

Stock code:2027

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

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TA CHEN STAINLESS PIPE CO., LTD.

Handbook for the 2020 Annual Meeting of Shareholders

TIME: 9:00 a.m. June 22, 2020

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

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TA CHEN STAINLESS PIPE CO., LTD.

Meeting Procedure of the 2020 Annual General Meeting of Shareholders

1. Call Meeting to Order (Report held shares of attendance Shareholders)

2. Report Items

3. Matters for Ratification

4. Matters for Discussion

5. Director Election

6. Other Resolution

7. Extempore Motion

8. Meeting Adjournment

TA CHEN STAINLESS PIPE CO., LTD.
Meeting Procedure of the 2020 Annual General Meeting of Shareholders

1. Time: 9:00 a.m. June 22, 2020 (Monday)
2. Venue: No. 261, Nanmen Rd., Tainan City (Labor Recreation Center)
3. Meeting as Read
4. Report Items
 - Item 1: 2019 company's business report and financial statement.
 - Item 2: Audit Committee's Review Report on the 2019 Financial Statements
 - Item 3: 2019 Report on Remuneration Distribution for Employees and Directors.
 - Item 4: Report of implementation of indirect investments in the PRC.
 - Item 5: Report of Endorsement guarantee and Loaning Funds to Others.
5. Matters for Ratification
 - Item 1: Adoption of the 2019 Business Report and Financial Statements.
 - Item 2: Adoption of the Proposal for Distribution of 2019 Profits.
6. Matters for Discussion
 - Item 1: Amendment to the "Articles of Incorporation" in part.
 - Item 2: Distribution of Cash Dividends out of Capital Reserve.
 - Item 3: The issuance of new shares for capital increase through capitalization of earnings of the Company.
7. Director Election: Election of the Board of 12th Directors of the Company.
8. Other Resolution: Agree with dismissing the new directors from non-competition restrictions.
9. Extempore Motion
10. Meeting Adjournment

Report Item

No. 1

Proposal : Reports for Business and Financial Status in 2019

Explanation: Please refer to Page 12 as “2019 Annual Business Report” (Attachment 1)

Report Item

No. 2

Proposal : 2019 Audit Report of Company Audit Committee

Explanation: “Audit Report of Company Audit Committee”, please refer to Page 15 (Attachment 2)

Report Item

No. 3

Proposal : 2019 Report on Remuneration Distribution for Employees and Directors.

Explanation: 1. 2019 Net income before tax is NT\$ 1,988,720,057 (before deducting the remuneration of employees and directors). In accordance with Article 18-1 of the Articles of Incorporation, it has been proposed that the Company disburses in cash with 0.75% to directors and 3% to employees.

2. Amounting to NT\$ 14,915,400 to directors with no difference of distribution and the amount of NT\$1,864,425 to 8 directors (Excluding Independent Directors) is distributed by the Chairman.

3. Amounting to NT\$ 59,661,602 to employees.

Report Item

No. 4

Proposal : Report of implementation of indirect investments in the PRC

Explanation: The information of Company's investment in PRC was as follows:

Name of Company	Implementation of Investments	Contribution Amount	Maximum Investment
Shijiazhuang Tachen Jitai Machinery Co., Ltd.	Operated according to the supervision of the subsidiary Ta Chen (B.V.I.) Holdings, Ltd.	US \$4,750,000 (NT \$143,688,000)	NT\$15,396,695,000
Ta Chen (Changsu) Machinery Co., Ltd.	Operated according to the supervision of the subsidiary Ta Chen (B.V.I.) Holdings, Ltd.	US \$10,000,000 (NT \$302,500,000)	
Ta Chen (Boye) Machinery Co., Ltd.	Operated according to the supervision of the subsidiary Ta Chen (B.V.I.) Holdings, Ltd.	US \$11,935,000 (NT \$361,034,000)	
Yinrong (Shanghai) Investment Management Limited.	100% shareholding	RMB \$500,000 (NT \$2,154,000)	

N.B.1.The company's net income amounted to NT \$25,661,158,000 till Dec 31, 2019.

(At the rate \$1USD : \$30.25NTD and \$1RMB : \$4.308NTD)

N.B.2. The maximum investment is the 60% net value of the company (Accumulated), in accordance with " Regulation Governing the Approval Of Investment Or Technical Cooperation in Mainland China" of Investment Board in August 29, 2008.

Report Item

No. 5

Proposal : Report of Endorsement guarantee and Loaning Funds to Other

Explanation: 1. The endorsement guarantees transactions up to February 28, 2020 are as follows:

Date	Name of company as endorsers	Endorsed Party	Amount (NT\$)	Amount (US\$/RMB)	Type
Sep. 2010	TA CHEN STAINLESS PIPE	Ta Chen (B.V.I.) Holdings, Ltd.	121,000,000	US\$4,000,000	Financing Guarantee
Apr. 2012	TA CHEN STAINLESS PIPE	Shijiazhuang Tachen Jitai Machinery Co., Ltd.	151,250,000	US\$5,000,000	Financing Guarantee
Jul. 2017	TA CHEN STAINLESS PIPE	EMPIRE RESOURCES, INC.	181,500,000	US\$6,000,000	Financing Guarantee
Jan. 2019	TA CHEN STAINLESS PIPE	Ta Chen (B.V.I.) Holdings, Ltd.	105,875,000	US\$3,500,000	Financing Guarantee
Mar. 2019	TA CHEN STAINLESS PIPE	Ta Chen (B.V.I.) Holdings, Ltd.	105,875,000	US\$3,500,000	Financing Guarantee
Jul. 2019	TA CHEN STAINLESS PIPE	Ta Chen (Boye) Machinery Co.,Ltd	155,088,000	RMB\$36,000,000	Financing Guarantee
Dec. 2019	TA CHEN STAINLESS PIPE	Ta Chen (Hong Kong) Limited	1,890,625,000	US\$62,500,000	Financing Guarantee

2. The total endorsement guarantees as above are NT\$ 2,711,213,000 at the exchange rate of US\$: NT\$ @ 30.25 and RMB : NT\$ @4.308 in February, 2020) , it does not exceed the article 5-3 of "Endorsement Guarantee Operating Procedure" ; "The endorsement guarantee to subsidiaries cannot above 200% of company net value". (Net Value NT\$ 25,661,158,000 up to December 31, 2019). Maximum 200% net value of the company to every corporate. (Net Value NT\$25,661,158,000×200% = 51,322,316,000)
3. The company has no loaning of Company Funds to others up to February 28, 2020).

Matters for Ratification**No. 1****(BY BOD)**

Proposal : Adoption of the 2019 Business Report and Financial Statements

Explanation : 1. The 2019 Business Report and Financial Statements is approved by Board of Director, through the Audit of Audit committee. The Consolidated Financial Report have been audited and certified by Lou Liao and Jun Kung from Deloitte & Touche.

2. The Financial Statements and Independent Auditors' Report, please refer to Page 16 as "2019 Annual Business Report" (Attachment 3).

Resolution :

Matters for Ratification**No. 2****(BY BOD)**

Proposal : Adoption of the Proposal for Distribution of 2019 Profits

Explanation : The Distribution of 2019 Profits as follows :

TA CHEN STAINLESS PIPE CO., LTD.

Table for Distribution of Retained Earning in 2019

Unit: NT\$

Item	Amount
Initial Unappropriated Earnings	\$ 2,166,226,518
Retained Earnings Adjusted by Equity-method investment	(15,502,240)
Re-measurement of Defined benefit plans of the net defined benefit of Retained Earnings	<u>9,088,147</u>
Retained Earnings After Adjustment	2,159,812,425
Net Profit	1,820,776,592
Less : 10% Legal Reserve	(182,077,659)
Less : Special Reserve	<u>(1,300,610,258)</u>
Retained Earnings Available for Distribution	2,497,901,100
Distribution Item	
Stock dividends to Common Share Holder (NT\$ 0.2 per share)	<u>(246,758,010)</u>
Final Unappropriated Earnings	<u><u>\$ 2,251,143,090</u></u>

Chairman :

CEO :

Financial Manager :

Li-Yun, Hsieh

Robert Shieh

Denny Wong

N.B. The Distribution of 2019 Profits is as priority.

Resolution :

Proposal : After amendment partial company's Articles of Incorporation.

- Explanation : 1. In order to conform to the needs of company's practice, the amended partial company's Articles of Incorporation is scheduled.
2. Comparison table for After Amendment Company's Articles of Incorporation, please refer to Page 34 (Attachment 4).

Resolution :

Matters for Discussion

No. 2

(BY BOD)

Proposal : Distribution of Cash Dividends out of Capital Reserve.

- Explanation : 1. The company's distribution of Cash Dividends out of Capital Reserve is NT\$1,233,790,052 which is from capital surplus, generated from share issuance in excess of par value. The company's actual number of the outstanding shares up to February 28, 2020 is calculated 1,233,790,052 shares. Distribution of Cash Dividends would be EPS NT\$1.
2. Cash dividends on common shares will be distributed pro rata and rounded down to the nearest NT\$1 with the sum of all fractional dividends less than NT\$1 being distributed by diminishing Shareholder Account Number until the match distribution of cash dividend.
3. Once this proposal is resolved, the BOD is authorized to set the ex-dividend date and handle the dividend distribution matters accordingly.
4. After this cash dividend resolved, if the number of issued and outstanding shares of the Company subsequently changes due to share repurchase, share transfer, share swap, share cancellation, capital increase, or other reasons, the cash dividend distributed to each Common Share resolved by the Annual General Meeting may be adjusted pursuant to actual number of the outstanding shares.

Resolution :

Matters for Discussion

No. 3

(BY BOD)

Proposal : The issuance of new shares for capital increase through capitalization of earnings of the Company

- Explanation : 1. In consideration future development of company, the company based on the 1,233,790,052 issued and outstanding shares as of February 28, 2020, which is contributed NT\$ 246,758,010 from the distributable earnings in 2019 to increase the share capital and issue 24,675,801 new shares of stock dividend NT\$0.2 at par value of NT\$10 per share.
2. The newly issued shares with the increased share capital would be allocated in accordance with pro rata to the shareholders on the shareholder register as of ex-dividend date i.e. 20 shares for each 1,000 shares. The shareholders can compile fractional share into one share and register it with the Shareholders' Registrar within five days from the ex-dividend date for distribution of share dividend. The deduction to Article 240 of the Company Act. would pay cash instead for such stock dividend (rounded down to an integer) for any failure to make the fractional share into one share by shareholders and the Chairman is to be authorized to offer the shares at par value to specific persons.
3. Propose to the rights and obligations of the newly issued shares are the same as those of the existing shares.
4. Propose to authorize the Board of Directors to set the capital increase record date after the shareholders' meeting passed and reported to authorities to the resolution for the capital increase.
5. Propose to submit this matter to the shareholders in this shareholders' meeting to authorize the Board of Directors with full powers to handle this matter if the distributable earnings shares to effect the ratio of the stock dividend will be affected by capital increase, buy-back of the Company's stocks, transfer and cancellation of treasury stocks, exercise of employees stock options or other factors.
6. Propose to submit this matter to authorize the Board of Directors with full powers to make any changes to the capital increase plan if required by the authorities or required due to necessity.

Resolution :

Director Election

Proposal : Election of the directors of the twelfth term of the company.

- Explanation : 1. The term of the current directors of the Company would be expire on 18 June 2020. All directors would be re-elected according to the law.
2. The company established an audit committee deduction from Article 14-4 of the Securities and Exchange Act. The audit committee would implement the Company Act., Securities and Exchange Act. and any other law to be exercised by supervisors. The company elected 11 directors (including 3 independent directors) to cooperate the operation of audit committee.
3. The term of the current directors of the company would be expire on June 18 , 2020. All current directors would be retired until the resolved election of the directors of the twelfth term in cooperate with the General Meeting of Shareholders. The current directors would be discharged after the Annual General Meeting. The terms of the new directors would be three years and the term of such directors shall commence from June 22, 2020 to June 21, 2023.
4. The nominee list of directors and independent directors as following, please elect from the list.

The list of directors elected		
Name	Number of Shares Held	Qualification and Experience
Ta Ying Cheng Investment Co., Ltd. Representative: Li-Yun, Hsieh	76,928,274 Shares	Graduate at Tatung Institute of Technology, Faculty of Banking Financial Manager of Ta Chen Stainless Pipe Co., Ltd. Director of Brighton-Best International Inc. (Samoa) Chairman of Brighton-Best International (Taiwan) Inc. Chairman of Ta Chen (BVI) Holding Co., Ltd. Chairman of Shijiazhuang Tachen Jitai Machinery Co., Ltd. Chairman of Ta Chen (Changshu) Machinery Co., Ltd. Chairman of Ta Chen (Boye) Machinery Co., Ltd. Chairman of Pyramid Stainless Steel Co., Ltd. Director of Brighton-Best International (UK), Limited. Director and General Manager of Brighton-Best International (Canada), Inc. Director of Brighton-Best International (AU), Pty Ltd. Director of Brighton-Best International (NZ), Limited Director of Brighton-Best International Inc. (Cayman) Director of Chengrong (Shanghai) International Trade Co., Ltd. Chairman of Ta Chen Empire Co., Ltd. Director of T Brighton-Best (Hong Kong) Limited Director of Brighton-Best (Hong Kong) Holding Limited

		Chairman of Yinrong (Shanghai) Investment Management Co., Ltd. Chairman of Ta Chen (Hong Kong) Limited Director of Lung Mei Cloth Co., Ltd. Chairman of this company
Robert Shieh	32,865,510 Shares	Graduated at Fu Jen Catholic University, Department of Business Administration Sales Manager of San Shing Fastech Corp. Director of Ta Chen International, Inc. Director and General Manager of Brighton-Best International (Taiwan) Inc. Director of Ta Chen (B.V.I.) Holdings, Ltd. Director and General Manager of Shijiazhuang Tachen Jitai Machinery Co., Ltd. Director and General Manager of Ta Chen (Changsu) Machinery Co., Ltd. Director and General Manager of Ta Chen (Boye) Machinery Co., Ltd. Director of TCI Investment Group, Inc. Director of Brighton-Best International, Inc. Director of Brighton-Best International (UK), Limited. Director of Brighton-Best International (AU), Pty Ltd. Director of Brighton-Best International (NZ), Limited. Director and General Manager of Ta Chen Empire Co., Ltd. Director and General Manager of this company
Yong-Yu, Tsai	3,000 Shares	Graduated at National Open University, Faculty of Management of Finance. Supervisor of Bank of Kaohsiung Director of Hwa Fong Rubber Ind. Co., Ltd. Chairman of Jinn Her Enterprise Co., Ltd. Chairman of Tamron Construction Co., Ltd. Chairman of Tamron Leisure Co., Ltd. Chairman of Longteng Leisure Co., Ltd. Chairman of De Teng Investment Ltd Director of Atlas Distribution Services Ltd Chairman of Kaohsiung Jinn Her Charitable Foundation Director of Brighton-Best International (Taiwan) Inc.
Chao-Chin, Tsai	3,314,228 Shares	Kaohsiung Lu-Chu Junior High School Director and General Manager of Fang Sheng Screw Co., Ltd. Supervisor of Fang Sheng Machinery Co., Ltd. Chairman of Chao Sheng Co., Ltd.

		Director of Taiwan Television Enterprise, Ltd. Chairman of Chao Han Co., Ltd. Director of Brighton-Best International (Taiwan) Inc. Director of this company
I-Lan, Ou	3,444,941 Shares	Graduated at National Taiwan University, Department of Civil Engineering, Graduated at North Carolina State University, MSc Department of Civil, Construction, Environmental Engineering China Engineering Consultants Inc. Director of Brighton-Best International (Taiwan) Inc. Owner of Rigid Industries Co., Ltd. Director of San Pao Wang Yueh Co., Ltd. Director of Ho Te Co., Ltd. Supervisor of Ta Chen Empire Co., Ltd. Owner of Wise Creation Investment Ltd. Director of this company
Jung-Huei, Hsieh	3,327,829 Shares	Graduated at NAN-YING Commercial Senior High School Supervisor of Ta Chen Stainless Pipe Co., Ltd. Chairman of Ta Chen Stainless Pipe Co., Ltd. Director of Ta Chen (Changsu) Machinery Co., Ltd. Director of this company
Shi-Hsien, Tu	6,809,733 Shares	Graduated at UC Berkeley Economic and Bio-Chemistry double degree Vice President of Ta Chen International, Inc. Director of this company
Linfangjin Charitable Foundation Representative: Mei-Feng, Lin	2,288,000 Shares	Graduated at Chihlee University of Technology Supervisor of Ta Chen Stainless Pipe Co., Ltd. Supervisor of Arch-World Co., Ltd. CFO of Linfangjin Charitable Foundation Director of this company

Candidate list of Independent Director		
Name	Number of Shares Held	Qualification and Experience
Chun-An, Sheu	0 Shares	Graduated at National Chung Hsing University, Department of Accounting Statistics Rider University MBA, U.S.

		Division Chief/Deputy Director-general of National Taxation Bureau of Taipei, Ministry of Finance Deputy Director-general of National Taxation Bureau of the Northern Area, Ministry of Finance Deputy Minister of Taxation Administration Ministry of Finance, R.O.C Minister of National Taxation Bureau of the Southern Area, Ministry of Finance Supervisor of Taiwan Tobacco & Liquor Corporation Supervisor of Taiwan Financial Holdings Independent Director/Remuneration committee and Auditor Committee of Voltronic Power World Co., Ltd. Director of Hungkuo Delin University of Technology Independent Director/Remuneration committee and Auditor Committee of AAEON Technology Inc. Independent Director/Remuneration committee and Auditor Committee of ASUSTEK COMPUTER INC. Independent Director/Remuneration committee and Auditor Committee of Brighton-Best International (Taiwan) Inc. Independent Director/Remuneration committee and Auditor Committee of this company
Ming-Chang, Shen	0 Shares	Graduated at Fu Jen Catholic University, Department of Business Administration Senior Assistant Vice President of Core Pacific Securities Co., Ltd. Securities and Finance Department Manager of Union Bank Director of Antay Securities Co., Ltd. Independent Director/Remuneration committee and Auditor Committee of Brighton-Best International (Taiwan) Inc. Independent Director/Remuneration committee and Auditor Committee of this company
Kuang-Hsiang, Wang	546 Shares	Tamsui Institute of Business Administration, Junior college of Business Administration National Taiwan University SPECS, Administrative Leadership Master (3 years 40 Credit) Director of General Affair of Ministry of Finance, R.O.C Supervisor of Financial Information Service Co., Ltd. Director of BankTaiwan Securities Director of Taiwan Business Bank Standing Supervisor of Small & Medium Enterprise Credit Guarantee Fund of Taiwan Supervisor of Agricultural Bank of China Director of General Affair of Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C (Taiwan) Inspector/Director/Section Chief/Senior Executive Officer/Chief Secretary of Department of Finance, Taipei City Government Taxpayer's Identification Clerk/Revenue Officer/Section Head/Auditor of Taipei Taxation Office Remuneration committee and Auditor Committee of Brighton-Best International (Taiwan) Inc. Independent Director/Remuneration committee and Auditor Committee of this company

Voting Results :

Other Resolution

Proposal : Agree with the new directors from non-competition restrictions.

Explanation : 1. The deduction to Article 209 of the Company Act., a director who does

anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.

2. This re-election of new director if the new director does anything for himself or on behalf of another person that is within the scope of the company's business. It is proposed to release from restrictions relating to the Directors' participation in competing industries by these directors who hold concurrent posts in other companies without prejudice to the Company's interests.

Resolution :

Extempore Motion

Meeting Adjournment

Business Report

I. Management Guideline

- (I) Implement production and sales cooperation to lower cost and enhance product competitiveness
- (II) Stabilize expansion of sales channels owned by US subsidiary to increase income and profit.

II. Business Report of the Previous Fiscal Year (2019 Fiscal Year – January 1, 2019 to December 31, 2019)

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

1. Implementation of the Business Report of the Previous Fiscal Year: (For the Financial Report of January 1, 2019 to December 31, 2019, please see P.16)

The turnover of the Company in 2019 is NTD \$77,874,374 thousands, which is NTD \$5,836,137 thousands less than that in 2018, with a decrease of 7%; profit before tax is NTD \$3,144,106 thousands, which is NTD \$5,874,535 thousands less than that of 2018, with a decrease of 65%. The detailed reasons of which are as follows:

(1) Stainless Steel Department

Unit: NTD thousands / Tons

	2019	2018	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	30,056,072	34,008,220	(3,952,148)	(12)
Operating Income	25,766,153	27,569,839	(1,803,686)	(7)
Operating Gross Revenue	4,289,919	6,438,381	(2,148,462)	(33)
Number of Sales	211,611	225,304	(13,693)	(6)
Number of Production	231,444	250,764	(19,320)	(8)
Unit Sales	142	151	(9)	(6)
Unit Cost	122	122	-	-

Due to the increased supply of stainless steel market in 2019, the competition is fierce. Although price of nickel increased in 2019 from 2018, the overall sales volume still declined by 6%; both the operating income and unit sales price declined due to the fierce market competition, the gross profit of which decreased NTD \$2,148,462 thousands compared to that in 2018, with a decrease of approximately 33%.

(2)Screw and Screw-nuts Department

Unit: NTD thousands / Tons

	2019	2018	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	14,829,915	14,012,887	817,028	6
Operating Income	9,940,335	9,786,937	153,398	2
Operating Gross Revenue	4,889,580	4,225,950	663,630	16
Number of Sales	160,448	175,505	(15,057)	(9)
Number of Production	183,763	202,130	(18,367)	(9)
Unit Sales	92	80	12	15
Unit Cost	62	56	6	11

The operating income in 2019 has increased 16% compared to that of 2018, mainly due to the company's order intake in 2019 has maintained a stable and stable development, and because the company is committed to expanding product items such as industrial protective equipment and gloves, which has led to an increase in gross profit.

(3)Aluminium Product Department

Unit: NTD thousands / Tons

	2019	2018	Increase (Decrease)	Increase (Decrease) %
Operating Revenue	32,988,387	35,689,404	(2,701,017)	(8)
Operating Income	27,883,081	28,142,771	(259,690)	(1)
Operating Gross Revenue	5,105,306	7,546,633	(2,441,327)	(32)
Number of Sales	282,844	305,463	(22,619)	(7)
Number of Production	360,067	374,200	(14,133)	(4)
Unit Sales	117	117	-	-
Unit Cost	99	92	7	8

In 2018, due to the company's merger and disequilibrium of supply and demand in US market, as the Company has sufficient stock in channels, so operating income and

sales revenue have grown significantly. In 2019, foreign competitors such as the Middle East and the European region began to sell to US market in large quantities, which impacted the company's original market share and sales in US market, resulting in a decline in gross profit. The Aluminum Association has applied for anti-dumping and countervailing investigations in eighteen countries on March 9, 2020, and the Federal Trade Commission ruled that the fact that it was found to damage the U.S. aluminum market officially launched an investigation on April 23, 2020. The company anticipates that competition in the US market will help improve in the future.

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

(III) Profitability Analysis:

	2019	2018
Return on Assets (%)	3.9	10.10
Return on Shareholders' Equity (%)	5.95	21.85
Ratio of Operating Profit in Paid-in Capital (%)	43.82	75.01
Ratio of Net Profit Before Tax in Paid-in Capital (%)	25.48	73.10
Net Profit Rate (%)	3.09	7.96
EPS (NTD) after tax	1.49	5.83

Every index of profitability of 2019 has reduced compared to those of 2018 mainly due to the company's merger and disequilibrium of supply and demand in US market in 2018, as the Company has sufficient stock in channels, so operating income and sales revenue have grown significantly. In 2019, foreign competitors such as the Middle East and the European region began to sell to US market in large quantities, which impacted the company's original market share and sales in US market, resulting in a decline in gross profit.

(IV) Research & Development Status:

For the goal to become a professional manufacturer of vertical and horizontal stainless steel and relevant products, apart from strengthening the improvement of quality and research efficiency of existing products, the company also actively reaches out to the plastic and wooden curtain boards, and have achieved good results of its work.

Chairman: Li-Yun, Hsieh
 Manager: Robert Shieh
 Financial Manager : Denny Wong

TA CHEN STAINLESS PIPE CO., LTD

Audit Committee Audit Report

The board of directors of this Company has resolved the business report, financial statement and retained earnings distribution, which financial report (balance sheet, composite income sheet, statement of changes in equity, statement of cash flow) and consolidated financial report have been audited and attested by CPAs Lou Liao and Jun Kung of Deloitte & Touche appointed by the board, with audit report prepared.

This audit committee has the liability of supervising financial reporting process.

The CPAs hereby certify this Company's financial statement in 2019, and discuss with this audit committee the items as follows:

1. No major audit discoveries have been found in the scope of audit and time planned by CPAs
2. The CPAs have offered this audit committee the statement which the personnel affiliated with the same accounting firm as the CPAs who are under the ruling of independence have followed the provisions concerning independence as promulgated in the code of professional ethics. No other relations with potential effects to independence of accountants and other matters have been found.
3. A discussion on key audit matters has been conducted between the CPAs and this audit committee, and key audit matters needing discussion in the audit report has been listed in the audit report.

Tabulations of this Company's 2019 financial statement, business report and retained earnings distribution have resolved by the board of directors have been reviewed by this audit committee and all are produced complying the relevant laws, therefore this report is prescribed in accordance with Article 219 of the Company Act.

For your approval

Hereby presented to

TA CHEN STAINLESS PIPE CO., LTD 2020 Annual Shareholders' Meeting

Convener of Audit Committee: Ming-Chang, Shen

M a r c h 2 6 t h , 2 0 2 0

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying standalone financial statements of Ta Chen Stainless Pipe Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2019 and 2018, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2019 and 2018, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description for the key audit matter of the Company's standalone financial statements for the year ended December 31, 2019 is as follows:

Assessment of Net Realizable Value of Inventories

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

Refer to Notes 4(e), 5(b), and 10 to the accompanying standalone financial statements for the relevant accounting policies, estimation uncertainty, and detailed information. As of December 31, 2019, inventories amounted to NT\$2,049,823 thousand, representing 4% of the Company's total assets.

The carrying amount of inventories has a significant impact on the operating costs presented in the standalone financial statements; hence, the assessment of net realizable value of inventories was identified as a key audit matter.

The audit procedures performed in respect of the above key audit matter included the following:

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2019 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 Chun Chi Kung and Hung Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 26, 2020

Notice to Readers

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

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

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 2,721,423	6	\$ 1,293,687	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	101,941	-	51,968	-
Financial assets at amortized cost - current (Notes 4, 11 and 29)	1,088,880	2	792,601	2
Financial assets for hedging - current (Notes 4 and 27)	1,104	-	8,671	-
Notes receivable (Notes 4 and 9)	3,328	-	6,595	-
Accounts receivable, net (Notes 4, 5, 9 and 21)	170,072	1	232,342	1
Accounts receivable from related parties (Notes 9, 21 and 28)	2,094,093	5	3,807,360	5
Other receivables (Note 28)	33,386	-	134,995	-
Inventories (Notes 4, 5 and 10)	2,049,823	4	2,232,504	4
Prepayments (Note 15)	148,934	-	309,439	-
Total current assets	8,412,984	18	8,870,162	18
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	16,353	-	17,728	-
Financial assets at amortized cost - non-current (Notes 4, 11, 28 and 29)	306,386	1	398,584	1
Investment accounted for using the equity method (Notes 4 and 12)	35,550,999	74	35,367,646	74
Property, plant and equipment (Notes 4, 13, 28 and 29)	3,249,516	7	3,236,628	7
Right-of-use assets (Note 3, 4 and 14)	25,961	-	-	-
Deferred tax assets (Notes 4 and 23)	286,551	-	286,828	-
Net defined benefit assets - non-current (Notes 4 and 19)	23,458	-	-	-
Other non - current assets - other (Note 15)	67,046	-	63,158	-
Total non-current assets	39,526,270	82	39,370,572	82
TOTAL	\$ 47,939,254	100	\$ 48,240,734	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 29)	\$ 7,773,239	16	\$ 4,835,223	16
Short-term bills payable (Note 16)	1,129,106	2	709,124	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	16,655	-	-	-
Financial liabilities for hedging - current (Notes 4 and 27)	16,851	-	1,591	-
Notes payable (Note 17)	73,258	-	118,133	-
Accounts payable (Note 17)	136,514	-	129,119	-
Accounts payable to related parties (Note 28)	42,105	-	41,501	-
Other payables (Note 18)	291,089	1	542,430	1
Current tax liabilities (Notes 4 and 23)	94,087	-	-	-
Lease liabilities - current (Notes 3, 4 and 14)	11,787	-	-	-
Current portion of long-term borrowings (Notes 16 and 29)	1,746,086	4	419,477	4
Other current liabilities (Notes 18 and 28)	21,156	-	147,461	-
Total current liabilities	11,351,933	23	6,944,059	23
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 29)	10,906,997	23	10,782,912	23
Deferred tax liabilities (Notes 4, 5 and 23)	4,847	-	5,554	-
Lease liabilities - non-current (Notes 3, 4 and 14)	14,319	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	-	-	7,618	-
Total non-current liabilities	10,926,163	23	10,796,084	23
Total liabilities	22,278,096	46	17,740,143	46
EQUITY (Note 20)				
Ordinary shares	12,337,901	26	12,337,901	26
Capital surplus	9,523,679	20	10,418,214	20
Retained earnings				
Legal reserve	1,876,880	4	1,272,940	4
Special reserve	186,470	1	597,429	1
Unappropriated earnings	3,980,588	8	6,060,577	8
Total retained earnings	6,043,938	13	7,930,946	13
Other equity	(1,353,600)	(3)	(186,470)	(3)
Treasury shares	(890,760)	(2)	-	(2)
Total equity	25,661,158	54	30,500,591	54
TOTAL	\$ 47,939,254	100	\$ 48,240,734	100

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

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 7,584,694	100	\$ 8,347,692	100
OPERATING COSTS (Notes 10, 19, 22 and 28)	<u>6,610,473</u>	<u>87</u>	<u>6,961,843</u>	<u>84</u>
GROSS PROFIT	<u>974,221</u>	<u>13</u>	<u>1,385,849</u>	<u>16</u>
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(303,029)	(4)	(527,121)	(6)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>527,121</u>	<u>7</u>	<u>398,080</u>	<u>5</u>
REALIZED GROSS PROFIT	<u>1,198,313</u>	<u>16</u>	<u>1,256,808</u>	<u>15</u>
OPERATING EXPENSES (Notes 19, 22 and 28)				
Selling and marketing expenses	126,988	2	137,622	2
General and administrative expenses	<u>461,509</u>	<u>6</u>	<u>1,253,352</u>	<u>15</u>
Total operating expenses	<u>588,497</u>	<u>8</u>	<u>1,390,974</u>	<u>17</u>
OTHER OPERATING INCOME AND EXPENSES (Note 22)	<u>325</u>	<u>-</u>	<u>283</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>610,141</u>	<u>8</u>	<u>(133,883)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 28)				
Other income	16,532	-	17,914	-
Other gains and losses	(11,288)	-	154,174	2
Finance costs	(319,588)	(4)	(291,893)	(3)
Share of profit of subsidiaries	<u>1,618,345</u>	<u>21</u>	<u>6,296,535</u>	<u>75</u>
Total non-operating income	<u>1,304,001</u>	<u>17</u>	<u>6,176,730</u>	<u>74</u>
INCOME BEFORE INCOME TAX FOR THE YEAR	1,914,142	25	6,042,847	72
INCOME TAX EXPENSE (Notes 4, 5 and 23)	<u>93,366</u>	<u>1</u>	<u>3,446</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,820,776</u>	<u>24</u>	<u>6,039,401</u>	<u>72</u>

(Continued)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 11,359	-	\$ (1,624)	-
Share of other equity of subsidiaries	(5,941)	-	19,237	-
Income tax benefit relating to items that will not be reclassified subsequently	(2,272)	-	325	-
	<u>3,146</u>	<u>-</u>	<u>17,938</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(722,423)	(9)	402,706	5
Loss on hedging instruments not subject to basic adjustment	589	-	189	-
Share of the other comprehensive loss of subsidiaries	(429,857)	(6)	(17,635)	-
Income tax expense relating to items that may be reclassified subsequently to profit or loss	(118)	-	(38)	-
	<u>(1,151,809)</u>	<u>(15)</u>	<u>385,222</u>	<u>5</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,148,663)</u>	<u>(15)</u>	<u>403,160</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 672,113</u>	<u>9</u>	<u>\$ 6,442,561</u>	<u>77</u>
EARNINGS PER SHARE (New Taiwan dollars; Note 24)				
Basic	<u>\$ 1.49</u>		<u>\$ 5.83</u>	
Diluted	<u>\$ 1.49</u>		<u>\$ 5.80</u>	

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

(Concluded)

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2018	\$ 9,459,520	\$ 1,309,805	\$ 1,164,126	\$ -	\$ 1,641,813	\$ (572,215)	\$ (8,335)	\$ (15,313)	\$ (595,863)	\$ -	\$ 12,979,401
Appropriation of 2017 earnings (Note 20)											
Legal reserve	-	-	108,814	-	(108,814)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$0.55 per share	-	-	-	-	(520,274)	-	-	-	-	-	(520,274)
Share dividends distributed by the Company - NT\$0.4 per share	378,381	-	-	-	(378,381)	-	-	-	-	-	-
Special reserve	-	-	-	597,429	(597,429)	-	-	-	-	-	-
Cash dividends distributed from capital surplus (Note 20)	-	(236,488)	-	-	-	-	-	-	-	-	(236,488)
Net profit for the year ended December 31, 2018	-	-	-	-	6,039,401	-	-	-	-	-	6,039,401
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax (Note 20)	-	-	-	-	(6,233)	453,459	24,171	(68,237)	409,393	-	403,160
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	6,033,168	453,459	24,171	(68,237)	409,393	-	6,442,561
Issuance of ordinary shares for cash	2,500,000	7,995,000	-	-	-	-	-	-	-	-	10,495,000
Share of changes in equity of subsidiaries	-	1,320,098	-	-	(9,506)	-	-	-	-	-	1,310,592
Share-based payments	-	29,799	-	-	-	-	-	-	-	-	29,799
BALANCE AT DECEMBER 31, 2018	12,337,901	10,418,214	1,272,940	597,429	6,060,577	(118,756)	15,836	(83,550)	(186,470)	-	30,500,591
Appropriation of 2018 earnings (Note 20)											
Legal reserve	-	-	603,940	-	(603,940)	-	-	-	-	-	-
Special reserve reversed	-	-	-	(410,959)	410,959	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$3 per share	-	-	-	-	(3,701,369)	-	-	-	-	-	(3,701,369)
Change from investment on associates for using the equity method	-	3,186	-	-	(3,255)	-	-	-	-	-	(69)
Net profit for the year ended December 31, 2019	-	-	-	-	1,820,776	-	-	-	-	-	1,820,776
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax (Note 20)	-	-	-	-	13,702	(855,827)	(10,556)	(295,982)	(1,162,365)	-	(1,148,663)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,834,478	(855,827)	(10,556)	(295,982)	(1,162,365)	-	672,113
Disposal of investments in financial instruments designed as at fair value other comprehensive income	-	-	-	-	4,765	-	(4,765)	-	(4,765)	-	-
Cash dividends distributed by subsidiaries	-	50,468	-	-	-	-	-	-	-	-	50,468
The Company's shares held by subsidiaries accounted for as treasury shares	-	-	-	-	-	-	-	-	-	(890,760)	(890,760)
Changes in percentage of ownership interests in subsidiaries	-	(948,189)	-	-	(21,627)	-	-	-	-	-	(969,816)
BALANCE AT DECEMBER 31, 2019	<u>\$ 12,337,901</u>	<u>\$ 9,523,679</u>	<u>\$ 1,876,880</u>	<u>\$ 186,470</u>	<u>\$ 3,980,588</u>	<u>\$ (974,583)</u>	<u>\$ 515</u>	<u>\$ (379,532)</u>	<u>\$ (1,353,600)</u>	<u>\$ (890,760)</u>	<u>\$ 25,661,158</u>

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

Ta Chen Stainless Pipe Co., Ltd.

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,914,142	\$ 6,042,847
Adjustments for:		
Net gain on financial assets and liabilities at fair value through profit or loss	(34,569)	(182,551)
Depreciation expenses	243,625	235,579
Finance costs	319,588	291,893
Interest income	(6,668)	(11,448)
Dividend income	(587)	(271)
Compensation costs of employee share options	-	29,799
Shares of profit of subsidiaries	(1,618,345)	(6,296,535)
Gain on disposal of property, plant and equipment	(325)	(283)
Provision for loss on inventories	-	158,283
Unrealized gain on the transactions with subsidiaries	303,029	527,121
Realized gain on transactions with subsidiaries	(527,121)	(398,080)
Net loss (gain) on foreign currency exchange	49,558	(10,451)
Gain on lease modification	(6)	-
Changes in operating assets and liabilities		
Financial assets for hedging	8,156	(8,482)
Notes receivable	3,267	290
Accounts receivable	59,373	(24,139)
Accounts receivable - related parties	1,654,781	(1,495,440)
Other receivables	101,896	(12,118)
Inventories	154,430	(317,357)
Prepayments	188,756	(69,410)
Net defined benefit assets	(12,099)	-
Financial liabilities for hedging	15,260	1,591
Notes payable	(41,674)	(16,824)
Accounts payable	(517)	(98,035)
Accounts payable - related parties	604	(13,044)
Other payables	(233,527)	271,744
Other payables - related parties	-	(535,882)
Other current liabilities	(126,305)	135,787
Net defined benefit liabilities	(7,618)	(23,882)
Cash generated from (used in) operations	2,407,104	(1,819,298)
Income tax paid	(1,218)	(11,438)
Net cash generated from (used in) operating activities	<u>2,405,886</u>	<u>(1,830,736)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial asset at fair value through profit or loss	(66,659)	(66,694)
Proceeds from financial assets at fair value through profit or loss	67,910	67,152
Cash from capital reduction of financial assets at fair value through other comprehensive income	1,375	400
Acquisition of investments accounted for using the equity method	(2,105,185)	(11,182,638)
Payments for property, plant and equipment	(321,915)	(167,248)
Proceeds from disposal of property, plant and equipment	131,793	825

(Continued)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Ta Chen Stainless Pipe Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China ("ROC").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description for the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2019 is as follows:

Assessment of Net Realizable Value of Inventories

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

Refer to Notes 4(g), 5(b), and 11 to the consolidated financial statements for the relevant accounting policies, estimation uncertainty, and detailed information. As of December 31, 2019, inventories amounted to NT\$53,935,236 thousand, representing 52% of the Group's total assets.

The carrying amount of inventories has a significant impact on the operating costs presented in the consolidated financial statements; hence, the assessment of net realizable value of inventories was identified as a key audit matter.

The audit procedures performed in respect of the above key audit matter included the following:

1. We evaluated the reasonableness of inventory valuation method applied by management based on our understanding of the industry and products. In addition, we understood relevant internal controls and tested operating effectiveness of key controls related to inventory valuation.
2. We evaluated the reasonableness of estimated sales price based on the latest sales record, basis of inventory valuation by management and other supporting documents, and also calculated the rate of variable selling expenses to ensure the reasonableness of net realizable value of inventory.
3. We tested the accuracy of inventory aging report on a persample basis for evaluating the appropriateness of inventory write-downs as well as obtained the slow-moving inventory report of the current and prior periods to perform an analysis for the difference between the amounts.

Other Matter

We have also audited the parent company only financial statements of Ta Chen Stainless Pipe Co., Ltd. as of and for the years ended December 31, 2019 and 2018 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 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 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 Chun Chi Kung and Hung Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 26, 2020

Notice to Readers

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

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

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 9,114,891	9	\$ 11,837,883	12
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	432,069	-	363,110	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	25,387	-	216,253	-
Financial assets at amortized cost - current (Notes 4, 9 and 34)	2,407,692	2	1,750,206	2
Financial assets for hedging - current (Notes 4 and 32)	1,104	-	45,213	-
Notes receivable (Note 10)	3,362	-	6,785	-
Accounts receivable, net (Notes 4, 10, 33 and 34)	5,082,705	5	6,983,917	7
Other receivables (Note 33)	578,862	-	240,861	-
Current tax assets (Notes 4 and 27)	66,723	-	58,520	-
Inventories (Notes 4, 11 and 34)	53,935,236	52	47,806,954	50
Prepayments for leases (Notes 18 and 34)	-	-	5,025	-
Prepayments (Notes 19 and 33)	1,665,815	2	4,027,268	4
Total current assets	73,313,846	70	73,341,995	76
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	2,618	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,149,780	1	176,997	-
Financial assets at amortized cost - non-current (Notes 4, 9, 33 and 34)	1,385,605	1	1,306,186	2
Derivative financial assets for hedging - non-current (Notes 4 and 32)	18,926	-	-	-
Investments accounted for using the equity method (Notes 4 and 13)	125,901	-	-	-
Property, plant and equipment (Notes 4, 14 and 34)	14,275,332	14	12,895,512	13
Right-of-use assets (Notes 3, 4, 5 and 15)	5,394,478	5	-	-
Investment properties (Notes 4, 16 and 34)	249,840	-	257,961	-
Goodwill (Notes 4, 5 and 17)	3,986,071	4	4,083,842	4
Other intangible assets (Notes 4, 5 and 17)	2,807,205	3	3,454,164	4
Deferred tax assets (Notes 4 and 27)	1,405,407	1	1,281,270	1
Net defined benefit assets - non-current (Notes 4 and 23)	23,458	-	-	-
Prepayments for leases - non-current (Notes 18 and 34)	-	-	95,289	-
Other non-current assets - other (Note 19)	449,975	1	134,386	-
Total non-current assets	31,271,978	30	23,688,225	24
TOTAL	\$ 104,585,824	100	\$ 97,030,220	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 20 and 34)	\$ 12,461,072	12	\$ 8,004,285	8
Short-term bills payable (Notes 20 and 34)	1,428,964	1	1,608,615	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	79,597	-	2,996	-
Financial liabilities for hedging - current (Notes 4 and 32)	16,851	-	118,189	-
Notes payable (Note 21)	73,435	-	118,536	-
Accounts payable (Note 21)	2,698,885	3	2,351,147	3
Other payables (Notes 22 and 33)	1,996,612	2	3,186,493	3
Current tax liabilities (Notes 4 and 27)	223,319	-	1,014,100	1
Lease liabilities - current (Notes 3, 4, 5 and 15)	746,000	1	-	-
Current portion of long-term borrowings (Notes 20 and 34)	2,548,582	3	899,006	1
Other current liabilities (Note 22)	227,413	-	166,700	-
Total current liabilities	22,500,730	22	17,470,067	18
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 7)	1,941	-	-	-
Financial liabilities for hedging - non-current (Notes 4 and 32)	377,925	-	-	-
Long-term borrowings (Notes 20 and 34)	39,366,461	38	35,017,891	36
Deferred tax liabilities (Notes 4 and 27)	619,669	1	106,729	-
Lease liabilities - non-current (Notes 3, 4, 5 and 15)	4,800,269	4	-	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	-	-	7,618	-
Other non-current liabilities (Note 22)	141,439	-	284,331	1
Total non-current liabilities	45,307,704	43	35,416,569	37
Total liabilities	67,808,434	65	52,886,636	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Ordinary shares	12,337,901	12	12,337,901	12
Capital surplus	9,523,679	9	10,418,214	11
Retained earnings				
Legal reserve	1,876,880	2	1,272,940	1
Special reserve	186,470	-	597,429	1
Unappropriated earnings	3,980,588	4	6,060,577	6
Total retained earnings	6,043,938	6	7,930,946	8
Other equity	(1,353,600)	(2)	(186,470)	-
Treasury shares	(890,760)	(1)	-	-
Total equity attributable to owners of the Company	25,661,158	24	30,500,591	31
NON-CONTROLLING INTERESTS (Note 24)	11,116,232	11	13,642,993	14
Total equity	36,777,390	35	44,143,584	45
TOTAL	\$ 104,585,824	100	\$ 97,030,220	100

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

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 33)	\$ 77,874,374	100	\$ 83,710,511	100
OPERATING COSTS (Notes 4, 11, 23, 26 and 33)	<u>63,589,569</u>	<u>82</u>	<u>65,499,547</u>	<u>78</u>
GROSS PROFIT	<u>14,284,805</u>	<u>18</u>	<u>18,210,964</u>	<u>22</u>
OPERATING EXPENSES (Notes 23, 26 and 33)				
Selling and marketing expenses	2,669,505	3	3,123,414	4
General and administrative expenses	6,197,907	8	5,838,584	7
Expected credit loss	<u>10,360</u>	<u>-</u>	<u>10,473</u>	<u>-</u>
Total operating expenses	<u>8,877,772</u>	<u>11</u>	<u>8,972,471</u>	<u>11</u>
OTHER OPERATING INCOME AND EXPENSES (Note 26)	<u>(270)</u>	<u>-</u>	<u>16,556</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>5,406,763</u>	<u>7</u>	<u>9,255,049</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Notes 26 and 33)				
Other income	308,064	-	186,186	-
Other gains and losses	(670,685)	(1)	969,301	1
Finance costs	(1,901,206)	(2)	(1,391,895)	(1)
Share of profit of associates	<u>1,170</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating expenses	<u>(2,262,657)</u>	<u>(3)</u>	<u>(236,408)</u>	<u>-</u>
INCOME BEFORE INCOME TAX FOR THE YEAR	3,144,106	4	9,018,641	11
INCOME TAX EXPENSE (Notes 4 and 27)	<u>737,069</u>	<u>1</u>	<u>2,356,188</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>2,407,037</u>	<u>3</u>	<u>6,662,453</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	15,974	-	(6,558)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(415,574)	-	58,157	-

(Continued)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss	\$ (2,272)	-	\$ 325	-
	<u>(401,872)</u>	<u>-</u>	<u>51,924</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(924,036)	(1)	508,720	1
Loss on hedging instruments not subject to basis adjustment	(297,478)	(1)	(61,446)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	2,561	-	(7,846)	-
	<u>(1,218,953)</u>	<u>(2)</u>	<u>439,428</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(1,620,825)</u>	<u>(2)</u>	<u>491,352</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 786,212</u>	<u>1</u>	<u>\$ 7,153,805</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,820,776	2	\$ 6,039,401	7
Non-controlling interests	<u>586,261</u>	<u>1</u>	<u>623,052</u>	<u>1</u>
	<u>\$ 2,407,037</u>	<u>3</u>	<u>\$ 6,662,453</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 672,113	1	\$ 6,442,561	8
Non-controlling interests	<u>114,099</u>	<u>-</u>	<u>711,244</u>	<u>1</u>
	<u>\$ 786,212</u>	<u>1</u>	<u>\$ 7,153,805</u>	<u>9</u>
EARNINGS PER SHARE (New Taiwan Dollars; Note 28)				
Basic	<u>\$ 1.49</u>		<u>\$ 5.83</u>	
Diluted	<u>\$ 1.49</u>		<u>\$ 5.80</u>	

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

(Concluded)

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company												
	Retained Earnings					Other Equity							
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Other Equity	Treasury Shares	Total	Non-controlling Interest (Note 24)	Total Equity
BALANCE AT JANUARY 1, 2018	\$ 9,459,520	\$ 1,309,805	\$ 1,164,126	\$ -	\$ 1,641,813	\$ (572,215)	\$ (8,335)	\$ (15,313)	\$ (595,863)	\$ -	\$ 12,979,401	\$ 3,869,226	\$ 16,848,627
Appropriation of the 2017 earnings (Note 24)													
Legal reserve	-	-	108,814	-	(108,814)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	597,429	(597,429)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$0.55 per share	-	-	-	-	(520,274)	-	-	-	-	-	(520,274)	-	(520,274)
Share dividends distributed by the Company - NT\$0.4 per share	378,381	-	-	-	(378,381)	-	-	-	-	-	-	-	-
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(330,083)	(330,083)
Cash dividends distributed from capital surplus	-	(236,488)	-	-	-	-	-	-	-	-	(236,488)	-	(236,488)
Net profit for the year ended December 31, 2018	-	-	-	-	6,039,401	-	-	-	-	-	6,039,401	623,052	6,662,453
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax (Note 24)	-	-	-	-	(6,233)	453,459	24,171	(68,237)	409,393	-	403,160	88,192	491,352
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	6,033,168	453,459	24,171	(68,237)	409,393	-	6,442,561	711,244	7,153,805
Issuance of ordinary shares for cash	2,500,000	7,995,000	-	-	-	-	-	-	-	-	10,495,000	-	10,495,000
Actual acquisition of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	11,187,075	11,187,075
Share of changes in equity of associates	-	1,320,098	-	-	(9,506)	-	-	-	-	-	1,310,592	(1,794,469)	(483,877)
Share-based payments	-	29,799	-	-	-	-	-	-	-	-	29,799	-	29,799
BALANCE AT DECEMBER 31, 2018	12,337,901	10,418,214	1,272,940	597,429	6,060,577	(118,756)	15,836	(83,550)	(186,470)	-	30,500,591	13,642,993	44,143,584
Appropriation of the 2018 earnings (Note 24)													
Legal reserve	-	-	603,940	-	(603,940)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(410,959)	410,959	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$3 per share	-	-	-	-	(3,701,369)	-	-	-	-	-	(3,701,369)	-	(3,701,369)
Cash dividends received from subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,708,893)	(1,708,893)
Changes investments in associates for using the equity method	-	3,186	-	-	(3,255)	-	-	-	-	-	(69)	-	(69)
Net profit for the year ended December 31, 2019	-	-	-	-	1,820,776	-	-	-	-	-	1,820,776	586,261	2,407,037
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax (Note 24)	-	-	-	-	13,702	(855,827)	(10,556)	(295,982)	(1,162,365)	-	(1,148,663)	(472,162)	(1,620,825)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,834,478	(855,827)	(10,556)	(295,982)	(1,162,365)	-	672,113	114,099	786,212
Disposal of Financial instruments at fair value through other comprehensive income	-	-	-	-	4,765	-	(4,765)	-	(4,765)	-	-	-	-
Changes in capital surplus by dividends of subsidiaries	-	50,468	-	-	-	-	-	-	-	-	50,468	-	50,468
Treasury shares held by subsidiaries	-	-	-	-	-	-	-	-	-	(890,760)	(890,760)	-	(890,760)
Actual acquisition of interests in subsidiaries	-	(768,698)	-	-	-	-	-	-	-	-	(768,698)	(931,967)	(1,700,665)
Share of changes in equity of associates	-	(179,491)	-	-	(21,627)	-	-	-	-	-	(201,118)	-	(201,118)
BALANCE AT DECEMBER 31, 2019	\$ 12,337,901	\$ 9,523,679	\$ 1,876,880	\$ 186,470	\$ 3,980,588	\$ (974,583)	\$ 515	\$ (379,532)	\$ (1,353,600)	\$ (890,760)	\$ 25,661,158	\$ 11,116,232	\$ 36,777,390

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

Ta Chen Stainless Pipe Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 3,144,106	\$ 9,018,641
Adjustments for:		
Depreciation expenses	1,592,380	630,263
Amortization expenses	582,502	147,172
Expected credit loss recognized on accounts receivable	10,360	10,473
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	10,950	(765,459)
Finance costs	1,901,206	1,391,895
Interest income	(32,061)	(20,479)
Dividend income	(113,034)	(3,077)
Compensation costs of employee share options	-	32,015
Share of profit of associates	(1,170)	-
Loss (gain) on disposal of property, plant and equipment	270	(16,556)
Net gain on disposal of financial assets	-	(80)
Provision for loss on inventories	76,431	199,138
Gain on lease modification	(6)	-
Net loss (gain) on foreign currency exchange	769,847	(321,639)
Changes in operating assets and liabilities		
Financial assets for hedging	45,213	(26,496)
Notes receivable	3,423	45,391
Accounts receivable	1,773,851	85,523
Other receivables	(338,001)	137,832
Inventories	(7,637,796)	(16,247,276)
Prepayments	2,354,429	(550,789)
Other current assets	-	(2,918)
Derivate financial liabilities for hedging	(43,583)	-
Notes payable	(41,901)	(29,220)
Accounts payable	339,786	646,249
Other payables	(1,192,337)	2,125,006
Other current liabilities	60,713	(58,552)
Net defined benefit obligation	(19,717)	(23,882)
Cash generated from (used in) operations	3,245,861	(3,596,825)
Income tax paid	(1,570,019)	(1,488,132)
Net cash generated from (used in) operating activities	<u>1,675,842</u>	<u>(5,084,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(1,614,790)	(178,174)
Proceeds from financial assets at fair value through other comprehensive income	208,830	7,713
Cash from capital reduction of financial assets at fair value through other comprehensive income	-	400
Acquisition of financial assets at amortized cost	(657,486)	(385,091)
Proceeds from sale of financial assets at amortized cost	85,721	-
Acquisition of financial assets at fair value through profit or loss	(66,659)	(66,694)
Proceeds from financial assets at fair value through profit or loss	67,910	67,152
Acquisition of investments accounted for using the equity method	(124,800)	-
Payments for property, plant and equipment	(1,964,663)	(5,940,033)

(Continued)

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

After the Revision		Before the Revision		Purpose of Revision
Article	Content	Article	Content	
Article 5	The Company's shares are registered with names. The shares are issued after being signed and sealed by more than three directors and approved by the competent authority or the approved issuing agency. <u>The registered stock issued by the Company may be issued without printing out the shares.</u>	Article 5	The Company's shares are registered with names. The shares are issued after being signed and sealed by more than three directors and approved by the competent authority or the approved issuing agency. The Company may issue the shares without printing physical notes in accordance with Article 162-2 of the Company Act.	Amendment of the regulations
Article 25	This Articles of Incorporation was drawn up on the thirty-first of October 1986. • • Thirtieth revision was made on June 12, 2014 (Article 11 of the provisions about the nomination system for candidates has been applicable since the election of directors of the eleventh term.) Thirty-first revision was made on June 22, 2015 Thirty-second revision was made on June 21, 2016 Thirty-third revision was made on June 19, 2017 Thirty-fourth revision was made on June 8, 2018 Thirty-fifth revision was made on June 18, 2019. <u>Thirty-sixth amendment was effected on June 22, 2020.</u> Implemented after being approved by the competent authority.	Article 25	Articles of Incorporation was drawn up on the thirty-first of October 1986. • • Thirtieth revision was made on June 12, 2014 (Article 11 of the provisions about the nomination system for candidates has been applicable since the election of directors of the eleventh term.) Thirty-first revision was made on June 22, 2015 Thirty-second revision was made on June 21, 2016 Thirty-third revision was made on June 19, 2017 Thirty-fourth revision was made on June 8, 2018 Thirty-fifth revision was made on June 18, 2019. Implemented after being approved by the competent authority.	Change in time of amendment and added date of revision

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

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

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

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

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

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

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

First revision was made on March 28, 1996

Second revision was made on April 15, 1998

Third revision was made on June 25, 2002

Fourth revision was made on June 15, 2006

Fifth revision was made on June 22, 2015

TA CHEN STAINLESS PIPE CO., LTD.

Articles of Incorporation

Chapter 1 General Provisions

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

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

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

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

Chapter 2 Shares

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

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

The Company may issue the shares without printing physical notes in accordance with Article 162-2 of the Company Act.

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

Chapter 3 Shareholders' Meeting

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

Companies” issued by the competent authority.

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

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

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

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

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

Chapter 4 Directors and Supervisors

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

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

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

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

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

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

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

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

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

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

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

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

Article 15 : (Deleted)

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

Chapter 5 Managers

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

Chapter 6 Accounting

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

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

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

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

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

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

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

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

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

Chapter 7 Supplementary Provisions

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

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

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

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

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

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

First revision was made on December 25, 1986

Second revision was made on May 20, 1987

Third revision was made on September 1, 1988

Fourth revision was made on January 7, 1989

Fifth revision was made on April 16, 1989

Sixth revision was made on October 4, 1989

Seventh revision was made on January 24, 1990

Eighth revision was made on April 20, 1991

Ninth revision was made on February 15, 1992

Tenth revision was made on August 11, 1992

Eleventh revision was made on April 20, 1994

Twelfth revision was made on March 17, 1995

Thirteenth revision was made on March 28, 1996

Fourteenth revision was made on October 18, 1996

Fifteenth revision was made on April 15, 1998

Sixteenth revision was made on April 7, 1999

Seventeenth revision was made on April 18, 2000

Eighteenth revision was made on October 20, 2000

Nineteenth revision was made on June 25, 2002

Twentieth revision was made on June 15, 2004

Twenty-first revision was made on June 14, 2005

Twenty-second revision was made on June 15, 2006

Twenty-third revision was made on June 21, 2007

Twenty-fourth revision was made on June 19, 2008

Twenty-fifth revision was made on June 10, 2009

Twenty-sixth revision was made on June 15, 2010

Twenty-seventh revision was made on June 10, 2011

Twenty-eighth revision was made on June 13, 2012

Twenty-ninth revision was made on June 28, 2013

Thirtieth revision was made on June 12, 2014

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

Thirty-first revision was made on June 22, 2015

Thirty-second revision was made on June 21, 2016

Thirty-third revision was made on June 19, 2017

Thirty-fourth revision was made on June 8, 2018

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

Implemented after being approved by the competent authority.

TA CHEN STAINLESS PIPE CO., LTD.

Procedures for Election of Directors

Jun.2017

Article 1

Except as otherwise provided by law and regulation or by this Corporation's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2

The cumulative voting method shall be used for election of the Directors at this Corporation.

Besides the use of electronic vote, attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders

Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 3

Elections of Directors at this Corporation shall be conducted in accordance with the candidate nomination system whereby the shareholders nominate and elect candidates from the candidates list.

The number of directors will be as specified in this Corporation's Articles of Incorporation.

Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes as director and independent

director positions. When two or more persons receive the same number of votes, thus

exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 4

Before the election begins, it shall appoint 2 people with shareholder status to perform the respective duties of vote monitoring personnel. The chair shall appoint the other people to perform the respective duties of vote counting personnel.

Article 5

The board of directors shall prepare separate ballots in the number of voting rights which shall then be distributed to the attending shareholders . The preparation of ballots by electronic voting shall not be printed.

Article 6

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 7

A ballot is invalid which shall not be distribute to the candidate under any of the following circumstances:

1. Ballots not placed in the ballot box.
2. Ballots not prepared by this Company
3. A blank ballot
4. Other words or marks are entered in addition to the candidate's account name, shareholder account number or identity card number.
5. The writing is unclear and indecipherable.

6. The name of the candidate, shareholder account number or identity card number has been altered.
7. The writing of ballot in accordance with Article 7.
8. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
9. Two or more candidates are included in a single ballot.

Article 8

The number of voting shares exercised by correspondence or electronically shall be calculated on site immediately after the end of the poll, and the list of persons elected as directors which they were elected, shall be announced by the chair on the site

Article 9

The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 10

The exception to this procedure shall be conducted in accordance with Company Act, Corporation's Articles of Incorporation or associated laws.

Article 11

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

Shareholdings of All Directors

1. Based on the provisions of Article 26 of Securities and Exchange Act, the Company's directors altogether shall hold a minimum of 37,013,702 shares (3%).
2. The Company has established an audit committee, thus there is no requirement for the number of shares that the supervisors should legally hold.
3. As of April 24, 2020, the shareholdings of individual and all directors as well as supervisors listed in the shareholder list are as follows:

April 24, 2020

Title	Name	Shares Held at Present	
		Number of Shares	Shareholding Ratio
Chairman	Ta Ying Cheng Investment Co., Ltd. Representative : Li-Yun, Hsieh	76,928,274	6.24%
Director	Rung-Kun, Shieh	32,865,510	2.66%
Director	Ling-Hwa, Wang	24,074,784	1.95%
Director	Shi-Hsien, Tu	6,809,733	0.55%
Director	Jung-Huei, Hsieh	3,327,829	0.27%
Director	Chao-Chin, Tsai	3,314,228	0.27%
Director	I-Lan, Ou	3,444,941	0.28%
Director	Linfangjin Charitable Foundation Representative : Mei-Feng, Lin	2,288,000	0.19%
Independent Director	Chun-An, Sheu	-	-
Independent Director	Ming-Chang, Shen	-	-
Independent Director	Kuang-Hsiang, Wang	546	-

Note: As of the date of the shareholder's transfers, the total number of shares held by all directors was 153,053,845 shares, which conform to the provisions of Article 26 of Securities and Exchange Act.

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

Items		Year	2020(Pro-Forma)
Beginning paid-in capital (Include preferred share)			NTD 12,337,900,520
Stock dividend and cash dividend issued this year(Note 1)	Cash dividend per share		NTD 0
	Stock dividend per share appropriate from a capitalization of retained earnings		0.02 shares
	Stock dividend per shares appropriate from a capitalization of capital reserve		NTD 1
Change in business performance	Operating income		(Note 2)
	Ratio of increase (decrease) in operating income as compared to the previous year		
	Net income after tax		
	Ratio of increase (decrease) in net income after tax as compared to the previous year		
	Earnings per share		
	Ratio of increase (decrease) in EPS as compared to the previous year		
	Average annual ROE ratio (Average annual PE/ratio)		
Pro-forma EPS and P/E Ratio	In case that cash dividends would be paid in lieu of stock dividend by a Capitalization of retained earnings	Pro-forma EPS	
		Pro-forma average annual ROE ratio	
	In case that there would be no stock dividend appropriated from a capitalization of capita; reserve	Pro-forma EPS	
		Pro-forma average annual ROE ratio	
	In case that there would be no stock dividend appropriated from a capitalization of capital reserve and cash dividends would be paid in lieu of stock dividends by a capitalization of retained earnings	Pro-forma EPS	
		Pro-forma average annual ROE ratio	

Note 1 : Stock dividend and cash dividend issued this year is shown according to the profit distribution proposal resolved by the Board on March 26, 2020.

Note 2 : According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company does not disclose complete financial forecast and therefore does not need to disclose the 2020 forecast information.

Chairman: Li-Yun, Hsieh

CEO: Robert Shieh

Financial Manager: Denny Wong