meetings attended by at least 2/3 of directors and report such distributions in the shareholders' meeting.

In distributing earnings, the Company must set aside a special reserve based on net deductions of other shareholders' equity (such as the accumulated balance of financial statements translation differences of foreign operations or unrealized profit and loss of financial assets measured at fair value). If there are subsequent reversals of the equity deduction amount, the reversal amount may be added to distributable earnings.

The Company's earnings distribution plan for 2019 and 2018 passed by the shareholders' meeting on June 16, 2020 and June 12, 2019, respectively, are as follows:

	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Recognized legal reserve	\$ 41,784	\$ 30,059		
Recognized special surplus reserve (turnaround)	(34,327)	140,047		
Cash dividend of common shares	411,674	311,537	<u>\$ 1.85</u>	<u>\$ 1.40</u>

Regarding the above-mentioned surplus distribution plan for 2019 and 2018, the resolution passed in the Company's shareholders' meeting is consistent with the dividend distribution proposal passed by the Board of Directors.

Information on employees' remuneration and directors' remuneration of the Company as resolved by the Board of Directors and shareholders' meetings is posted in the 'Market Observation Post System' on Taiwan Stock Exchange website.

K. Special reserve

	<u>2020.12.31</u>	<u>2019.12.31</u>
Special reserve recognized through IFRSs for the first time	\$102,504	\$102,504
Others	105,720	140,047
	<u>\$208,224</u>	<u>\$242,551</u>

The Company made special reserve allowance and reversal according to Jin-Guan Certificate Fa Zi No. 1010012865, Jin-Guan Certificate Fa Zi No. 1010047490, and the "Questions and Answers Regarding Special Reserve Allowance Based on the IFRSs". If there is subsequent reversal based on the reduction of shareholders' equity, the Company may make a special reserve allowance or reversal based on the rules of partial distributed surplus reversal.

L. Treasury Stocks

2020: None.

Reason for remittance	2019			
	Beginning number of shares	Additions for this period	Write offs in this period	Ending number of shares
Protect the Company's credit and shareholders' equity	—	2,000,000	(2,000,000)	—

The implementation status of the Company's treasury shares are as follows:

Item	Approved by the Board of Directors	Estimated number of shares to be repurchased		Repurchased shares	Repurchase amount	Write off status
		shares	to be repurchased			
21st	107.08.10	3,000,000		3,000,000	43,862	108.01.07
22nd	107.10.29	3,000,000		3,000,000	42,732	108.01.07
23rd	108.01.24	2,000,000		2,000,000	29,739	108.04.25

M. Other equity items

	2020		
	Foreign Translation Reserve	Currency Reserve	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
Beginning balance	\$ 4,419		\$(212,643)
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	—		45,833
Share of other comprehensive gain of subsidiaries and associates	(36,406)	12,124	(24,282)
Other comprehensive Income for the year, net of income tax	7,281	—	7,281
Ending balance	\$(24,706)		\$(154,686)

	2019		
	Foreign Translation	Currency Reserve	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
			Total
Beginning balance	\$(	58)	\$(242,493) \$(242,551
Unrealized gain/(loss) on — investments in equity instruments at fair value through other comprehensive income			32,185 32,185
Share of other comprehensive gain of subsidiaries and associates	5,597	(	2,335) 3,262
Other comprehensive Income (— for the year, net of income tax	(1,120)	—	(1,120)
Ending balance	\$4,419	\$(	212,643) \$(208,224)

(52) Operating Revenue

C. Revenue from customer contracts

	2020	2019
Revenue from customer contracts		
Sales revenue	\$4,811,114	\$3,861,196
Construction revenue	—	333,640
	<u>\$4,811,114</u>	<u>\$4,194,836</u>

For the income analysis of major products, please refer to Note 14.

D. Contract balance

Information regarding the Company's revenue from customer contracts in 2020 and 2019 are as follows:

	2020.01.01	2020.12.31	Variance
Sale of goods	<u>\$4,576</u>	<u>\$2,461</u>	<u>\$(2,115)</u>
	2019.01.01	2019.12.31	Variance
Sale of goods	<u>\$20,438</u>	<u>\$4,576</u>	<u>\$(15,862)</u>

Changes in contract liabilities are mainly due to the difference between the time when the contract obligations are met and the time when customers make payments.

The amount of contract liabilities from the beginning of the year recognized in operating income in 2020 and 2019 is NT\$4,259 thousand and NT\$20,192 thousand, respectively.

(53) Interest Income

	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$265	\$320
Interest income from financial assets measured at amortized cost	110	256
Other interest income	13,475	4,670
	<u>\$13,850</u>	<u>\$5,246</u>

(54) Other Income

	<u>2020</u>	<u>2019</u>
Rent income	\$8,376	\$9,437
Dividend income	48,763	42,415
Income from Fines and penalties	—	1,076
Others income	3,830	5,547
	<u>\$60,969</u>	<u>\$58,475</u>

(55) Other Gains and Losses, Net

	<u>2020</u>	<u>2019</u>
Gains (loss) on disposals of property, plant and equipment	\$(3,674)	\$(1,637)
Gains (loss) on disposals of investments	23,780	1,633
Gain (loss) on lease modification	—	309
Net foreign exchange gain (loss)	(2,657)	(238)
Gains (loss) on financial assets at fair value through profit or loss	82,801	106,460
Other losses	(41,956)	(831)
	<u>\$58,294</u>	<u>\$105,696</u>

(56) Finance Cost, Net

	<u>2020</u>	<u>2019</u>
Interest expense		
Borrowing interest expense	\$33,470	\$30,780
Lease liability expenses	783	598
Others interest expense	26	27
Less: Qualifying asset capitalization amount	(2,237)	(1,011)
	<u>32,042</u>	<u>30,394</u>
Others	<u>—</u>	<u>307</u>
	<u>\$32,042</u>	<u>\$30,701</u>

(57) Employee Benefits, Depreciation, and Amortization Costs

	<u>2020</u>			<u>2019</u>		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefits						
Salary expenses	\$ 152,550	\$ 56,770	\$ 209,320	\$ 145,718	\$ 49,599	\$ 195,317
Employee healthcare and labor insurance expenses	16,301	4,624	20,925	15,633	4,447	20,080
Pension expenses	7,229	2,819	10,048	7,264	2,722	9,986
Compensation of directors	—	20,964	20,964	—	23,457	23,457
Other employee benefit expenses	8,171	33,721	41,892	8,259	35,653	43,912
Depreciation expenses	53,279	13,798	67,077	57,695	13,099	70,794
Amortization expenses	5,933	16	5,949	4,060	8	4,068
Total	<u>\$ 243,463</u>	<u>\$ 132,712</u>	<u>\$ 376,175</u>	<u>\$ 238,629</u>	<u>\$ 128,985</u>	<u>\$ 367,614</u>

C. For the years ended December 31, 2020 and 2019, the numbers of the Company employees and employee benefits are as follows:

	2020	2019
The numbers of employees	333	334
The numbers of directors who were not employees	9	9
	342	343
Average employee benefits	\$ 847	\$ 806
Average employee salaries	\$ 629	\$ 585
The percentage change in the average salary expenses	7.50%	(5.97%)

D. The Company's compensation policies are as follow:

(a)Employees

The salary of the employee is determined based on the educational experience, position, responsibility, performance with the market salary level.

The increment of annual salary depends on the operating condition and price level changes.

In addition, employees who are promoted in accordance with the Company's transfer management method (promotion) will take into account the changes in their responsibilities and adjust the original salary.

The Company's employee salary includes regular salary (monthly salary and compensation, bonus, benefit), overtime, irregular salary (monthly bonus, benefit, etc.)

(b)Managers

The appointment of managers of the Company is handled in accordance with the company's regulations. The management's salary shall be assessed by the remuneration committee based on the industry salary benchmark, the manager's personal performance indicators, and the company's operating performance, and submitted to the Board of Directors for discussion and resolution.

(c) Directors

The remuneration of directors includes compensation, business execution fee and directors' remuneration. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable shall not be higher than 3 for directors' remuneration.

E. In accordance with the Company's Articles of Incorporation, the Company shall distribute 1% to 5% of the distributed earnings covering accumulated losses as employees' remuneration and no higher than 3% as directors' remuneration. The Company's estimated employees' remuneration for 2020 and 2019 are NT\$23,939 thousand and NT\$26,529 thousand, respectively. The Company's estimated directors' remuneration in 2020 and 2019 are NT\$14,364 thousand and NT\$15,914 thousand, recognized based on the aforementioned pre-tax benefits of 5% and 3%. Any changes to the sum after the publication of the Company's annual financial report are treated as accounting estimates and added to the balance of the following year.

F. The Company held board meetings on March 19, 2021, March 19, 2020, and June 12, 2019 to determine employees' remuneration and directors' remuneration for 2020, 2019, and 2018, respectively:

	<u>2020</u>		<u>2019</u>		<u>2018</u>	
	Employees'	Directors'	Employees'	Directors'	Employees'	Directors'
	<u>remuneration</u>	<u>remuneration</u>	<u>remuneration</u>	<u>remuneration</u>	<u>remuneration</u>	<u>remuneration</u>
Approved	\$ 23,939	\$ 14,364	\$ 26,529	\$ 15,917	\$ 17,942	\$ 10,765
amount	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

The employees' remuneration and directors' remuneration for 2020, 2019, and 2018 approved by the Board of Directors' are equal to the amount recognized in financial statements.

For information about the Company Board of Director's determination of employees' and directors' remunerations, please refer to the "Market Observation Post System" of the TWSE.

(58) Income tax

H. Components of income tax expenses

	<u>2020</u>	<u>2019</u>

<u>Current income tax</u>		
Occurred in the current year	\$66,007	\$62,236
Additional undistributed earnings	318	—
Adjustment of previous years	59	—
	66,384	62,236
<u>Deferred income tax</u>		
Origination and reversal of temporary differences	(18,526)	(10,808)
Total tax expenses	<u>\$47,858</u>	<u>\$51,428</u>

I. Income tax recognized in other comprehensive income

	<u>2020</u>	<u>2019</u>
Financial statements translation differences of foreign operations	<u>\$ (7,281)</u>	<u>\$ 1,120</u>

J. Adjustments to the income tax expenses recognized in profit and loss in the current year:

	<u>2020</u>	<u>2019</u>
Net profit before tax	<u>\$440,482</u>	<u>\$488,134</u>
Net profit before tax calculated based on the statutory tax rate	\$88,096	\$97,626
Effectuated tax amount from adjusted items:		
Effectuated items are not included in the calculation of taxable income	(25,597)	(36,802)
Origination and reversal of temporary differences	(18,526)	(10,808)
Additional undistributed earnings	318	—
Adjustments in respect of prior years	59	—
Land value increment tax	—	1,412
Taxed separately	<u>3,508</u>	<u>—</u>
Income tax expenses recognized in profit and loss	<u>\$47,858</u>	<u>\$51,428</u>

The Company's application to repatriate offshore funds within a time limit according to the "Management, Utilization, and Taxation of Repatriated Offshore Funds Act" implemented in Taiwan on August 15, 2019 was approved. Since the day the act was implemented, the applicable tax rate was 8% in the first year and 10% in the second year, separate from the general income tax system. Within a year of repatriating funds, the Company needs to apply to participate in real investment from the Ministry of Economic Affairs. Only those who have completed this step will receive the 50% tax refund.

K. Deferred income tax assets and liabilities generated from temporary difference

	2020			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive income	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized inventory valuation loss and idle loss	\$1,804	\$ 7,361	\$ —	\$ 9,165
Effects of investment income tax recognized using the equity method	—	10,471	—	10,471
Others	207	157	—	364
	<u>\$2,011</u>	<u>\$ 17,989</u>	<u>\$ —</u>	<u>\$ 20,000</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Properties, Plants and Equipment	\$ 162,405	\$ —	\$ —	\$ 162,405
Exchange difference of foreign operations	21,261	—	(7,281)	13,980
Effects of investment income tax recognized using the equity method	537	(537)	—	—
	<u>\$ 184,203</u>	<u>\$ (537)</u>	<u>\$ (7,281)</u>	<u>\$ 176,385</u>

	2019			
	Beginning balance	Recognized in profit and loss	Recognized in other Comprehensive profit and loss	Ending balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized inventory valuation loss and idle loss	\$2,756	\$ (952)	\$ —	\$ 1,804
Others	1,317	(1,110)	—	207
	<u>\$4,073</u>	<u>\$ (2,062)</u>	<u>\$ —</u>	<u>\$ 2,011</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Properties, Plants and Equipment	\$162,405	\$ —	\$ —	\$ 162,405
Exchange difference of foreign operations	20,141	—	1,120	21,261
Effects of investment income tax recognized using the equity method	13,407	(12,870)	—	537
	<u>\$195,953</u>	<u>\$ (12,870)</u>	<u>\$ 1,120</u>	<u>\$ 184,203</u>

L. Impacted by the COVID-19 pandemic, the Company's declared profit-seeking enterprise income tax payable for 2019 is NT\$43,627 thousand. On June 20, 2020, the National Taxation Bureau of Taipei of the Ministry of Finance approved the request to pay the tax in 36 installments. As of December 31, 2020, the Company has paid 6 installments totaling NT\$7,271 thousand.

M. Income tax assessment

As of December 31, 2020, the tax collection agency approved Company's profit-seeking enterprise income tax settlement declaration to 2018.

(59) Earnings Per Share

2020			
Profit attributable to ordinary shareholders of the parent company	Weighted average number of ordinary	EPS (NT\$)	

			shares outstanding (thousand shares)		
	Before tax	After tax		Before tax	After tax
Basic earnings per share	\$ 440,482	\$ 392,624	222,526	\$ 1.98	\$ 1.76

2019					
	Profit attributable to ordinary shareholders of the parent company		Weighted average number of ordinary shares outstanding (thousand shares)	EPS (NT\$)	
	Before tax	After tax		Before tax	After tax
Basic earnings per share	\$ 488,134	\$ 436,706	222,526	\$ 2.19	\$ 1.96

(60) Adjustments in Liabilities From Financing Activities

	2020.01.01	Cash Flow	Non-cash changes Others	2020.12.31
Current borrowings	\$ 1,503,154	\$456,753	\$ —	\$1,959,907
Short-term notes and bills payable	29,972	20	—	29,992
Non-current borrowings (including long-term borrowings, current portion)	77,813	(2,667)	—	75,146
Lease liabilities	40,477	(15,214)	7,014	32,277
Guarantee deposits received	6,583	21,580	—	28,163
Total liabilities from financing activities	<u>\$ 1,657,999</u>	<u>\$460,472</u>	<u>\$7,014</u>	<u>\$2,125,485</u>

	2019.01.01	Cash Flow	Non-cash changes Others	2019.12.31
Current borrowings	\$ 1,690,846	\$ (187,692)	\$ —	\$1,503,154

	2019.01.01	Cash Flow	Non-cash changes Others	2019.12.31
Short-term notes and bills payable	29,974	(2)	—	29,972
Non-current borrowings	9,000	68,813	—	77,813
Lease liabilities	16,563	(14,053)	37,967	40,477
Guarantee deposits received	6,583	—	—	6,583
Total liabilities from financing activities	<u>\$ 1,752,966</u>	<u>\$(132,934)</u>	<u>\$37,967</u>	<u>\$ 1,657,999</u>

21. RELATED PARTY TRANSACTIONS

(4) Names of Related Parties and Their Relationship with the Company

Name of related parties	Relationship with the Company
Mayer Corporation Development International Limited	Subsidiaries
Mei Kong Development Ltd. (hereby referred to as Mei Kong Development)	Subsidiaries
Mayer Inn Corporation(hereby referred to as Mayer Inn)	Subsidiaries
Vietnam Mayer Co., Ltd.(hereby referred to as Vietnam Mayer)	Subsidiaries
Grand Tech Precision Manufacturing (Thailand) Co., Ltd. (hereby referred to as Grand Tech Precision)	Affiliated companies
Diamond Precision Steel Corp. (hereby referred to as KY-Diamond)	Affiliated companies
Diamond Steel Tube Co., Ltd. (Vietnam)	Affiliated companies
Durban Development Co., Ltd.	Other related parties
Miramar Hospitality Co., Ltd. (hereby referred to as Miramar Hospitality)	Other related parties
Tze Shin International Co., Ltd. (hereby referred to as Tze Shin International)	Other related parties
Ying Shun Construction Co., Ltd.	Other related parties
Athena Information Systems International Co., Ltd.	Other related parties
Juxin Technology Co., Ltd.	Other related parties

Name of related parties	Relationship with the Company
Huang Yu-Chi	Key management
Directors, president, vice president, and other executive officers	Key management

(5) Significant Transactions with Related Parties

In 2020 and 2019, the Company conducted the following operating transactions with the related parties of non-merged companies:

P. Sales Revenue

	2020	2019
Affiliated companies	\$13,934	\$14,286

The Company's transactions with the above-mentioned related parties are handled based on conditions agreed upon by both parties.

Q. Notes Receivable

	2020.12.31	2019.12.31
Subsidiaries	\$ —	\$86

R. Accounts Receivable

	2020.12.31	2019.12.31
Affiliated companies	\$8,384	\$2,352

S. Construction Cost

In 2020, the Company paid NT\$6,667 thousand of construction and maintenance costs to other related parties for the exterior wall renovation of the sold construction project. The sum is accounted for under "Operating Costs".

T. Construction in Progress

The management service fees the Company paid to other related parties for real estate development in 2020 and 2019 are NT\$1,440 thousand and NT\$840 thousand, respectively. The sums are accounted for under "Inventories (for construction business) - Construction in Progress".

U. Accounts Payable

	2020.12.31	2019.12.31
Other related parties	\$120	\$ —

V. Other Receivables (Including Amounts Loaned)

	<u>2020.12.31</u>	<u>2019.12.31</u>
General payment		
Subsidiaries	\$ 160	\$ 168
Amount loaned		
Mayer Inn	—	30,000
Subsidiaries	<u>17,353</u>	<u>18,328</u>
Subtotal	17,513	48,496
Less: Allowance for impairment loss	<u>(17,513)</u>	<u>(18,496)</u>
	<u>\$ —</u>	<u>\$ 30,000</u>

	<u>2020</u>	<u>2019</u>
Interest income		
Subsidiaries	<u>\$ 688</u>	<u>\$ 86</u>

W. Other Payables

	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$ —</u>	<u>\$ 126</u>

X. Refundable Deposits

	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$ 5</u>	<u>\$ 5</u>

Y. Contract Liabilities

	<u>2020.12.31</u>	<u>2019.12.31</u>
Other related parties	<u>\$ 7</u>	<u>\$ 7</u>

Z. Lease Revenue

	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 114	\$ 114
Other related parties	<u>179</u>	<u>184</u>
	<u>\$ 293</u>	<u>\$ 298</u>

AA. Dividend Income

	<u>2020</u>	<u>2019</u>

Investment reductions under the equity method

Mei Kong Development	\$2,701	\$ —
Vietnam Mayer	102,306	103,818
Grand Tech Precision	33,739	37,944
KY-Diamond	34,494	47,109
	<u>173,240</u>	<u>188,871</u>
Other income		
Miramar Hospitality	—	31
Tze Shin International	—	3,027
	<u>—</u>	<u>3,058</u>
	<u>\$173,240</u>	<u>\$191,929</u>

BB.Others

vii. Acquisition of investments accounted for using equity method

2020:

	<u>Acquisition of investments</u>		<u>Percentage of ownership interest</u>	
	Number of			
	<u>Shares</u>	<u>Price</u>	<u>Before</u>	<u>After</u>
Mayer Inn	<u>11,000</u>	<u>\$110,000</u>	<u>100%</u>	<u>100%</u>

2019:

	<u>Acquisition of investments</u>		<u>Percentage of ownership interest</u>	
	Number of			
	<u>Shares</u>	<u>Amount</u>	<u>Before</u>	<u>After</u>
Mayer Inn	<u>19,617</u>	<u>\$196,170</u>	<u>100%</u>	<u>100%</u>

viii. The company signed a transportation equipment purchase agreement with the management on January 7, 2020. The total contract price was NT\$1,056 thousand. Ownership of the goods was transferred on January 15, 2020, and the relevant payments were paid off on January 16, 2020.

ix. In 2020, the Company purchased NT\$86 thousand worth of gifts from other related parties and listed the purchase under “operating expenses”.

- x. In 2019, the Company received NT\$450 thousand in service fees for paying the management fees for affiliated companies in advance. The sum is listed under “other income”.

(6) Key Management Compensation

	2020	2019
Salary and short-term employee benefits	\$46,415	\$46,682
Post-employment benefits	614	581
	<u>\$47,029</u>	<u>\$47,263</u>

The remuneration of directors and other key management are determined based on individual performance and market trends by the remuneration committee.

22. PLEDGED ASSETS

The book value of the Company’s assets pledged to financial institutions as collateral for long or short-term loans, presale buyer trust funds for construction projects, and restrictions on repatriated overseas funds on December 31, 2020 and 2019 are detailed below:

	2020.12.31	2019.12.31
Inventories (for construction business)	\$ 153,398	\$ 100,228
Other financial assets - bank deposits	27,814	6,000
Other financial assets - current financial assets at fair value through profit and loss	624,844	547,042
Other financial assets - current investments in equity instruments designated at fair value through other comprehensive income	189,270	184,544
Finance lease receivable	40,336	41,021
Property, plant and equipment	578,819	582,305
Investment property	150,569	153,502
	<u>\$ 1,765,050</u>	<u>\$ 1,614,642</u>

23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMPACT COMMIMENTS

(17) On March 7, 2008, the Company signed a contract to purchase land at No. 800 of the Guoguang Section of Banqiao District, New Taipei City from Chien Ching-Hui and three others for the total price of NT\$1,930,800 thousand. As of December 31, 2020, the Company has paid NT\$89,110 thousand according to the contract, and the unpaid balance has been offset by the claim for damages. The Company verified that Chien Ching-Hui and the others gifted and sold parts of the land to Yeashin International Development Co., Ltd. and registered transfer of ownership, severely violating the terms of the contract and damaging the Company's creditor's rights. The progress of the relevant lawsuit are as follows:

(5)The Company filed a civil complaint with the Taiwan Taipei District Court on April 7, 2017 demanding that Chien Ching-Huang and two other defendants honor the sale and purchase contract and supplementary agreement signed by both parties in 2008 and transfer ownership of the 1,511.19 square meters of land in the rezoned No.62 to No.67 of Yongcui Section of Banqiao District, New Taipei City to the Company. On August 27, 2018, the court ruled in Civil Judgement No. 594 (2017) that Chien Ching-Huang and the two other defendants should transfer ownership of the aforementioned land to the Company. However, Chien Ching-Huang and the two other defendants decided to appeal the court's decision. Also, Kan Chien-Fu and 5 others with joint ownership of the land in question have signed an agreement with the Company pledging to help the Company win the lawsuit and declared their participation in the lawsuit on June 18, 2019. The appeal was rejected by the Taiwan High Court in Civil Judgement No. 739 (2018). Chien Ching-Huang and the two other defendants appealed the judgement, and the case is now being handled by the Supreme Court.

(6)On October 25, 2017, the Company filed a civil complaint with the Taiwan Taipei District Court seeking NT\$118,678 thousand in damage compensations from Chien Ching-Hui and three others for transferring ownership of Land No.48 of Yongcui Section in Banqiao District, New Taipei City. On March 12, 2020, the Taiwan Taipei District Court ruled in Judgement No.1325 (2017) that Chien Ching-Hui and the three others should pay NT\$97,825 thousand to the Company along with 5% annual interest from March 24, 2017 to the settlement date. The Company has appealed parts of the ruling, demanding that Chien Ching-Hui and the three others should pay an additional NT\$20,853 thousand along with 5% annual interest from March 24, 2017 to the

settlement date. Chien Ching-Hui and the three others are also unsatisfied with the ruling. The case is now being judged as Case No.298 (2020) in the Taiwan High Court.

(7) On April 30, 2020, the Company filed a civil complaint with the Taiwan Taipei District Court seeking NT\$594,956 thousand in damage compensations from Chien Ching-Hui and three others for transferring ownership of Land No.49 of Yongcui Section in Banqiao District, New Taipei City. The case is currently being judged in Case No.487 (2020) in the Taiwan Taipei District Court.

(18) Regarding the 200 million shares of “unlisted stock” of Mayer Holdings Limited (Cayman) (hereby referred to as Mayer Holdings (Cayman)) held by Mayer Corporation Development International Limited (the subsidiary of the Company, hereby referred to as Mayer Corp. (BVI)), the Company was notified by Computershare Hong Kong on January 12, 2012 that Aspial Investment Limited and Bumper East Limited applied to transfer unlisted stocks under their name. After consulting with lawyers, Mayer Corp. (BVI) filed a Statement of Claim with the High Court of the Hong Kong Special Administrative Region on March 13, 2012. Aspial Investment Limited and Bumper East Limited also filed a Statement of Claim on March 15, 2012, claiming to be the legal buyer of the unlisted stocks. They demand that Aspial Investment Limited and Bumper East Limited should be declared owners of the unlisted stock and that Mayer Corp. (BVI) pay damage compensations. The progress of the trial is as follows:

(8) On July 3, 2014, the Hong Kong Court of Final Appeal ruled that Mayer Corp. (BVI) lost ownership of Mayer Holdings (Cayman). Aspial Investment Limited and Bumper East Limited were registered as shareholders of Mayer Holdings (Cayman) on August 19, 2014.

(9) As of December 31, 2020, Mayer Corp. (BVI) has recognized an accumulated total of US\$2,678 thousand in damage compensation cost due to the above-mentioned case, but the final amount of possible compensation cannot be predicted nor reasonably estimated according to the result of the ruling.

(10) On July 30 and August 21, 2014, 3rd defendant Lin Chien-Chin petitioned the Hong Kong Court of First Instance to have Hong Kong courts order the Company to join the case as a defendant. Whether the Company will become a defendant in the

case has yet to be determined by the Hong Kong Court of First Instance, and a date for the trial has not yet been set.

- (11) The Company entrusted the “unlisted stocks” in question to Lai, the owner of Mayer Corp. (BVI) for safekeeping, disposal, and other management matters. Lai disposed (sold) the shares to a third party without permission or authorization from the Company, so that the Company had no way to return the shares to Mayer Corp. (BVI). On April 29, 2015, the Board of Directors resolved to file a criminal report to the District Prosecutors Office to hold Lai legally accountable and protect the rights and interests of the Company and its shareholders. The case is being investigated by the Taiwan Taipei District Prosecutors Office in Case No.7922 and No.7923 (2016). The Company will also file a civil suit when the prosecutor initiates a criminal lawsuit.
- (12) On January 28, 2016, Mayer Corp. (BVI) filed a statement of claim from all defendants including the above-mentioned companies to the High Court of Hong Kong stating that the original ruling by the High Court of Hong Kong regarding the ownership of the 200 million shares of Mayer Holdings Limited (Cayman) held by Mayer Cor. (BVI) to be invalid. Based on common issues in this case and aforementioned relevant cases, Mayer Corp. (BVI) applied to the High Court of Hong Kong for a joint trial on April 12, 2016. On July 25, 2016, the High Court of Hong Kong decided postpone processing the joint trial application until after the dismissal application was processed. Because Mayer Corp. (BVI) has filed liquidation application to apply for a joint trial and parties related to the case have already received liquidation orders, the relevant joint trial application is expected to be postponed indefinitely.
- (13) As of December 31, 2020, Mayer Corp. (BVI) has recognized accumulated attorney expenses totaling US \$3,339 thousand because of the above-mentioned case.
- (19) On September 27, 2016, Mayer Corp. (BVI) received a notice from the Hong Kong Official Receiver's Office stating that the High Court of the Hong Kong Special Administrative Region has received the petition from Bumper East Limited and Aspiat Investment Limited (hereby referred to as “petitioners”) demanding the liquidation of Mayer Corp. (BVI), because petitioners must file an application the Hong Kong court for papers to be served overseas. The petitioners have proven on December 8, 2016 that they have completed all applications for relevant liquidation proceedings. Mayer Corp. (BVI)

filed objection affidavits with the Hong Kong High Court on December 28, 2016 and February 21, 2017, and proceeded to the hearing on April 20, 2017. The relevant liquidation procedures are described below:

- (5) On March 3, 2017, Mayer Corp. (BVI) appointed an attorney to apply for company insolvent liquidation from the British Virgin Islands (BVI) court and appointed liquidators to handle liquidation. The BVI court issued the liquidation order for Mayer Corp. (BVI) on March 27, 2017 and appointed Mr. Martin Trott from RHSW Limited (BVI) and Mr. Stephen Liu Yiu Keung and Mr. Yen Ching Wai David from Ernst&Young Transactions Ltd. as joint liquidators. The Hong Kong court issued the recognition order on April 18, 2017.
- (6) The petitioners' attorney proposed in the hearing on April 20, 2017 that the Hong Kong court cannot issue a recognition order in a voluntary liquidation case, but the High Court of Hong Kong still reconfirmed the recognition order issued on April 18, 2017 to be valid and agreed that the liquidator Ernst&Young Transaction Ltd. (hereby referred to as "liquidator") may carry out the liquidation order on Mayer Corp. (BVI) in Hong Kong. The Hong Kong Court of Final Appeal dismissed their application for appeal in court on March 19, 2020 and issued grounds for rejecting the application on April 16, 2020. As of March 19, 2021, the liquidator is claiming relevant fees from the petitioners.
- (7) As of December 31, 2020, Mayer Corp. (BVI) has recognized accumulated attorney expenses totaling US\$31 thousand because of the above-mentioned case.
- (20) Glory World Development Limited (BVI), a joint venture subsidiary between the Company and Mayer Holdings Limited (Cayman), signed an exclusive supply contract with Vietnam Minerals Holding Company (Brunei) through its subsidiary Elternal Galaxy Limited (BVI) on September 15, 2010, and the first contract bond installment of US\$10 million was paid on October 15, 2010. The three-year exclusive supply contract signed between Elternal Galaxy Limited (BVI) and Vietnam Minerals Holding Company (Brunei) on September 15, 2010 has expired. The two parties signed an agreement on March 7, 2014 to extend the contract to September 15, 2016 with the possibility of another 3-year extension. With exception to additional stipulations (1) Vietnam Minerals Holding Company (Brunei) should guarantee a monthly supply of 8 thousand dry metric tons, and (2) starting on July 1, 2014, if quarterly supply falls under 20,000 dry metric tons,

Vietnam Minerals Holding Company (Brunei) shall refund US\$20 for each ton that is short, there are no major changes to the contract.

Subsidiary Elternal Galaxy Limited (BVI) observed that the actual supply volume of Vietnam Minerals Holding Company (Brunei) did not meet the requirements stipulated in the exclusive supply contract, and therefore entrusted attorneys in Hong Kong to officially issue a letter of attorney on April 9, 2015 demanding that Vietnam Minerals Holding Company (Brunei) improve supply conditions to meet the contract requirements within 90 days of receiving the letter. Vietnam Minerals Holding Company (Brunei) proposed using mining rights, beneficiation sites, and relevant production equipment to make up the remaining margin, so Elternal Galaxy Limited (BVI) has appointed lawyers and professional valuation companies to evaluate assets of Vietnam Minerals Holding Company (Brunei) such as mining rights, beneficiation sights, production and transportation equipment, and inventories. The subsidiary Elternal Galaxy Limited (BVI) also signed a letter of intent with Vietnam Minerals Holding Company (Brunei) and the shareholders of its mining partner Phu Duc Mining Joint Stock Company (Vietnam) to offset the US\$8.34 million remaining from the first installment Elternal Galaxy Limited (BVI) paid and cancel the aforementioned exclusive supply contract.

Considering that Vietnam Minerals Holding Company (Brunei) did not refund US\$20 for every ton short of 20 thousand dry metric tons it supplied each season in 2015 according to the additional stipulations signed on March 7, 2014, along with the determination that the value of the above-mentioned letter of intent cannot be reasonably estimated, the Company followed conservative principles and transferred “refundable deposits” under “other receivables”, setting the entire sum aside as allowance for bad debts. The Company has set aside US\$2.92 million and US\$5.42 million for impairment losses and allowance for bad debts, respectively. Through the notice issued by the Brunei Registry, the Company learned that the Brunei government will suspend international business companies. For Brunei companies without any disposals, their register agent license will be completely revoked. In addition to confirming the value of various assets (or rights) and whether they can be legally mortgaged or transferred, the Company plans to discuss with attorneys and take legal actions to safeguard the company's rights and interests.

(21) Glory World Development Limited (BVI), a joint venture subsidiary between the Company and Mayer Holdings Limited (Cayman), signed an exclusive supply contract on September 27, 2010 with Dynamic Natural Resources Pte. Ltd. (Singapore) through its subsidiary Sinowise Development Limited (BVI). The contract was effective from the date of signing and valid for a period of 5 years, and the US\$4 million contract bond was paid off on October 5, 2010. However, in view of the recent changes in global and regional demand for coal, Sinowise Development Limited (BVI) signed a termination agreement with the company on March 25, 2012. The contract bond, prepayments, and loss contribution up to that date was to be repaid in installments with a 5% annual interest starting on January 1, 2012. The total amount to be repaid is US\$6.98, but only US\$1.3 million was received, so a 100% allowance for bad debts was provided out of the conservative principle. Sinowise Development Limited (BVI) appointed a lawyer and renegotiated the damage claim amount to US\$5,256 thousand, filing petitions to the High Court of Hong Kong on May 29, 2013 and June 30, 2015. The High Court of Hong Kong formally accepted the case on June 25, 2016 and agreed to issue a subpoena to the registered address of Dynamic Natural Resources Pte. Ltd. (Singapore). The subpoena was served on June 29, 2016. The High Court of Hong Kong made its final judgement on September 28, 2016, ruling that Dynamic Natural Resources Pte. Ltd. (Singapore) shall repay Sinowise Development Limited (BVI) with interest calculated based on the claim amount US\$5,256 thousand plus the judgment interest rate from September 28, 2016 to the settlement date. However, the appointed attorney indicated that Dynamic Natural Resources Pte. Ltd. (Singapore) was struck off. Sinowise Development Limited (BVI) intends to discuss the matter with attorneys and take legal action to safeguard the Company's rights and interests.

(22) The subsidiary of the Company, Hong Kong Miramar Development Limited participated in the seasonal equity offering of Oasis Eden Properties Limited on February 10, 2011 for US\$17,500 thousand and signed an "investment agreement" with Oasis Eden Properties Limited (BVI), Chongqing Hengyang Real Estate Development Co., Ltd., and Rising Sun Real Estate Investment Consulting LLC. The agreement stipulates that Oasis Eden Properties Limited (BVI) will return US\$45,150 thousand (including the principal of US\$17,500 thousand and after-tax profit of US\$27,650 thousand) to Hong Kong Miramar Development Limited, with Rising Sun Real Estate Investment Consulting LLC.

providing joint guarantee. At the same time the contract is executed, Hong Kong Miramar Development Limited and Chongqing Hengyang Real Estate Development Co., Ltd. signed the original pre-purchase contract for hotel commercial housing located in the U Standard Zone of Xiyong Group, Chongqing City Proper for RMB \$299,484 thousand, which is approximately NT\$1,323,719 thousand.

Oasis Eden Properties Limited (BVI) signed an equity transfer agreement with Evergrande Real Estate Group Limited on October 17, 2016, selling 100% equity it held of Chongqing Hengyang Real Estate Development Co., Ltd. and other four reinvestment companies for RMB\$700 million. However, the money should first be used to cover the existing debts of Oasis Eden Properties Limited (BVI) before the rest can be distributed to shareholders. As of December 31, 2020, Hong Kong Miramar Development Limited should receive US\$1,073 thousand based on the distribution ratio.

The Company measured the fair value of these receivables based on the above conditions, listing the sum under “financial assets mandatorily measured at fair value through profit or loss - current”. Based on the above rights and interests, the Company does not rule out taking legal action to protect the Company’s rights and interests.

(23) Since April, 2016, the subsidiary of the Company, Durban Development Co., Ltd. has filed multiple civil complaints with the Taiwan Keelung District Court, demanding in a total of 35 cases that Yu Chun-Lai and other individuals vacate and demolish the structures they occupy on the land in Xitou Section, Qidu District, return the land to its co-owners, and pay monthly rent until the day the land is returned. As of March 19, 2021, 32 cases have been completed or settled, with 3 cases still being heard by the Taiwan High Court and Keelung District Court.

(24) On April 5, 2017, the Hong Kong Securities and Futures Commission ruled in the Market Misconduct Tribunal that Mayer Holdings Limited (Cayman) and its 9 current and former senior officials failed to fulfill their disclosure obligations due to violations of the Securities and Futures Ordinance, imposing total fines of HK\$10.2 million. The Company has appointed lawyers to represent its president and 6 other officials to appeal the ruling in the Court of Appeal of the High Court of Hong Kong. The Court of Appeal has granted permission to appeal on June 14, 2017, and after the appeal hearing on November 20 and 21, 2018, the Tribunal issued instructions on July 24, 2020 requiring both parties to submit expert reports, and set August 16 to 18, 2021 as the hearing date.

As of December 31, 2020, the Company has recognized a total of HK\$2,674 thousand in attorney fees regarding the aforementioned case.

- (25) In order to expand new businesses, the Company signed a three-party purchase and sale contract for 40 thousand wet tons of Brazilian manganese sand on June 12, 2017. The total estimated price of the contract was US\$6,154 thousand, and as the intermediary, the Company was expected to receive a commission of US\$292 thousand. However, the Company, the supplier, and the buyer agreed to terminate the three-party sales and purchase agreement on July 5, 2017, after which the Company signed a new purchase and sale contract for Brazilian manganese sand with the supplier and a new buyer. As of September 28, 2017, the Company had paid the supplier US\$2,923 thousand or NT\$88,259 thousand according to the contract. However, the supplier did not fulfill its contract obligations as it failed to deliver the goods on time. As a result, the Company was unable to fulfill its obligation to deliver 40 thousand wet tons of manganese sand to the new buyer. At the same time, the Company listed the full payment as bad debt losses and signed a repayment agreement with the supplier on November 24, 2017, which stipulated that the supplier must repay the paid amount plus compensation and delayed interest in seven installments. As a result, the sum was transferred from “prepayments” to “other receivables”.

After the Company obtained the civil ruling in Case No.46 (2018) from the Taiwan Taipei District Court on April 11, 2018, the joint guarantor set the first maximum mortgage right of NT\$100,000 thousand on two plots of land, No. 62-02 and No. 118 in the Daping Subsection of Central Wanli Jiatou Section, Wanli District, New Taipei City, and issued a promissory note of equal value as a guarantee for payment, re-signing a repayment agreement with the Company on October 15, 2019. In addition to the remaining outstanding principal of US\$2,030 thousand, the guarantor should also repay the NT\$81,445 thousand in compensations and delayed interest stipulated in the repayment agreement that the supplier signed on November 24, 2017, along with compound interest calculated as 0.005% of the monthly interest rate. However, since March 2020, the joint guarantor has failed to repay the principal in compliance with the repayment agreement. Therefore, the company has sent a legal confirmation letter on March 11, 2020 to notify the joint guarantor to repay the outstanding sum. As of December 31, 2020, the joint

guarantor still has not repaid the principal. In order to exercise its first and maximum mortgage right, the Company has requested the auction of the mortgaged property for compulsory execution.

As of December 31, 2020, the Company has recovered a total of NT\$29,794 thousand in principal and plus interest from the supplier and joint guarantor.

(26) On June 30, 2016, the Hong Kong Securities and Futures Commission provided Mayer Holdings (Cayman) with a stamped copy of the petition filed in the High Court of Hong Kong under Miscellaneous Litigation No. 1673 (2016). According to the petition, Mayer Holdings (Cayman) took legal action to recover losses caused by relevant directors in three suspicious transactions. Since two of the former executive and non-executive directors were recommended by the Company to serve as directors of Mayer Holdings (Cayman), the Company's Board of Directors agreed on March 26, 2018 to compensate two of the former executive and non-executive directors for legal fees and other necessary litigation expenses. As of December 31, 2020, the Company has recognized a total of HK\$282 thousand in attorney fees regarding the aforementioned case.

(27) On September 7, 2018, the Environmental Protection Administration, Executive Yuan sent a letter notifying that the Company's production plant (Puxin Plant) would be named a groundwater pollution remediation site by the Groundwater Pollution Control Place and Designated Pollution Control Zone. The Company proposed a "Soil and Groundwater Pollution Investigation and Evaluation Plan" and "Project Report" on April 23 and December 3, 2019, which the Taoyuan City Government agreed to file for future reference on June 5, 2019 and July 13, 2020, respectively. As of December 31, 2020, the Company has estimated a liability reserve of NT\$41,109 thousand for remediation costs and has submitted the "Soil and Groundwater Pollution Remediation Plan" on February 25, 2021.

(28) On December 4, 2019, Mayer Holdings Limited (Cayman) filed an arbitration application with an arbitration agency in Hong Kong requesting that the Company replace a director of Glory World Development Limited (BVI) in accordance with a shareholders' agreement signed on September 5, 2010 and present the relevant books and records of the company. The Company submitted its defense and counterclaim to the arbitration agency on March 11, 2020. Also, Mayer Holdings Limited (Cayman) submitted an application

to extend the claim submission deadline to September 2, 2020, and pre-trials are scheduled for May 12, 2021.

As of December 31, 2020, the Company has recognized ICC arbitration and attorney fees of US\$50 thousand and HK\$118 thousand, respectively.

(29) On March 19, 2020, the Company's Board of Directors resolved to sign an agreement with non-related parties to transfer the scope of the Company's claim in the lawsuits against Chien Ching-Huang and two other defendants for transferring ownership of land in the Banqiao Yongcui Section [Taiwan Taipei District Court Civil Judgement No. 594 (2017), Taiwan High Court Civil Judgement No. 739 (2018)] for NT\$300 million. However, the agreement could only be signed after the Supreme Court makes a ruling. As of March 19, 2021, there are no new developments.

(30) As of December 31, 2020 and 2019, the unused balances of letters of credit issued by the Company were NT\$115,754 thousand and NT\$74,702 thousand, respectively.

(31) As of December 31, 2020 and 2019, the balance of guaranteed notes issued by the Company for bank borrowings, procurement of materials, and endorsements/guarantees were NT\$2,913,316 thousand and NT\$3,332,736 thousand, respectively.

(32) As of December 31, 2020 and 2019, the Company's contracted and unpaid amount for the procurement of machinery and equipment and land development was NT\$20,760 thousand and NT\$6,622 thousand, respectively.

24. SIGNIFICANT DISASTER LOSS:None.

25. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE:None.

26. OTHERS:

(3)Capital Risk Management

The Company needs to maintain enough capital to support expansions and improvements of plants and equipment. Therefore, the Company's capital management is to ensure that it has necessary financial resources and operating plans to meet the needs of working capital, capital expenditures, research and development expenses, debt repayment, and dividend expenditures in the next 12 months.

(4) Financial Instruments

D. Financial instruments by category

	<u>2020.12.31</u>	<u>2019.12.31</u>
<u>Financial Assets</u>		
Designated at amortized cost (Note 1)	\$963,595	\$781,735
Designated at fair value through profit or loss	1,028,085	978,246
Designated at fair value through other comprehensive income	356,240	321,014
<u>Financial Liabilities</u>		
Designated by amortized cost (Note 2)	\$2,507,277	\$2,078,287

Note 1: The balance includes financial assets at amortized cost such as cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, finance lease receivables, and other financial assets.

Note 2: The balance includes financial liabilities at amortized cost such as current borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, guarantee deposits received, and non-current portion of non-current borrowings.

E. Fair value information

(d) Financial instruments not measured at fair value

The Company believes that the book value of financial assets and financial liabilities measured at amortized cost is a reasonable approximation of fair value.

(e) Financial instruments measured at fair value

The following table provides the relevant analysis of financial instruments measured at fair value after initial recognition, and is divided into Levels 1 to 3 based on fair value observability.

- iv. Level 1 fair value measurements are quoted prices in active markets for identical assets or liabilities (unadjusted)

v. Level 2 fair value measurements are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (price) or indirectly (derived from price).

vi. Level 3 fair value measurement refers to fair value evaluation techniques not based on the input value of assets or liabilities based on observable market data (unobservable input value).

2020.12.31				
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Domestic listed company stocks	\$ 646,196	\$ —	\$ —	\$ 646,196
Domestic non-listed company stocks	—	—	350,320	350,320
Foreign non-listed company stocks	—	—	24,405	24,405
Fund beneficiary certificate	7,164	—	—	7,164
	<u>\$ 653,360</u>	<u>\$ —</u>	<u>\$ 374,725</u>	<u>\$ 1,028,085</u>
Financial assets at fair value through other comprehensive income				
Domestic listed company stocks	\$ 242,680	\$ —	\$ —	\$ 242,680
Domestic non-listed company stocks	—	—	113,560	113,560
	<u>\$ 242,680</u>	<u>\$ —</u>	<u>\$ 113,560</u>	<u>\$ 356,240</u>

2019.12.31				
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				

				2019.12.31			
Recurring fair value measurements				Level 1	Level 2	Level 3	Total
Domestic listed company stocks				\$ 600,436	\$ —	\$ —	\$ 600,436
Domestic non-listed company stocks				—	—	345,092	345,092
Foreign non-listed company stocks				—	—	24,287	24,287
Fund beneficiary certificate				8,431	—	—	8,431
				<u>\$ 608,867</u>	<u>\$ —</u>	<u>\$ 369,379</u>	<u>\$ 978,246</u>
Financial assets at fair value through other comprehensive income							
Domestic listed company stocks				\$ 199,076	\$ —	\$ —	\$ 199,076
Domestic non-listed company stocks				—	—	121,938	121,938
				<u>\$ 199,076</u>	<u>\$ —</u>	<u>\$ 121,938</u>	<u>\$ 321,014</u>

There have been no transfers between Level 1 and Level 2 of the Company's financial assets and liabilities measured at fair value on a repetitive basis in 2020 and 2019.

Adjustment of financial instruments measured at Level 3 fair value.

The Company's financial assets measured at Level 3 fair value are equity instrument investments that measured at fair value through profit and loss or at fair value through other comprehensive profit or loss.

Financial assets at fair value through profit or loss were adjusted as follows:

	2020	2019
Beginning balance	\$369,379	\$ 358,063
Capital reduction and refund of shares	—	(572)

	2020	2019
Finance measured at fair value through profit or loss	5,346	11,888
Unrealized gains (losses) from assets		
Ending balance	<u>\$374,725</u>	<u>\$ 369,379</u>

Investments in equity instruments measured at fair value through other comprehensive income were adjusted as follows:

	2020	2019
Beginning balance	\$121,938	\$ 163,203
Capital reduction and refund of shares	(20,814)	(41,628)
Unrealized gains (losses) of financial assets	12,436	363
measured at fair value through other comprehensive income		
Ending balance	<u>\$113,560</u>	<u>\$ 121,938</u>

(f) Evaluation techniques and assumptions used to measure fair value

The Company determines the fair value of its financial assets and liabilities through the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices (including listed corporate bonds, agency bonds, stocks of listed companies, and government bonds).

The fair value of unlisted companies without an active market are estimated using the market method, which is based on parameters such as recent fundraising activities, valuation of similar companies, technological development of the company, market conditions, and other economic indicators.

F. Financial risk management purpose and policy

The objective of the Company's financial risk management is to manage operation-related foreign currency risk, interest rate risk, credit risk, and liquidity risk. To reduce

relevant financial risks, the Company is committed to identifying, evaluating, and avoiding market uncertainties in order to reduce potential negative impacts of market changes on the Company's financial performance.

The Company's significant financial activities are reviewed by the Board of Directors in accordance with relevant regulations and internal control systems. In executing financial plans, the Company must strictly follow financial operating procedures regarding overall financial risk management and division of power and responsibilities.

(d)Market risk

Market risk to the Company is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprise of mainly currency risk, interest rate risk, and other price risks.

iv. Currency risk

The Company's operation and net investments by foreign operating institutions are mainly conducted in foreign currencies, which expose the Company to currency risk. The Company's foreign currency receivables are the same as some of the foreign currency payables, with certain positions resulting in a natural hedging effect. Also, the net investment of foreign operating institutions is a strategic investment, so the Company has not hedged against it.

Currency risk sensitivity analysis calculated based on information on the Company's foreign currency financial assets and liabilities with significant impact:

				Unit: \$1000 in each foreign currency	
(Foreign functional currency: currency)	2020.12.31				
	Foreign currency	Exchange rate	Degree of variation	Effects on profit and loss (NTD)	
<u>Financial Assets</u>					
Monetary items					
USD: NTD	\$ 1,325	28.48	1%	\$ 377	
<u>Financial Liabilities</u>	: None.				
				Unit: \$1000 in each foreign currency	
2019.12.31					

Unit: \$1000 in each foreign currency				
(Foreign currency: functional currency)	2020.12.31			Effects on profit and loss (NTD)
	Foreign currency	Exchange rate	Degree of variation	
(Foreign currency: functional currency)	Foreign currency	Exchange rate	Degree of variation	Effects on profit and loss (NTD)
<u>Financial Assets</u>				
Monetary items				
USD: NTD	\$ 263	30.08	1%	\$ 79
Financial Liabilities	: None.			

v. Interest rate risks

Interest rate risk is the risk that a change in market interest rates will reduce the fair value of financial instruments. The Company's exposure to interest rate risk is primarily due to fixed-income investments and fixed-rate borrowings.

The sensitivity analysis of interest rate risk is based on changes in the fair value of fixed-income investments at the balance sheet date. If interest rates increase/decrease by 0.25% with all other variables remaining constant, the Company's net profit in 2020 and 2019 will be reduced by NT\$4,705 thousand and NT\$3,548 thousand, respectively.

vi. Other price risks

The price risk of the Company's equity instruments comes mainly from financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive gains and losses. All major equity instrument investments must be approved by the Company's Board of Directors.

The sensitivity analysis of equity instrument price risk is based on changes in fair value at the balance sheet date. If the price of equity instruments increased/decreased by 5%, the Company's net profit in 2020 and 2019 will be increased/reduced by NT\$32,540 thousand and NT\$30,310 thousand, respectively, with other comprehensive profit and loss increasing/decreasing by NT\$12,122 thousand and NT\$9,995 thousand, respectively.

(e) Credit risk

Credit risk refers to the risk of a counterparty breaching contractual obligations, causing financial losses to the Company. The Company's exposure to credit risk comes mainly from receivables from operating activities, bank deposits from investment activities, fixed-income investments, and other financial instruments. Operation-related credit risk and financial credit risk are managed separately.

iii. Operation-related credit risk

The Company has established operation-related credit risk management procedures to maintain the quality of accounts receivable.

Risk assessments of individual customers takes into account multiple factors that can affect a customer's ability to make payments, including the customer's financial situation, credit rating by credit rating agencies, credit rating by the Company, transaction history, and current economic situation. The Company will also use certain credit enhancement tools like prepayments and credit insurance to reduce the credit risk of specific customers.

Concentrations of credit risk are limited given that the Company's customer base is large and unrelated. As of December 31, 2020 and 2019, the ratio of the total accounts receivable from the Company's top ten customers to the total accounts receivable was 50% and 52%, respectively.

iv. Financial credit risk

The credit risk of bank deposits and other financial instruments are assessed and monitored by the Company's finance department. Because the Company's transaction partners and counterparties are all banks with high credit quality and financial institutions of investment grade, there is no significant default risk, and therefore no significant credit risk.

(f) Liquidity risk management

The Company's purpose for managing liquidity risk is to maintain cash and cash equivalents, highly liquid securities, and sufficient bank financing limits needed for operations to ensure that the Company has sufficient financial flexibility.

The following table summarizes the analysis of financial liabilities within the agreed repayment period of the Company based on maturity date and undiscounted maturity amount:

2020.12.31					
	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
<u>Non-Derivative</u>					
<u>Financial Liabilities</u>					
Current borrowings	\$ 1,959,907	\$ —	\$ —	\$ —	\$ 1,959,907
Short-term notes and bills payable	29,992	—	—	—	29,992
Notes and accounts payable (including related parties)	293,769	—	—	—	293,769
Other payables (including related parties)	120,300	—	—	—	120,300
Lease liabilities	10,489	17,518	4,270	—	32,277
Non-current portion of non-current borrowings	2,711	5,540	5,703	61,192	75,146
	<u>\$ 2,417,168</u>	<u>\$ 23,058</u>	<u>\$ 9,973</u>	<u>\$ 61,192</u>	<u>\$ 2,511,391</u>
2019.12.31					
	Less than 1 year	2 to 3 years	4 to 5 years	Over 5 years	Total
<u>Non-Derivative</u>					
<u>Financial Liabilities</u>					
Current borrowings	\$ 1,503,154	\$ —	\$ —	\$ —	\$ 1,503,154
Short-term notes and bills payable	29,972	—	—	—	29,972
Notes and accounts payable (including related parties)	336,099	—	—	—	336,099
Other payables (including related parties)	124,666	—	—	—	124,666
Lease liabilities	13,381	15,579	11,517	—	40,477
Non-current portion of non-current borrowings	—	—	49,533	28,280	77,813
	<u>\$ 2,007,272</u>	<u>\$ 15,579</u>	<u>\$ 61,050</u>	<u>\$ 28,280</u>	<u>\$ 2,112,181</u>

27. SUPPLEMENTARY DISCLOSURES:

When preparing the the parent company only financial report, all major transactions between the parent and subsidiary companies and their balances have been eliminated.

(2)Information on major transactions and (2) invested businesses:

L. Loans to others. (Please refer to Table 1)

M.Provision of endorsements/guarantees to others. (Please refer to Table 2)

N. Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity). (Please refer to Table 3)

O. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of paid-in capital or more: None.

P. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more. (Please refer to Table 4)

Q. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

R. Purchase or sale of goods from or to related parties reaching at least NT\$100 million or 20% of paid-in capital: None.

S. Receivables from related parties reaching at least NT\$100 million or 20% of paid-in capital: None.

T. Entities engaged in derivative trading: None.

U. Names, locations, and other information of investee companies (excluding the investees in Mainland China). (Please refer to Table 5)

(5)Information on investments in Mainland China

C. The name, primary operations, paid-in capital, investment methods, capital remittances, shareholding ration, investment gains and losses, ending investment book value, remitted investment gains, and invest limit in Mainland China of investees in Mainland China: None.

D. Direct or indirect significant transactions with investees in Mainland China via a third region and the prices, payment terms, and unrealized gains and losses of such transactions: None.

(6)Information on major shareholders (the names and number/percentage of shares held of shareholders that hold over 5% shares): Table 6

28. DEPARTMENTAL INFORMATION

Please refer to the consolidated financial statements for the year ended December 31, 2020.

Mayer Steel Pipe Corporation
Loans to others
January 1 to December 31, 2020
Table1

In Thousands of New Taiwan Dollars

No. (Note 1)	Lender	Borrower	General ledger account	Related party	Maximum outstanding balance during the current period	Ending balance (Note 2)	Actual amount drawn down	Interest rate range	Nature of loan	Transaction amount	Reason for short- term financing	Allowance for loss provision	Collateral		Limit on loans granted to a single party (Note 4)	Limit on total lender's loans granted (Note 5)
													Name	Value		
0	Mayer Steel Pipe Corporation	Mayer Corporation Development International Limited	Other receivables	Yes	\$ 18,462	\$ 17,353	\$ 17,353	1.22 % (註 6)	Note 3	—	In response to the short-term financing needs of subsidiaries	\$ 17,353	—	—	\$ 313,835	\$ 1,255,341
0	Mayer Steel Pipe Corporation	Mayer Corporation Inn Corporation	Other receivables	Yes	50,000	—	—	1.89%	Note 3	—	In response to the short-term financing needs of subsidiaries	—	—	—	313,835	1,255,341
0	Mayer Steel Pipe Corporation	Ding Bang Development Co., Ltd.	Other receivables	No	58,000	58,000	58,000	18%	Note 3	—	In response to short-term financing needs	—	—	—	313,835	1,255,341

Note 1: How to fill out the number column:

1.Issuer is 0.

2.Investees are numbered in order starting from '1'.

Note 2: Funds available for loans to others approved by the Board of Directors.

Note 3: Those in need of short-term financing.

Note 4: The Group's financing limit for a single enterprise must not exceed 10% of its net worth according to most recent financial report.

Note 5: The Group's financing limit must not exceed 40% of its net worth according to most recent financial report.

Note 6: Mayer Corporation Development International Limited entered liquidation on March 27, 2017, so imputed interests have been suspended since April 2017.

Mayer Steel Pipe Corporation
Provision of endorsements/guarantees to others
January 1 to December 31, 2020
Table 2

In Thousands of New Taiwan Dollars

No. (Note 1)	Provider of endorsements / guarantees Name of company	Entity for which the endorsement/guarantee is made		Limit on endorsements / guarantees to a single enterprise (Note 3)	Highest outstanding balance of endorsements / guarantees in the current period	Ending balance of endorsements / guarantees	Actual amount drawn down	Endorsed / guaranteed amount with property as collateral	Cumulative endorsed / guaranteed amount as a percentage of the net value in the most recent financial statement	Maximum endorsed/guar anteed amount (Note 4)	Parent company to subsidiary	Subsidiary to parent company	To Mainland China
		Name of company	Relation to the Company (Note 2)										
0	Mayer Steel Pipe Corporation	Ding Bang Development Co., Ltd.	5	\$ 3,138,352	\$ 250,000	\$ 250,000	\$ 49,532	\$ —	7.96	\$ 3,138,352	No	No	No

Note 1: How to fill out the number column:

- 1.Issuer is 0.
- 2.Investees are numbered in order starting from ‘1’.

Note 2: Relationships between endorser/guarantor and the entity for which the endorsement/guarantee is made are classified into the following seven categories:

- 1.Companies with business interactions with the Company.
- 2.Companies in which the Company directly or indirectly holds more than 50% of voting shares.
- 3.Companies that in directly or indirectly hold more than 50% of the Company’s voting shares.
- 4.Companies in which the Company directly or indirectly holds more than 90% of voting shares.
- 5.Companies providing mutual endorsements/guarantees between industry peers or joint applicants for purposes of undertaking a construction project.
- 6.Companies where all capital-contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- 7.Companies in the same industry provide performance guarantees of sales contracts for pre-sale homes according to the Consumer Protection Act for one another.

Note 3: The Company’s endorsement/guarantee limit for a single firm shall not exceed the Company's net worth according to the most recent financial report.

Note 4: The Company’s endorsement/guarantee limit must not exceed 100% of its net worth according to the most recent financial report.

Mayer Steel Pipe Corporation

Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint venture equity)

December 31, 2020

Table 3

In Thousands of New Taiwan Dollars

Holding company	Type and name of securities	Securities issuer	General ledger account	End of period			Market price	Note
		Relation to the Company		Share/unit	Book value	Percentage (%)		
Mayer Steel Pipe Corporation	Xpec Entertainment Inc.		Current financial assets at fair value through profit or loss	70,225	—	0.04	—	
	Miramar Hospitality Co., Ltd.		"	725,000	3,683	1.94	3,683	
	IBF Financial Holdings Co., Ltd.		"	50,000,995	642,513	1.73	642,513	48,626 thousand shares pledged
	Taishin Asia-Australia High Yield Bond		"	68,541	864	—	864	
	Mega Danish Covered Mortgage Bond Index Fund		"	150,000	1,502	—	1,502	
	Taishin Senior Secured High Yield Bond Fund		"	97,813	995	—	995	
	Manulife Global Preferred Income Fund		"	93,633	992	—	992	
	Fubon 3-Year Maturity Asia USD Bond Fund		"	200,000	1,821	—	1,821	
	TCB US Short Duration High Yield Bond Fund		"	100,004	990	—	990	
	Sirtec International Co., Ltd.		Current financial assets at fair value through other comprehensive income	4,700,000	130,425	4.56	130,425	4,600 thousand shares pledged
	Tze Shin International Co., Ltd.	Chairman is the same person	"	9,473,000	112,255	5.48	112,255	5,200 thousand shares pledged
	Taiwan Stock Exchange Corporation		Non-current financial assets at fair value through profit or loss	416,389	69,371	0.06	69,371	
	Steel United International Investment Development Co., Ltd.		"	1,250,000	23,318	2.55	23,318	
	Chung Mao Trading Corporation		"	12,550	1,087	2.50	1,087	
	Durban Development Co., Ltd.	Chairman is the same person	"	1,933,104	6,952	1.27	6,952	
	Super Nova Optoelectronics Corporation		"	4,888,672	—	9.78	—	
	Genesis Capital Holdings Limited		"	3,151	—	4.51	—	
	Miramar Resort Co., Ltd.	Chairman is the same person	"	2,025,000	—	9.00	—	
Mei Kong Development Ltd.	Taiwan Navigator Asset Investment Limited		"	18,000,000	273,997	14.06	273,997	
	Jia Ruei Investment Development Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	3,400,000	113,560	6.07	113,560	
	Tze Shin International Co., Ltd.	Chairman is the same person	Current financial assets at fair value through other comprehensive income	500,000	5,925	0.29	5,925	
Miramar Development Limited	Jia Ruei Investment Development Co., Ltd.		Non-current financial assets at fair value through other comprehensive income	2,564,770	85,685	4.58	85,685	
	Singleton Pharma Logistics Co. Ltd.		"	1,276,600	5,052	16.08	5,052	
	Oasis Eden Properties Limited		Current financial assets at fair value through profit or loss	1,750	14,104	13.46	14,104	

Note: For information about investments in subsidiaries and affiliated companies, please refer to Table 5.

Mayer Steel Pipe Corporation

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

January 1 to December 31, 2020

Table 4

In Thousands of New Taiwan Dollars

Acquired company	Name of property	Transaction date of date of occurrence	Transaction amount	Payment delivery (Note)	Counterparty	Relation to the Company	Data transferred before transaction with related parties				Reference for price determination	Purpose of acquisition and usage	Other matters of agreement
							Owner	Relation to the Company	Date of transfer	Amount			
Mayer Steel Pipe Corporation	110 plots of land on No. 800, Guoguang Section, Banqiao District, New Taipei City	2008.3.7	\$ 1,822,160	\$ 89,110	Chien Ching-Hui, Chien Ching-Huang, Chien Ching-Ming, Chien Ching-Hsing	None					NT\$1,935,098 thousand and NT\$1,862,540 thousand according to professional valuation companies.	Purchased to build national housing	

Note: Payment delivery status as of December 31, 2020.

Mayer Steel Pipe Corporation

Names, locations, and other information of investee companies - excluding investees in Mainland China

January 1 to December 31, 2020

Table 5

In Thousands of New Taiwan Dollars

Name of investor	Name of investee	Location	Main business activities	Initial investment amount		Shares held at the end of the period			Net profit (loss) of investee for the current period	Investment (loss) profit recognized by the company	Note
				Balance sheet date	End of last year	Number of shares (1000 shares)	Percentage	Book value			
Mayer Steel Pipe Corporation	Mayer Corporation Development International Limited	British Virgin Islands	Holding, various investment business	\$ 390,881	\$ 390,881	5,550	100.00	\$ — (註1)	\$ —	\$ —	Subsidiaries
	Vietnam Mayer Co., Ltd.	Vietnam	Processing and sales of steel pipes, steel plates and other metal products	212,601	212,601	—	100.00	214,140	34,373	34,373	Subsidiaries
	Glory World Development Limited	British Virgin Islands	Various investment business	259,121	259,121	8,882	50.21	— (註2)	(1,681)	(844)	Subsidiaries
	Mei Kong Development Ltd.	Taiwan	Various investment and property development business	535,149	535,149	530,000	100.00	565,097	1,661	1,661	Subsidiaries
	Miramar Development Limited	Hong Kong	Various investment business	498,923	498,923	17,100	90.00	54,023	2,219	1,997	Subsidiaries
	Mayer Inn Corporation	Taiwan	General hospitality business and international trade	314,800	204,800	23,000	100.00	211,741	(72,485)	(72,485)	Subsidiaries
	Grand Tech Precision Manufacturing (Thailand) Co., Ltd.	Thailand	Processing and sales of steel pipes, steel plates and other metal products	179,688	179,688	17,350	45.01	223,065	60,804	27,378	Investees evaluated using the equity method
	Diamond Precision Steel Corp.	Cayman Islands	Various investment business	106,248	106,248	3,528	42.50	189,240	126,823	53,900	Investees evaluated using the equity method
Glory World Development Limited	Sinowise Development Limited	British Virgin Islands	Trading of on-ferrous metals and other mineral resources	236,731	236,731	7,550	100.00	— (註3)	—	註6	Indirect investments in sub-subsidiaries
	Elternal Galaxy Limited	British Virgin Islands	Trading of on-ferrous metals and other mineral resources	291,617	291,617	9,350	100.00	— (註4)	(1,282)	註6	Indirect investments in sub-subsidiaries
	Grace Capital Group Limited	Samoa	Trading of on-ferrous metals and other mineral resources	2,099	2,099	70	100.00	— (註4)	(8)	註6	Indirect investments in sub-subsidiaries

Note 1: Mayer Corporation Development International Limited (BVI) entered liquidation on March 27, 2017 and was therefore not included as an entity in the consolidated report. As a result, the balance of NT\$(54,549) thousand from the net book equity value of NT\$ (72,062) thousand minus other receivables transferred to allowance for loss of NT\$17,513 thousand was transferred under “other non-current liabilities, others”.

Note 2: Glory World Development Limited was struck off by the local government on November 3, 2020 and was therefore not included as an entity in the preparation of this report. As a result, the net book equity value was transferred under other non-current liabilities, others NT\$7,842 thousand.

Note 3: Transferred to other non-current liabilities, others NT\$733 thousand.

Note 4: Transferred to other non-current liabilities, others NT\$13,299 thousand.

Note 5: Transferred to other non-current liabilities, others NT\$189 thousand.

Note 6: The profit and loss of the investee company has been included in its investment company and will not be expressed separately.

Mayer Steel Pipe Corporation
Information on major shareholders
December 31, 2020

Table 6

Name of major shareholders	Shareholding	
	Shares held (thousand shares)	Percentage (%)
Yuan Chuan Steel Corporation	36,962	16.61
Tze Shin International Co., Ltd.	17,000	7.63
Miramar Hotel Taipei Co., Ltd.	16,151	7.25
Sian Da Investment Co., Ltd.	15,201	6.83

Note 1: Taiwan Depository & Clearing Corporation calculates the information of the shareholders holding 5% or more of the Company's non-physical common shares and special shares which have been registered in dematerialized form (including treasury shares) based on the last business day of every quarter. The stock recorded in the Company's financial statements may differs from the shares which have been registered in dematerialized form because of different basis of preparation.

Note 2: If the shareholders deliver shareholdings to the trust, the above information shows the trustor's separate account opened by the trustee. As to insiders' equity declaration of shareholdings over 10% under securities trading laws, the shareholders' shareholdings include their own shareholdings and shares delivered to the trust with the right to decide how to use the trust property. For information related to insiders' equity declaration, please refer to the Market Observation Post System.

VI. In the Case of financial difficulties experienced by the company and its affiliates in the most recent year and up to the date of publication of the annual report, specify its effect on the Company's financial position: None:

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Risks

I. Financial Position:

Main reasons for the significant changes in assets, liabilities, and shareholders' equity in the last two years and their effects. Future plans shall be stated if the effects are significant.

Unit: NT\$'000

Item \ Years	2020	2019	Difference	
			Amount	%
Current assets	3,714,930	3,118,544	596,386	19.12%
Financial assets and investment	991,327	1,023,852	-32,525	-3.18%
Real estate, plants and equipment	1,024,556	1,074,738	-50,182	-4.67%
Right-of-use assets	658,560	716,375	-57,815	-8.07%
Investment property	150,569	153,502	-2,933	-1.91%
Intangible assets	3,141	2,210	931	42.13%
Other assets	234,296	213,633	20,663	9.67%
Total assets	6,777,379	6,302,854	474,525	7.53%
Current liabilities	2,582,824	2,154,279	428,545	19.89%
Non-current liabilities	1,050,200	1,017,469	32,731	3.22%
Equity	2,225,261	2,225,261	0	0.00%
Capital reserve	281,622	281,622	0	0.00%
Retained earnings	810,861	833,959	-23,098	-2.77%
Other equity	-179,392	-208,224	28,832	-13.85%
Profit and/or loss attributable to the owners of parent company	3,138,352	3,132,618	5,734	0.18%
Total shareholders' equity	3,144,355	3,131,106	13,249	0.42%
Analysis of the change in the percentage: (Change in the percentage of over 20%, and the amount reaches NT\$10,000,000) There is no change of over 20%, where the amount reaches NT\$10,000,000.				

II. Financial Performance

(I) Financial Performance Analysis

Unit: NT\$'000

Item	2020	2019	Difference	
			Amount	%
Revenue	5,073,767	4,483,371	590,396	13.17%
Operating costs	4,583,199	4,002,125	581,074	14.52%
Gross operating profit	490,405	481,809	8,596	1.78%
Operating Expenses	222,945	227,927	-4,982	-2.19%
Operating Profit	267,460	253,882	13,578	5.35%
Non-operating income and expense	178,471	241,288	-62,817	-26.03%
Net profit (loss) before tax	445,931	495,170	-49,239	-9.94%
Income tax expense	53,787	59,839	-6,052	-10.11%
Net profit (loss) of continuing business units for the period	392,144	435,331	-43,187	-9.92%
Other comprehensive income (loss), net	28,326	27,752	574	2.07%
Total comprehensive income for the period	420,470	463,083	-42,613	-9.20%
Analysis of the change in the percentage: (Change in the percentage of over 20%, and the amount reaches NT\$10,000,000)				
1. Non-operating income and expense: Mainly due to the decrease of \$22,000,000 in income from financial assets at fair value through profit or loss and the increase of NT\$41,000,000 in other losses for groundwater remediation.				

(II) Expected sales volume and the basis of estimation and the potential impact and remedial plans for the Company's future finance and operation:

Please refer to page 3-5 of the Annual Report.

(III) Operating gross profit change analysis

	Variation from the previous period	Reason for Deviation			
		Selling price difference	Cost difference	Sales mix difference	Number difference
Gross operating profit	179,294	-1,609,666	1,527,978	-34,867	295,849
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable
Note: It was mainly due to the decline in steel prices, but the increase in sales volume during the current period led to an increase in gross profit.					

Note 1: The main product of the analysis is steel.

Note 2: Average cost in the price spread analysis does not include inventory valuation loss (recovery gain).

III. Cash Flow

I. Liquidity analysis for the most recent two years

Unit: NT\$'000

Item \ Years	December 31, 2020	December 31, 2019	Change Percentage (%)
Cash Flow Ratio	-1.85	28.65	-106.47
Cash Flow Sufficiency Ratio	73.02	107.31	-31.95
Cash Reinvestment Ratio	-9.29	6.24	-248.99

Notes to increase/decrease:

1. Cash flow ratio: decreased by 106.47% compared to the previous year, mainly due to the increase in accounts receivable from operating activities during the current period, and the increase in inventories, resulting a decrease in cash inflows from operating activities during the current period.
2. Cash flow equivalency ratio: decreased by 31.95% compared to the previous year, mainly due to the decrease of cash inflow from operating activities during the period.
3. Cash reinvestment ratio: decreased by 248.99% compared to the previous year, mainly due to lower cash inflow from operating activities and long-term investment during the period.

(II) Improvement plan for insufficient cash liquidity: None.

(III) Cash flow analysis for the coming year

Unit: NT\$'000

Initial cash balance	Expected annual net cash flow from operating activities	Expected annual cash inflow (outflow)	Expected cash balance (deficit)	Measures for managing cash deficit	
				Investment plan	Financing plan
244,858	341,942	-397,390	189,410	-	-

Analysis of change in cash flows:

1. Operating activities: Mainly income from steel products.
2. Investment activities: Mainly for the purchase of fixed asset.
3. Financing activities: Mainly due to repayment of loans and distribution of cash dividends.

IV. Effect on Financial and Business Position of Major Capital Expenses During the Most Recent Year

(I) Major capital expenses and source of funds: None.

(II) Expected income to be generated: None.

V. Reinvestment Policy for the Most Recent Year, Main Reasons for Profits/Losses Generated Thereby, Improvement Plan, and Investment Plans for the Coming Year

- (I) The Company's reinvestment policy is mainly diversified operation. The Board of Directors makes reinvestments based on factors such as operational needs or the Company's future growth, which is expected to achieve synergies and increasing shareholders' equity with investment income.
- (II) In 2020, the Company has strengthened the supervision and management of its overseas investment projects. The net profit of affiliated companies and joint ventures recognized under the equity method amounted to NT\$81,142,000, representing a decrease of NT\$13,345,000 from the investment income of NT\$94,487,000 in 2019. In the future, the Company will continue to strengthen the management of reinvestments, implement the performance evaluation system, and provide necessary assistance to investment companies that suffered losses in the hope of a turnaround.
- (III) The investment plan for the next year will depend on the overall industry situation and the Company's business development needs. After prudent evaluation, the Company participated in the capital increase in cash by NT\$30,000,000 by way of issue of new shares launched by the Mayer Inn Corporation, a wholly-owned subsidiary, in May 2020 as approved by the Board of Directors, and the Company will respond flexibly depending on the situation in the industry in 2021.

VI. Risk Analysis and Evaluation: In the most recent year and up to the date of publication of the annual report.

- (I) Effects of interest and exchange rate fluctuations and changes in the inflation rate on the Company's profits, and countermeasures to be taken in the future.
 - 1. Change in interest rate:
 - (1) Interest rate risk refers to a type of risk in which the fair value of financial instruments changes due to changes in market interest rate. The interest rate risk of the Company mainly comes from fixed-income investment and fixed interest rate loans.
 - (2) The sensitivity analysis of interest rate risk is based on the change in the fair value of fixed-income investments at the end of the financial reporting period. If interest rates were to increase/decrease by 1 percent, with all other factors held constant, the Group's net income would have decreased by NT\$975,000 and NT\$926,000 from January to March of 2021 and 2020, respectively.
 - 2. Change in exchange rate:

The Group's operating activities and overseas operating institutions are mainly trading with foreign currencies, exchange rate risks are thereby generated. The Group's foreign currency receivables and payables are denominated in the same currency. This results in natural hedging effects for certain positions. As the net investments in foreign operations are strategic investments, the Group does not hedge risks in this regard.
 - 3. Inflation: No significant impact on the operation and revenue of the Company.
- (II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and countermeasures to be taken in the future.
 - 1. The Company does not engage in any high-risk or highly leveraged investments.
 - 2. The Company's loaning of funds are mainly for the operating needs of its subsidiaries and are made in accordance with the Company's "Regulations Governing Loaning of Funds". The

amount of individual loans shall not exceed 10% of the Company's net worth, and the total amount shall not exceed 40% of the Company's net worth.

3. The Company's endorsements/guarantees are mainly for the bank lines of its subsidiaries and are made in accordance with the Company's "Regulations Governing Making of Endorsements/Guarantees". The total amount of endorsements/guarantees shall not exceed 100% of the Company's net worth, and the total amount of endorsements/guarantees for a single enterprise shall not exceed 100% of the Company's net worth.

4. The Company does not engage in derivatives trading.

(III) Future R&D plans and expected R&D expenditure:

The Company's expected R&D expenditure is NT\$0.

The estimated costs of five new machines and equipment and the costs of R&D and training programs in 2021 are as follows:

1. New equipment

The Company expected to purchase five new large machines and equipment in early 2021, including the non-destructive hydraulic test machine of Sunfone Technology, structural modification of the steel pipe automatic conveying equipment of the offline eddy current tester of Yang Chen Steel Machinery, the addition of online annealing equipment for stainless steel pipe machine of Vega Engineering, the stainless steel pipe straightening machine and equipment of Yong-Nion Machinery, and the double blade automatic slitter of Gem-Z Machinery, and the costs of which are as follows:

	Expected amount (before tax)	Contract amount (before tax)	Difference (before tax)	Supplier
1. Non-destructive hydraulic test machine	\$17,450,000	\$17,450,000	\$0	Sunfone Technology
2. Stainless steel pipe straightening machine	\$5,850,000	\$5,850,000	\$0	Yong-Nion Machinery
3. Structural modification of the steel pipe automatic conveying equipment of the offline eddy current tester	\$2,200,000	\$2,200,000	\$0	Yang Chen Steel Machinery
4. Addition of online annealing equipment for stainless steel pipe machine	\$2,360,000	\$2,360,000	\$0	Vega Engineering
5. Double blade automatic slitter	\$4,006,550	\$3,700,000	\$306,550	Gem-Z Machinery
Total (before tax)	NT\$31,866,550	NT\$31,560,000	NT\$306,550	

2. Training

On-the-job training is conducted for the continuous skills improvement of the R&D employees. The training courses and fees are as follows:

Item	Courses	Fees	Number of participated R&D employees	Total	Organizer
1	Manufacturing error and mistake prevention training course	NT\$1,600/person	3	NT\$4,800	Taoyuan City Industrial Association
2	Inspection and management of measuring instruments	NT\$3,900/person	3	NT\$11,700	Taoyuan City Industrial Association

	and equipment training course				
3	Hand welding training course	NT\$8,000/person	2	NT\$16,000	Skills Development Association of the Republic of China
4	Technical study of practical design of machinery structure	NT\$7,000/person	2	NT\$14,000	Industrial Technology Research Institute College
5	Design methods and practical applications of gear speed reducer	NT\$4,200/person	3	NT\$12,600	Industrial Technology Research Institute College
6	Machinery equipment prognosis diagnosis technology and application cases	NT\$7,800/person	2	NT\$15,600	Industrial Technology Research Institute College
			Total	NT\$74,700	

(IV) Impact on the Company's financial and business condition from domestic and overseas important policies and legal changes, and countermeasures:

The Company is a professional steel pipe (sheet) manufacturer, and its business and sales are mainly located in the domestic market. The Company's financial and business conditions are seldom affected by domestic and overseas important policies and legal changes. However, the Company will make flexible adjustments as necessary.

(V) Impact on the Company's financial and business condition from changes in technology and the industry, and countermeasures:

Changes in technology and the industry in the sector where the Company operates are not likely to cause a significant impact on the Company's financial and business condition in the near future. However, the Company will make flexible adjustments as necessary.

(VI) Impact on the Company's crisis management from changes in the corporate image, and countermeasures:

The Company has a good corporate image for more than 60 years and its crisis management will not be affected by changes in the corporate image. However, the Company will make flexible adjustments as necessary.

(VII) Expected benefits and potential risks associated with any merger and acquisitions, and countermeasures:

The Company does not intend to conduct merger and acquisition.

(VIII) Expected benefits and possible risks of facilities expansion, and countermeasures:

The Company does not intend to expand its plants. However, the Company will make flexible adjustments as necessary.

(IX) Risk from centralized purchasing or selling, and countermeasures:

The main suppliers of raw materials for the Company's products are CSC, Chung Hung, Tang Eng, and Yieh United. The Company has a stable supply of raw materials through regular contracts, which are occasionally supplemented by international market purchases under special circumstances. In terms of sales, with a stable foundation of the distributor system, the long-established cooperation model will not result in risks due to concentration.

- (X) Impact and risk associated with large share transfers or changes in shareholdings of Directors, Supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures:

There is no significant transfer or change of ownership of the Company's Directors or major shareholders who hold more than 10% of the shares.

- (XI) Impact and risks associated with changes in ownership, and countermeasures:

The Company's ownership is stable and is not intended to change its ownership. Therefore, there are no impact or risks involved.

- (XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its Directors, Supervisors, President, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities:

1. On March 7, 2008, the Company signed a contract to purchase land at No. 800 of the Guoguang Section of Banqiao District, New Taipei City from Chien Ching-Hui and three others for the total price of NT\$1,930,800 thousand. As of March 31, 2021, the Company has paid NT\$89,110 thousand according to the contract, and the unpaid balance has been offset by the claim for damages. The Company verified that Chien Ching-Hui and the others gifted and sold parts of the land to Yeashin International Development Co., Ltd. and registered transfer of ownership, severely violating the terms of the contract and damaging the Company's creditor's rights. The progress of the relevant lawsuit are as follows:

- (1) The Company filed a civil complaint with the Taiwan Taipei District Court on April 7, 2017 demanding that Chien Ching-Huang and two other defendants honor the sale and purchase contract and supplementary agreement signed by both parties in 2008 and transfer ownership of the 1,511.19 square meters of land in the rezoned No.62 to No.67 of Yongcui Section of Banqiao District, New Taipei City to the Company. On August 27, 2018, the court ruled in Civil Judgement No. 594 (2017) that Chien Ching-Huang and the two other defendants should transfer ownership of the aforementioned land to the Company. However, Chien Ching-Huang and the two other defendants decided to appeal the court's decision. Also, Kan Chien-Fu and 5 others with joint ownership of the land in question have signed an agreement with the Company pledging to help the Company win the lawsuit and declared their participation in the lawsuit on June 18, 2019. The appeal was rejected by the Taiwan High Court in Civil Judgement No. 739 (2018). Chien Ching-Huang and the two other defendants appealed the judgement, and the case is now being handled by the Supreme Court.
- (2) On October 25, 2017, the Company filed a civil complaint with the Taiwan Taipei District Court seeking NT\$118,678 thousand in damage compensations from Chien Ching-Hui and three others for transferring ownership of Land No.48 of Yongcui Section in Banqiao District, New Taipei City. On March 12, 2020, the Taiwan Taipei District Court ruled in Judgement No.1325 (2017) that Chien Ching-Hui and the three others should pay NT\$97,825 thousand to the Company along with 5% annual interest from March 24, 2017 to the settlement date. The Company has appealed parts of the ruling, demanding that Chien

Ching-Hui and the three others should pay an additional NT\$20,853 thousand along with 5% annual interest from March 24, 2017 to the settlement date. Chien Ching-Hui and the three others are also unsatisfied with the ruling. The case is now being judged as Case No.298 (2020) in the Taiwan High Court.

- (3) On April 30, 2020, the Company filed a civil complaint with the Taiwan Taipei District Court seeking NT\$594,956 thousand in damage compensations from Chien Ching-Hui and three others for transferring ownership of Land No.49 of Yongcui Section in Banqiao District, New Taipei City. The case is currently being judged in Case No.487 (2020) in the Taiwan Taipei District Court.

2. Regarding the 200 million shares of “unlisted stock” of Mayer Holdings Limited (Cayman) (hereby referred to as Mayer Holdings (Cayman)) held by the Group’s Mayer Corporation Development International Limited (hereby referred to as Mayer Corp. (BVI)), the Group was notified by Computershare Hong Kong on January 12, 2012 that Aspial Investment Limited and Bumper East Limited applied to transfer unlisted stocks under their name. After consulting with lawyers, Mayer Corp. (BVI) filed a Statement of Claim with the High Court of the Hong Kong Special Administrative Region on March 13, 2012. Aspial Investment Limited and Bumper East Limited also filed a Statement of Claim on March 15, 2012, claiming to be the legal buyer of the unlisted stocks. They demand that Aspial Investment Limited and Bumper East Limited should be declared owners of the unlisted stock and that Mayer Corp. (BVI) pay damage compensations. The progress of the trial is as follows:

- (1) On July 3, 2014, the Hong Kong Court of Final Appeal ruled that Mayer Corp. (BVI) lost ownership of Mayer Holdings (Cayman). Aspial Investment Limited and Bumper East Limited were registered as shareholders of Mayer Holdings (Cayman) on August 19, 2014.
- (2) As of March 31, 2021, Mayer Corp. (BVI) has recognized an accumulated total of US\$2,678 thousand in damage compensation cost due to the above-mentioned case, but the final amount of possible compensation cannot be predicted nor reasonably estimated according to the result of the ruling.
- (3) On July 30 and August 21, 2014, 3rd defendant Lin Chien-Chin petitioned the Hong Kong Court of First Instance to have Hong Kong courts order the Company to join the case as a defendant. Whether the Company will become a defendant in the case has yet to be determined by the Hong Kong Court of First Instance, and a date for the trial has not yet been set.
- (4) The Company entrusted the “unlisted stocks” in question to Lai, the owner of Mayer Corp. (BVI) for safekeeping, disposal, and other management matters. Lai disposed (sold) the shares to a third party without permission or authorization from the Company, so that the Company had no way to return the shares to Mayer Corp. (BVI). On April 29, 2015, the Board of Directors resolved to file a criminal report to the District Prosecutors Office to hold Lai legally accountable and protect the rights and interests of the Company and its shareholders. The case is being investigated by the Taiwan Taipei District Prosecutors Office in Case No.7922 and No.7923 (2016). The Company will also file a civil suit when the prosecutor initiates a criminal lawsuit.
- (5) On January 28, 2016, Mayer Corp. (BVI) filed a statement of claim from all defendants including the above-mentioned companies to the High Court of Hong Kong stating that the

original ruling by the High Court of Hong Kong regarding the ownership of the 200 million shares of Mayer Holdings Limited (Cayman) held by Mayer Cor. (BVI) to be invalid. Based on common issues in this case and aforementioned relevant cases, Mayer Corp. (BVI) applied to the High Court of Hong Kong for a joint trial on April 12, 2016. On July 25, 2016, the High Court of Hong Kong decided postpone processing the joint trial application until after the dismissal application was processed. Because Mayer Corp. (BVI) has filed liquidation application to apply for a joint trial and parties related to the case have already received liquidation orders, the relevant joint trial application is expected to be postponed indefinitely.

- (6) As of March 31, 2021, Mayer Corp. (BVI) has recognized accumulated attorney expenses totaling US \$3,339 thousand because of the above-mentioned case.
3. On September 27, 2016, Mayer Corp. (BVI) received a notice from the Hong Kong Official Receiver's Office stating that the High Court of the Hong Kong Special Administrative Region has received the petition from Bumper East Limited and Aspial Investment Limited (hereby referred to as "petitioners") demanding the liquidation of Mayer Corp. (BVI), because petitioners must file an application the Hong Kong court for papers to be served overseas. The petitioners have proven on December 8, 2016 that they have completed all applications for relevant liquidation proceedings. Mayer Corp. (BVI) filed objection affidavits with the Hong Kong High Court on December 28, 2016 and February 21, 2017, and proceeded to the hearing on April 20, 2017. The relevant liquidation procedures are described below:
 - (1) On March 3, 2017, Mayer Corp. (BVI) appointed an attorney to apply for company insolvent liquidation from the British Virgin Islands (BVI) court and appointed liquidators to handle liquidation. The BVI court issued the liquidation order for Mayer Corp. (BVI) on March 27, 2017 and appointed Mr. Martin Trott from RHW Limited (BVI) and Mr. Stephen Liu Yiu Keung and Mr. Yen Ching Wai David from Ernst&Young Transactions Ltd. as joint liquidators. The Hong Kong court issued the recognition order on April 18, 2017.
 - (2) The petitioners' attorney proposed in the hearing on April 20, 2017 that the Hong Kong court cannot issue a recognition order in a voluntary liquidation case, but the High Court of Hong Kong still reconfirmed the recognition order issued on April 18, 2017 to be valid and agreed that the liquidator Ernst&Young Transaction Ltd. (hereby referred to as "liquidator") may carry out the liquidation order on Mayer Corp. (BVI) in Hong Kong. The Hong Kong Court of Final Appeal dismissed their application for appeal in court on March 19, 2020 and issued grounds for rejecting the application on April 16, 2020. As of March 19, 2021, the liquidator is claiming relevant fees from the petitioners.
 - (3) As of March 31, 2021, Mayer Corp. (BVI) has recognized accumulated attorney expenses totaling US\$31 thousand because of the above-mentioned case.
4. Glory World Development Limited (BVI), a joint venture subsidiary between the Company and Mayer Holdings Limited (Cayman), signed an exclusive supply contract with Vietnam Minerals Holding Company (Brunei) through its subsidiary Elternal Galaxy Limited (BVI) on September 15, 2010, and the first contract bond installment of US\$10 million was paid on October 15, 2010. The three-year exclusive supply contract signed between Elternal Galaxy Limited (BVI) and Vietnam Minerals Holding Company (Brunei) on September 15, 2010 has expired. The two parties signed an agreement on March 7, 2014 to extend the contract to September 15, 2016 with

the possibility of another 3-year extension. With exception to additional stipulations (1) Vietnam Minerals Holding Company (Brunei) should guarantee a monthly supply of 8 thousand dry metric tons, and (2) starting on July 1, 2014, if quarterly supply falls under 20,000 dry metric tons, Vietnam Minerals Holding Company (Brunei) shall refund US\$20 for each ton that is short, there are no major changes to the contract.

Subsidiary Elternal Galaxy Limited (BVI) observed that the actual supply volume of Vietnam Minerals Holding Company (Brunei) did not meet the requirements stipulated in the exclusive supply contract, and therefore entrusted attorneys in Hong Kong to officially issue a letter of attorney on April 9, 2015 demanding that Vietnam Minerals Holding Company (Brunei) improve supply conditions to meet the contract requirements within 90 days of receiving the letter. Vietnam Minerals Holding Company (Brunei) proposed using mining rights, beneficiation sites, and relevant production equipment to make up the remaining margin, so Elternal Galaxy Limited (BVI) has appointed lawyers and professional valuation companies to evaluate assets of Vietnam Minerals Holding Company (Brunei) such as mining rights, beneficiation sights, production and transportation equipment, and inventories. The subsidiary Elternal Galaxy Limited (BVI) also signed a letter of intent with Vietnam Minerals Holding Company (Brunei) and the shareholders of its mining partner Phu Duc Mining Joint Stock Company (Vietnam) to offset the US\$8.34 million remaining from the first installment Elternal Galaxy Limited (BVI) paid and cancel the aforementioned exclusive supply contract.

Considering that Vietnam Minerals Holding Company (Brunei) did not refund US\$20 for every ton short of 20 thousand dry metric tons it supplied each season in 2015 according to the additional stipulations signed on March 7, 2014, along with the determination that the value of the above-mentioned letter of intent cannot be reasonably estimated, the Group followed conservative principles and transferred “refundable deposits” under “other receivables”, setting the entire sum aside as allowance for bad debts. The Group has set aside US\$2.92 million and US\$5.42 million for impairment losses and allowance for bad debts, respectively. Through the notice issued by the Brunei Registry, the Group learned that the Brunei government will suspend international business companies. For Brunei companies without any disposals, their register agent license will be completely revoked. In addition to confirming the value of various assets (or rights) and whether they can be legally mortgaged or transferred, the Group plans to discuss with attorneys and take legal actions to safeguard the company's rights and interests.

5. Glory World Development Limited (BVI), a joint venture subsidiary between the Company and Mayer Holdings Limited (Cayman), signed an exclusive supply contract on September 27, 2010 with Dynamic Natural Resources Pte. Ltd. (Singapore) through its subsidiary Sinowise Development Limited (BVI). The contract was effective from the date of signing and valid for a period of 5 years, and the US\$4 million contract bond was paid off on October 5, 2010. However, in view of the recent changes in global and regional demand for coal, Sinowise Development Limited (BVI) signed a termination agreement with the company on March 25, 2012. The contract bond, prepayments, and loss contribution up to that date was to be repaid in installments with a 5% annual interest starting on January 1, 2012. The total amount to be repaid is US\$6.98, but only US\$1.3 million was received, so a 100% allowance for bad debts was provided out of the conservative principle. Sinowise Development Limited (BVI) appointed a lawyer and renegotiated the damage claim amount to US\$5,256 thousand, filing petitions to the High Court of Hong Kong on May 29, 2013 and June 30, 2015. The High Court of Hong Kong

formally accepted the case on June 25, 2016 and agreed to issue a subpoena to the registered address of Dynamic Natural Resources Pte. Ltd. (Singapore). The subpoena was served on June 29, 2016. The High Court of Hong Kong made its final judgement on September 28, 2016, ruling that Dynamic Natural Resources Pte. Ltd. (Singapore) shall repay Sinowise Development Limited (BVI) with interest calculated based on the claim amount US\$5,256 thousand plus the judgment interest rate from September 28, 2016 to the settlement date. However, the appointed attorney indicated that Dynamic Natural Resources Pte. Ltd. (Singapore) was struck off. Sinowise Development Limited (BVI) intends to discuss the matter with attorneys and take legal action to safeguard the Company's rights and interests.

6. The Group's Hong Kong Miramar Development Limited participated in the seasonal equity offering of Oasis Eden Properties Limited on February 10, 2011 for US\$17,500 thousand and signed an "investment agreement" with Oasis Eden Properties Limited (BVI), Chongqing Hengyang Real Estate Development Co., Ltd., and Rising Sun Real Estate Investment Consulting LLC. The agreement stipulates that Oasis Eden Properties Limited (BVI) will return US\$45,150 thousand (including the principal of US\$17,500 thousand and after-tax profit of US\$27,650 thousand) to Hong Kong Miramar Development Limited, with Rising Sun Real Estate Investment Consulting LLC. providing joint guarantee. At the same time the contract is executed, Hong Kong Miramar Development Limited and Chongqing Hengyang Real Estate Development Co., Ltd. signed the original pre-purchase contract for hotel commercial housing located in the U Standard Zone of Xiyong Group, Chongqing City Proper for RMB \$299,484 thousand, which is approximately NT\$1,323,719 thousand.

Oasis Eden Properties Limited (BVI) signed an equity transfer agreement with Evergrande Real Estate Group Limited on October 17, 2016, selling 100% equity it held of Chongqing Hengyang Real Estate Development Co., Ltd. and other four reinvestment companies for RMB\$700 million. However, the money should first be used to cover the existing debts of Oasis Eden Properties Limited (BVI) before the rest can be distributed to shareholders. As of March 31, 2021, Hong Kong Miramar Development Limited should receive US\$1,073 thousand based on the distribution ratio.

The Group measured the fair value of these receivables based on the above conditions, listing the sum under "financial assets mandatorily measured at fair value through profit or loss - current". Based on the above rights and interests, the Company does not rule out taking legal action to protect the Company's rights and interests.

7. Since April, 2016, the Group and Durban Development Co., Ltd. has filed multiple civil complaints with the Taiwan Keelung District Court, demanding in a total of 35 cases that Yu Chun-Lai and other individuals vacate and demolish the structures they occupy on the land in Xitou Section, Qidu District, return the land to its co-owners, and pay monthly rent until the day the land is returned. As of May 6, 2021, 32 cases have been completed or settled, with 3 cases still being heard by the Taiwan High Court and Keelung District Court.
8. On April 5, 2017, the Hong Kong Securities and Futures Commission ruled in the Market Misconduct Tribunal that Mayer Holdings Limited (Cayman) and its 9 current and former senior officials failed to fulfill their disclosure obligations due to violations of the Securities and Futures Ordinance, imposing total fines of HK\$10.2 million. The Company has appointed lawyers to represent its president and 6 other officials to appeal the ruling in the Court of Appeal of the High Court of Hong Kong. The Court of Appeal has granted permission to appeal on June

14, 2017, and after the appeal hearing on November 20 and 21, 2018, the Tribunal issued instructions on July 24, 2020 requiring both parties to submit expert reports, and set August 16 to 18, 2021 as the hearing date. As of March 31, 2021, the Company has recognized a total of HK\$3,023 thousand in attorney fees regarding the aforementioned case.

9. In order to expand new businesses, the Company signed a three-party purchase and sale contract for 40 thousand wet tons of Brazilian manganese sand on June 12, 2017. The total estimated price of the contract was US\$6,154 thousand, and as the intermediary, the Company was expected to receive a commission of US\$292 thousand. However, the Company, the supplier, and the buyer agreed to terminate the three-party sales and purchase agreement on July 5, 2017, after which the Company signed a new purchase and sale contract for Brazilian manganese sand with the supplier and a new buyer. As of September 28, 2017, the Company had paid the supplier US\$2,923 thousand or NT\$88,259 thousand according to the contract. However, the supplier did not fulfill its contract obligations as it failed to deliver the goods on time. As a result, the Company was unable to fulfill its obligation to deliver 40 thousand wet tons of manganese sand to the new buyer. At the same time, the Company listed the full payment as bad debt losses and signed a repayment agreement with the supplier on November 24, 2017, which stipulated that the supplier must repay the paid amount plus compensation and delayed interest in seven installments. As a result, the sum was transferred from “prepayments” to “other receivables”.

After the Company obtained the civil ruling in Case No.46 (2018) from the Taiwan Taipei District Court on April 11, 2018, the joint guarantor set the first maximum mortgage right of NT\$100,000 thousand on two plots of land, No. 62-02 and No. 118 in the Daping Subsection of Central Wanli Jiatou Section, Wanli District, New Taipei City, and issued a promissory note of equal value as a guarantee for payment, re-signing a repayment agreement with the Company on October 15, 2019. In addition to the remaining outstanding principal of US\$2,030 thousand, the guarantor should also repay the NT\$81,445 thousand in compensations and delayed interest stipulated in the repayment agreement that the supplier signed on November 24, 2017, along with compound interest calculated as 0.005% of the monthly interest rate. However, since March 2020, the joint guarantor has failed to repay the principal in compliance with the repayment agreement. Therefore, the company has sent a legal confirmation letter on March 11, 2020 to notify the joint guarantor to repay the outstanding sum. As of March 31, 2021, the joint guarantor still has not repaid the principal. In order to exercise its first and maximum mortgage right, the Company has requested the auction of the mortgaged property for compulsory execution.

As of March 31, 2021, the Company has recovered a total of NT\$29,794 thousand in principal and plus interest from the supplier and joint guarantor.

10. On June 30, 2016, the Hong Kong Securities and Futures Commission provided Mayer Holdings (Cayman) with a stamped copy of the petition filed in the High Court of Hong Kong under Miscellaneous Litigation No. 1673 (2016). According to the petition, Mayer Holdings (Cayman) took legal action to recover losses caused by relevant directors in three suspicious transactions. Since two of the former executive and non-executive directors were recommended by the Company to serve as directors of Mayer Holdings (Cayman), the Company's Board of Directors agreed on March 26, 2018 to compensate two of the former executive and non-executive directors for legal fees and other necessary litigation expenses. As of March 31, 2021, the Company has recognized a total of HK\$282 thousand in attorney fees regarding the aforementioned case.

11. On September 7, 2018, the Environmental Protection Administration, Executive Yuan sent a letter notifying that the Company's production plant (Puxin Plant) would be named a groundwater pollution remediation site by the Groundwater Pollution Control Place and Designated Pollution Control Zone. The Company proposed a "Soil and Groundwater Pollution Investigation and Evaluation Plan" and "Project Report" on April 23 and December 3, 2019, which the Taoyuan City Government agreed to file for future reference on June 5, 2019 and July 13, 2020, respectively. As of March 2021, the Company has estimated a liability reserve of NT\$41,109 thousand for remediation costs and has submitted the "Soil and Groundwater Pollution Remediation Plan" on December 21, 2020.
12. On December 4, 2019, Mayer Holdings Limited (Cayman) filed an arbitration application with an arbitration agency in Hong Kong requesting that the Company replace a director of Glory World Development Limited (BVI) in accordance with a shareholders' agreement signed on September 5, 2010 and present the relevant books and records of the company. The Company submitted its defense and counterclaim to the arbitration agency on March 11, 2020. Also, Mayer Holdings Limited (Cayman) submitted an application to extend the claim submission deadline to September 2, 2020, and pre-trials are scheduled for June 2, 2021.

As of March 31, 2021, the Company has recognized ICC arbitration and attorney fees of US\$50 thousand and HK\$118 thousand, respectively.

(XIII) Other major risks and countermeasures: None. However, the Company will make flexible adjustments as necessary.

VII. Other important matters: On March 19, 2020, the Board of Directors resolved to enter into an agreement with an unrelated party to transfer the scope of the Company's request for the transfer of ownership of the land in Yongchui Section of Banqiao by Ching-Huang Chien and three others for a consideration NT\$300 million [Taiwan Taipei District Court 2017 Zhong-Shang-Zi No. 594 Civil Judgement, Taiwan High Court 2018 Zhong-Shang-Zi No. 739 Civil Judgement]. As of May 6, 2021, there has been no latest update.

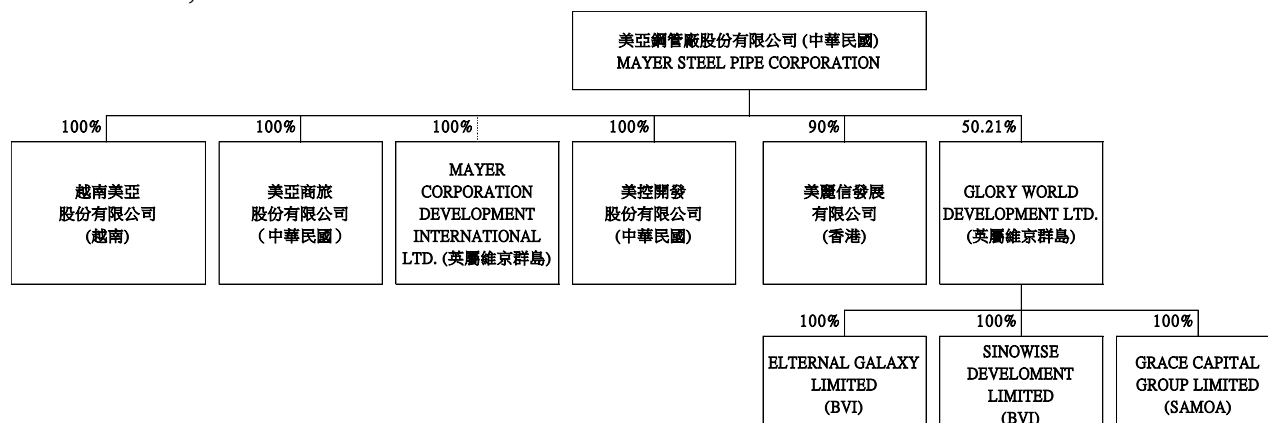
Chapter 8. Special Disclosure

I. Information on the Company Affiliates

(I) Consolidated business report of affiliates

1. Organizational chart of affiliates:

December 31, 2020



Mayer Steel Pipe Corporation (Republic of China) MAYER STEEL PIPE CORPORATION						
Vietnam Mayer Corp., Ltd. (Vietnam)	Mayer Inn Corporation (Republic of China)	MAYER CORPORATION DEVELOPMENT INTERNATIONAL LTD. (British Virgin Islands)	Meikung Development Co., Ltd. (Republic of China)	Miramar Development Limited (Hong Kong)	CLORY WORLD DEVELOPMENT LTD. (British Virgin Islands)	
				ELTERNAL GALAXY LIMITED (BVI)	SINOWISE DEVELOPMENT LIMITED (BVI)	GRACE CAPITAL GROUP LIMITED (SAMOA)

Note: Mayer Corporation Development International Limited (BVI) was ruled by a court in the British Virgin Islands (BVI) to enter into liquidation proceedings and appointed a liquidator on March 27, 2017, resulting in the loss of control of the Company. The company was not included in the preparation of the consolidated report as of March 27, 2017.

2. Profiles of affiliates

December 31, 2020 Unit: NT\$'000

Enterprise name	Date of incorporation	Address	Paid-up Capital	Major business or products
Mayer Corporation Development	2003.04.08	British Virgin Islands	179,450	Holding company, investment business
GLORY WORLD DEVELOPMENT LIMITED	2007.01.18	British Virgin Islands	259,121	Investment business
Vietnam Mayer Corp., Ltd.	2006.10.19	Vietnam	209,412	Processing and sales of steel pipes, sheets and other metal products
Meikung Development Co., Ltd.	2007.06.14	Taiwan	530,000	Investment business and real estate development business
Miramar Development Limited	2011.01.27	Hong Kong	554,359	Investment business
Mayer Inn Corporation	2014.5.13	Taiwan	230,000	Wholesale, trading and general hotel business
Sinowise Development Limited	2006.11.24	British Virgin Islands	236,731	Operation of non-ferrous metals and other mineral resources
Eternal Galaxy Limited	2007.01.02	British Virgin Islands	291,617	Operation of non-ferrous metals and other mineral resources
Grace Capital Group Limited	2008.04.03	Samoa	2,099	Operation of non-ferrous metals and other mineral resources

3. Companies presumed to have a relationship of control and subordination under Article 369-3 of the Company Act shall disclose the following matters (Appendix II): None.

4.1 Industries covered by the business operation of the affiliates:

Please refer to the major business or products in the basic information of affiliates in the table above.

4.2 If the business between the affiliates is related, the business dealings shall be stated: None.

5. The names of the Directors, Supervisors and Presidents of each affiliates, and the number of shares they hold or the amount of capital they contributed:

December 31, 2020

Enterprise name	Title (Note 1)	Name	Number of share held (thousand shares)	Shareholding %
Mayer Corporation Development International Limited (Note 3)	-	-	5,550	100%
GLORY WORLD DEVELOPMENT LIMITED	Director	Ta-Teng Cheng	8,882	50.21%
Vietnam Mayer Corp., Ltd.	Chairman (President)	Mayer Steel Pipe Corporation Representative: Hua-Tsan Wu	0	100%
	Director	Mayer Steel Pipe Corporation Representative: Chun-Fa Huang, Ta-Teng Cheng, Chen-Chang Huang		
Meikung Development Co., Ltd.	Chairman Director Supervisor	Mayer Steel Pipe Corporation Representative: Chun-Fa Huang Representative: Min-Chih Hsiao, Yung-Chieh Huang Representative: Chun-Chao Huang	530,000	100%
Miramar Development Limited	Director	Mayer Steel Pipe Corporation Representative: Chun-Fa Huang	17,100	90%
Mayer Inn Corporation	Chairman Supervisor President	Mayer Steel Pipe Corporation Representative: Chun-Fa Huang Representative: Min-Chih Hsiao (N/A)	23,000	100%
Sinowise Development Limited	Director	Ta-Teng Cheng	7,550	100% (Note 2)
Elternal Galaxy Limited	Director	Ta-Teng Cheng	9,350	100% (Note 2)
Grace Capital Group Limited	Director	Ta-Teng Cheng	70	100% (Note 2)

Note 1: Except for Vietnam Mayer Corp., Ltd. and Mayer Inn Corporation, other affiliated companies do not have a President.

Note 2: Refer to the shareholding of the Company's subsidiary, Glory World Development Limited.

Note 3: Mayer Corporation Development International Limited (BVI) was ruled by a court in the British Virgin Islands (BVI) to enter into liquidation proceedings and appointed a liquidator on March 27, 2017, resulting in the loss of control of the Company. The company was not included in the preparation of the consolidated report as of March 27, 2017.

6. Business Overview of Affiliates

December 31, 2020

Unit: NT\$'000

Enterprise name	Capital Stock	Total assets	Total liabilities	Net Worth	Revenue	Operating Profit	Profit (loss) (after tax)	Earnings per share (after tax) (NT\$)
Mayer corporation Development	179,450	0	0	0	0	0	0	0.00
GloryWorld Development Limited	516,097	410	16,532	(16,122)	0	0	(1,681)	(0.10)
Vietnam Mayer Corp., Ltd.	209,412	249,399	37,217	212,182	219,041	32,026	34,373	0.00
Meikung Development Co., Ltd.	530,000	575,145	208	574,937	3,961	1,905	1,661	0.03
Miramar Development Limited	554,359	60,091	66	60,026	0	(112)	2,219	0.12
Mayer Inn Corporation	230,000	847,122	635,380	211,742	39,651	(58,504)	(72,485)	(4.53)
Sinowise Development Limited	236,731	0	733	(733)	0	0	0	(0.00)
Eternal Galaxy Limited	291,617	197	13,496	(13,299)	0	(1,667)	(1,667)	(0.18)
Grace Capital Group Limited	2,099	729	918	(189)	0	0	(8)	(0.11)

Note: Mayer Corporation Development International Limited (BVI) was ruled by a court in the British Virgin Islands (BVI) to enter into liquidation proceedings and appointed a liquidator on March 27, 2017, resulting in the loss of control of the Company. The company was not included in the preparation of the consolidated report as of March 27, 2017.

(II). Consolidated financial statement of affiliates: Omitted

According to Note 4 of (88) Tai-Cai-Zheng No. 04448 Letter, the consolidated financial statements of affiliates are not prepared.

(III) Relationship report of affiliates: None.

Statement of Declaration

HEREBY DECLARE THAT

In 2020 (from January 1 to December 31, 2020), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidary consolidated financial statements under the Accounting Standards 7. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

Company Name: Mayer Steel Pipe Corporation
Person in charge: Chun-Fa Huang

March 19, 2021

- II. For private issuance of marketable securities in the most recent year and up to the publication date of the Annual Report, the Company shall disclose the approval date and amount of the shareholders' meeting or the Board of directors meeting, the basis and rationale of the pricing, the selection method of specific person and the necessary reasons for private issuance: None.
- III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Year and Up to the Date of Publication of the Annual Report: None.
- IV. Other Supplementary Information: None
- V. Events during the Most Recent Year and up to the Date of Publication of the Annual Report That Had a Significant Impact on the Shareholders' Equity or Securities Prices as Stated in Article 36.3.2 of the Securities and Exchange Act: None.

Mayer Steel Pipe Corporation
Chairman Chun-Fa Huang