

TWSE : 1517

Lee Chi Enterprises Co., Ltd.

2021 Annual Shareholders' Meeting

Meeting Agenda

Note to Readers:

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 version shall prevail.

June 28, 2021

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Lee Chi Enterprises Co., Ltd.

Procedure for the 2021 Annual General Meeting

- I. Call the Meeting to Order

- II. Chairperson's Opening Remarks

- III. Report Items

- IV. Proposed Resolutions

- V. Extraordinary Motions

- IV. Adjournment

Lee Chi Enterprises Co., Ltd.

2021 Annual General Meeting Agenda

I . Time: 9:00 am on June, 28, 2021 (Monday)

II . Place: No.112, Section 1, Shipai Road, Shipai Village, Changhua City
(the Company).

III. Chairman's Opening Remarks

IV. Report Items

(I) 2020 Business Report

(II) Audit Committee's Review Report on the 2020 Financial Statements

(III) Report on the 2020 Distribution of Employees' Compensation
and Directors' Remuneration

V. Proposed Resolutions

(I) 2020 Business Report and Financial Statements

(II) Distribution of 2020 earnings

VI. Motions

VII. Adjournment

Report Items

Item 1 :

Subject : 2020 Business Report.

Explanation : The 2020 Business Report is attached on Page 7.

Item 2 :

Subject : Audit Committee's Review Report of the 2020 Financial Statements.

Explanation : The Review Report is attached on Page 14.

Item 3 :

Subject : Report on the 2020 Distribution of Employees' Compensation and
Directors' Remuneration.

Explanation : The Company's 2020 profit (profit refers to earnings before tax after deducting employees' compensation and directors' remuneration) is NT\$228,854,508; and in accordance with the Articles of Incorporation, NT\$8,343,654 is set aside as employees' compensation and NT\$1,191,951 as directors' remuneration, to be distributed in cash.

Proposed Resolutions

Item 1 :

Subject : Adoption of the 2020 Business Report and Financial Statements

(submitted by the Board).

Explanation : I. The Company's 2020 Financial Statements (include Individual and Consolidated Financial Statements) were audited by certified public accountants, Ting-Chien Su and Done-Yuin Tseng of Deloitte & Touche Tohmatsu Limited, and together with the Business Report, reviewed by the Audit Committee.

II. The Business Report and 2020 Financial Statements (include Individual and Consolidated Financial Statements) are attached (please refer to Page 7, 15 to 34 of the Meeting Agenda) for ratification.

Resolution:

Item 2 :

Subject : Adoption of the Proposal for Distribution of 2020 earnings (submitted by the Board).

Explanation : I. The Company's 2020 unappropriated retained earnings is

NT\$673,968,528, and in accordance with the Company Act and Articles of Incorporation, NT\$78,155,002 will be distributed as shareholder bonus. The ending unappropriated retained earnings after distribution is NT\$595,813,526.

II. Shareholder bonus of NT\$78,155,002 is to be distributed as cash dividend at NT\$0.35 per share. (to the nearest NT\$1)

III. Upon resolution of shareholders' meeting, authorize the chairman to set the dividend record date, allotment date and other related matters.

IV. The Profit Distribution Table is attached (please refer to Page 6 of the Meeting Agenda).

Resolution:

Extraordinary Motion

Adjournment

Lee Chi Enterprises Co., Ltd.
Earning Distribution Table
2020

	Unit: NT\$
Unappropriated retained earnings, beginning balance	\$496,059,422
Add: Net profit after tax	169,303,387
Add: Reversal of special reserve arising from first-time adoption of TIFRS	25,668,594
Less: Remeasurement of defined benefit plans recognized in retained earnings	(4,342,071)
Less: Disposal of investments in equity instruments designated at fair value through other comprehensive income, cumulative gains or losses directly transferred to retained earnings	(6,247,655)
Less: Appropriation of legal reserve (10%)	(18,438,226)
Add: Reversal of special reserve	11,965,077
Distributable earning	673,968,528
Less: Distribution items	
Cash dividends to shareholders (NT\$0.35/share)(*223,300,007 shares)	(78,155,002)
Unappropriated retained earnings, ending balance	\$595,813,526

Note:

1. Number of shares issued is 227,825,007. After deducting 4,525,000 of treasury stock repurchased, the number of outstanding shares is 223,300,007 shares.
2. If the outstanding shares are affected by subsequent buy back of the Company's shares, transfer of treasury stock, or exercising of stock options by employees, etc., resulting in changes in dividend distribution and the need to make adjustments, the Board of Directors may be authorized to handle the relevant adjustment matters.
3. Profit from the most recent year shall first be distributed for the above profit distribution.
4. The Company's cash dividend is rounded down to the nearest NT\$; and the total decimals dropped are accounted as the Company's other income.

Chairman: Lin, Yu-Hsin

General Manager:
Lin, Yu-Hsin

Accounting Manager:
Lin, Yi-Hsien

2020 Business Report

I. Introduction:

In the beginning of 2020, coronavirus spread across the world. As the number of confirmed cases and deaths continues to rise, countries began to adopt preventive measures such as strict lockdown and social distancing. The world's economy plunged into a severe recession, causing a far-reaching impact on many industries and the lifestyle of people. To promote epidemic prevention, governments around the world introduced various subsidies and measures to encourage cycling. Bicycles became the best solution for commuting and fitness during the pandemic, and bicycle demands in the end consumer market skyrocketed, creating a new normality. In addition, E-BIKE has continued to bring about a new wave of growth. With the continued strong demand, bicycles ushered in an unprecedented growth boom in 2020.

Looking ahead to the new life after the pandemic in 2021, and in line with the trend that shows emphasis on health, exercise and recreation, the overall industry continues to be optimistic and full of positive expectations. With the supply shortage caused by strong demand, production has to be greatly increased in the next few quarters to satisfy market demand. However, this year, factors such as expected inflation worries, sharp increase in raw materials prices, shortage of containers, increase in freight rates and exchange rate as well as internal and external changes, have required the need for immediate adjustment and flexibility in operations. Fortunately, the Company has established a stable and strong business operating system. Under the strategies of focusing on OEM, product research and development and innovation, production technology advancement and cross-industry cooperative development in recent years, together with the current industry boom, we strongly believe that the continued innovation and bold transformation will see results in the future, creating long-term investment value for all shareholders.

II. 2020 Operating Results:

(I) Operating Results:

The Company's 2020 consolidated net operating revenue is NT\$3,383,919 thousand, consolidated net profit after tax is NT\$202,305 thousand, net profit attributable to the parent is NT\$169,303 thousand, and the basic earnings per share is NT\$0.76.

Adhering to the Company's 2020 operational goal of "continuing to improve and expand capacity", we continued to expand capacity to cater to the increasing number of orders, satisfying the customers' order demands in the following aspects:

- 1. Capacity expansion:** continued to conduct overall planning for our plants through review and improvement on production line equipment, materials, personnel and company environment; implemented measures such as process improvement, working hours review, equipment upgrade, manpower recruitment; and cooperated with major main customers in setting up multiple dedicated production lines, and together refined production technologies and increase product yield.
- 2. Product development:** continued to develop new products, strengthen collaborative development with customers; this year, we have launched various new products such as hydraulic disc brake, handlebar, seat post and stem, and rim and hub, significantly increasing product gross margin and market share.
- 3. Process upgrade:** improving process capability and increasing in-house made ratio are our top priorities; we continued to invest machines such as high-precision processing machine, forging and casting production equipment, quality inspection equipment, etc., and bring in various types of automated equipment; and we continued to cooperate with reputable research and development organizations in implementing smart production and technological upgrades.
- 4. Management advancement:** continued to complete various management system certification in line with the implementation of ERP and HR management system, and continued to improve the various processes of the Company, strengthen organizational communication and quality management; and we continued to enhance corporate governance, improve sustainable development, and promote healthy development and interaction with investors and relevant stakeholders.
- 5. Operational improvement:** continued to review and control the operating efficiency and cost competitiveness of plants in China, made incremental improvements to production equipment, environmental protection, health and safety and overall plant environment, and operation has since improved.
- 6. Cross-industry cooperation:** made use of the Company's solid research and development technologies and manufacturing capabilities in seeking cross-industry cooperation and orders, and through cross-industry alliances improved technological development and operational outlook.

(II) 2020 Budget Execution Status:

The Company did not plan a financial forecast for 2020, and its expenditure budget is controlled at a level of 10%.

(III) Financial Position and Profitability Analysis:

The Company has a sound financial structure, and 2020 Profitability Analysis based on the Consolidated Financial Statements shows that return on assets is 4.38%, return on equity is 6.13%, ratio of operating income to paid-in capital is 6.0%, ratio of profit before tax to paid-in capital is 11.50 %, profit margin before tax is 5.97 %, and basic earnings per share attributable to parent is NT\$0.76.

(IV) Research and Development Status:

Completed the development of 128 new products, applied 16 patent applications in 2020. And we had been received 8 patent certificates this year.(8 utility model patents in Taiwan, 4 utility model patents in China,1 invention patent in Italy. It is counted as one patent only if the patent is applied in multiple countries.) ; Trademark representation had 2 pieces.

III. 2021 Business Plan Outline:

(I) Sales Volume Forecast:

Item	Expected Sales
Braking system:	
Brakes	5,000 thousand Pieces
Levers	2,500 thousand Pieces
Cable	6,500 thousand Pieces
Seat Post	3,500 thousand Pieces
Stem	3,800 thousand Pieces
Hub	800 thousand Pieces
Spare parts such as brake, seat post, stem, etc.	55,000 thousand Pieces

Note: The above figures are the Company's individual data.

(II) The business policy, and production and sales policies for the current fiscal year are as follows:

1. Continue to research and develop new products, increase product standards and unit price, and expand market share. New products to be developed this year include: 1 brake product, 1 lever product, 6 seat post products, 25 stem products, 5 disc brake products, 40 hub products, 7 seat clamp and quick release products, 30 rim products, 10 other types of products and 15 frame products, a total of 140 products.
2. **"Increase production capacity, meet delivery date"**: in order to cater to the increasing orders, expand or adjust production line, and actively implement automated production; make use of various types of management systems to implement human-computer interaction and exploit equipment effectiveness, effectively increase production capacity to meet customer requirements and maintain competitive advantage.
3. **"Brand marketing, expand market share"**: make use of our in-house brand, "PROMAX", to promote new product sales, increase market share and product gross margin; as national governments are providing subsidies or improving transportation facilities, more people are using bicycles as a commuting tool or for fitness purposes, generating huge market demand for After-Market sales, we will continue to establish the brand's global maintenance and after-sale service channel; in recent years, we have been increasing brand exposure by sponsoring internationally renowned cycling teams, and we use the feedback from contestants as the direction for follow-up product improvement and development.
4. **"Enhance cooperation, refine technology"**: continue to deepen the partnership with internationally renowned bicycle and component brands; together with research and development of new products, increase the breadth and depth of development projects, and refine overall product technologies.
5. **"Cross-industry cooperation, active transformation"**: cross-industry cooperation and seeking more development opportunities in recent years have gradually gained results; undertaking cross-industry products has helped to increase process capability and profitability, and improve operational outlook in other domains besides our core bicycle business.

6. **"Improve operations, increase profitability"**: with increasing profitability as our main focus, we review the Company's processes, reduce internal cost and various expenditures, and continue to review product gross margin, pursue quality stability and profit growth; in response to the world's fluctuating raw materials price and exchange rate at present, we pay attention to market changes and take preventive measures to reduce risk.
7. **"Talent cultivation, corporate sustainability"**: lay the foundation for the Company's sustainable development, continue to nurture talents and improve staff welfare; through recruitment, job rotation and training, improve organizational effectiveness and increase future development momentum; we will continue to implement measures such as energy saving and environmental protection, environmental friendliness and giving back to the community, attaining corporate sustainability and fulfilling social responsibilities.

IV. Development Strategies and Impact of Industry Environment:

(I) Future Development Strategies:

1. **Concurrent development of brand and OEM**: strengthen the innovation and R&D of bicycle products, meet consumer demand, provide cyclists with the best product experience and create product value, becoming an industry leading bicycle component supplier.
2. **Continue to develop new products, new materials and new processes**: Besides continuing to implement the applications on bicycle components, pursue technological leadership, and extend the applications to related products such as E-BIKE, motor vehicles, 3C technologies, etc., increasing the marketing ratio for new business and new markets.
3. **Consolidate the Group's resources, create manufacturing advantages**: become a world-class professional manufacturing plant, make the most of local resources, continue to integrate the supply chain, take active actions in meeting customer demand, and build a production environment that meets the needs of customers.
4. **Stable profitability, sustainable operation**: pursue profitability and stable growth for the Company, increase operational efficiency, establish core competitiveness such as talent cultivation and corporate culture; through uniting the organization, inject quality culture, and implement operational sustainability.

(II) Effect of external competition, the legal environment, and the overall economic environment on the Company :

1. With the slowdown of the pandemic and countries gradually releasing their lockdowns, the lifestyle of the people have changed under the encouragement of the government policies. As an epidemic preventative measure, indoor group activities have reduced, and people are more concerned about their own health and immunity. Bicycles have since become the best solutions for various aspects including commuting, fitness and recreation. The overall bicycle industry has become a group that benefited from the post-pandemic period. The continued demand growth has created an unprecedented industrial prosperity. However, the surge in bicycle sales due to the pandemic has also resulted in the rapid depletion of inventory and a shortage of components supply. Increasing production capability within a short period, and building a production supply with stable and continued growth will be our important topics this year.
2. In recent years, China's requirements for environmental protection and production safety have become increasingly stringent, posing many challenges to the bicycle industry's plants in China. In addition, due to the impact of high tariff trade barriers, main customers have also successively transferred the production of orders for export to the United States and Europe back to Taiwan or other Southeast Asia countries. Such action affects Taiwanese firms with main production bases in China. To transform the system, we need to both adjust for the overseas market and expand domestic market presence.
3. The continued development of the world's technologies, and the development trend of Internet of Things, AI and battery technology, have driven the rapid development of electric assisted bicycles (E-BIKE). In recent years, it has become an industry niche that drives a new wave of growth. In addition, the lifestyle during the pandemic lockdown has resulted in people longing for healthy and outdoor activities even more. E-BIKE, which can ride farther and higher, has taken the US and European markets by storm. On the other hand, it has also attracted more companies from other industries to enter the competition, resulting in more drastic changes to the market.

4. In response to the challenges of the pandemic, many countries are pumping cash through fiscal stimulus to stimulate the economy. Though the pace of economic recovery is faster than expected, it has also resulted in the increase in expected inflation. The recent rapid increase in raw material prices has led to the sharp increase in various production costs. Combined with the drastic fluctuation of exchange rates, it has brought business challenges to export-oriented industries.

With the above internal and external changes and impacts, the Company strongly believes that challenges are definitely accompanied by development opportunities. Through strong management and continuous advancement, we will grasp market demand so as to improve our operations. The Company is optimistic of its future development, and will continue to achieve great performance in return for the support of the shareholders. We earnestly request every shareholder to continue to support us, for the continued growth of the Company. Thank you!

We wish you all good fortune and great health.

Chairman: Lin, Yu-Hsin

General Manager: Lin, Yu-Hsin

Accounting Manager: Lin, Yi-Hsien

Lee Chi Enterprises Co., Ltd.
Audit Committee's Report

The Board of Directors has submitted the Company's Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for 2020, and they have been audited by certified public accountants, Ting-Chien Su and Done-Yuin Tseng of Deloitte & Touche Tohmatsu Limited. The Audit Committee has reviewed the above statements, 2020 Business Report and Earning Distribution Plan, and did not find any instances of non-compliance. In accordance with Article 219 of the Company Act, the report is hereby presented.

Yours faithfully,

The Company's 2021 Annual General Meeting

Lee Chi Enterprises Co., Ltd.

Convener of the Audit Committee: Chen, Kuei-Tuan

Date: March 22, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Lee Chi Enterprises Company Ltd.

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its 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 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 financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2020 is stated as follows.

Revenue Recognition

The Company's operating revenue mainly comes from the manufacturing and sale of bike components. The operating revenue increased in 2020 due to the changes in market demand, and revenue from specific customers was significant to the overall operating revenue. Thus, we identified the validity of recognition of the sales revenue from specific customers as a key audit matter. For the policy on revenue recognition, refer to Note 4 to the financial statements.

The audit procedures that we performed in respect of revenue recognition included the following:

1. We understood the internal control and evaluated the design of key control. Besides, we determined whether the key control has been implemented and tested the operating effectiveness of key control.

2. We performed substantive procedures by sample-testing the specific customers' subsidiary ledger, checking the related documents such as invoice, shipping documents and receiving records to confirm the validity of recognition of the sales revenue.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD.

BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 330,262	8	\$ 322,414	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	262,953	6	125,487	3
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	49,307	1	52,765	1
Financial assets at amortized cost - current (Notes 4, 9 and 28)	24,804	1	83,041	2
Notes receivable (Notes 4, 10 and 21)	41,268	1	26,613	1
Trade receivables from non-related parties (Notes 4, 5, 10 and 21)	591,636	14	473,465	12
Trade receivables from related parties (Notes 4, 5, 21 and 27)	37,265	1	28,045	1
Other receivables (Note 27)	291,129	7	277,577	7
Inventories (Notes 4 and 11)	467,420	11	341,598	9
Other current assets (Note 16)	16,976	-	18,016	-
Total current assets	<u>2,113,020</u>	<u>50</u>	<u>1,749,021</u>	<u>44</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 9 and 28)	1,654	-	1,641	-
Investments accounted for using the equity method (Notes 4 and 12)	1,222,022	29	1,294,931	32
Property, plant and equipment (Notes 4 and 13)	802,216	19	782,856	19
Right-of-use assets (Notes 4 and 14)	1,369	-	4,307	-
Other intangible assets (Notes 4 and 15)	37,168	1	39,394	1
Deferred tax assets (Notes 4 and 23)	60,431	1	117,168	3
Other non-current assets (Note 16)	15,299	-	25,262	1
Total non-current assets	<u>2,140,159</u>	<u>50</u>	<u>2,265,559</u>	<u>56</u>
TOTAL	<u>\$ 4,253,179</u>	<u>100</u>	<u>\$ 4,014,580</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to non-related parties	\$ 284,854	7	\$ 167,158	4
Trade payables to related parties (Note 27)	187,589	4	217,435	6
Other payables (Note 17)	111,035	3	92,291	2
Current tax liabilities (Notes 4 and 23)	-	-	3,582	-
Provisions - current (Notes 4 and 18)	4,637	-	7,932	-
Lease liabilities - current (Notes 4 and 14)	1,481	-	2,938	-
Deferred revenue - current (Notes 4 and 17)	131	-	80	-
Other current liabilities (Notes 17 and 21)	45,715	1	38,598	1
Total current liabilities	<u>635,442</u>	<u>15</u>	<u>530,014</u>	<u>13</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	110,044	2	131,182	3
Lease liabilities - non-current (Notes 4 and 14)	-	-	1,481	-
Deferred revenue - non-current (Notes 4 and 17)	692	-	483	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	43,979	1	45,209	1
Investments accounted for using the equity method - credit balance (Notes 4 and 12)	201,715	5	181,853	5
Total non-current liabilities	<u>356,430</u>	<u>8</u>	<u>360,208</u>	<u>9</u>
Total liabilities	<u>991,872</u>	<u>23</u>	<u>890,222</u>	<u>22</u>
EQUITY				
Ordinary shares	2,278,250	54	2,278,250	57
Capital surplus	64,235	2	60,505	2
Retained earnings				
Legal reserve	265,642	6	264,580	7
Special reserve	135,847	3	122,020	3
Unappropriated earnings	680,443	16	581,755	14
Other equity	(123,883)	(3)	(161,516)	(4)
Treasury shares	(39,227)	(1)	(21,236)	(1)
Total equity	<u>3,261,307</u>	<u>77</u>	<u>3,124,358</u>	<u>78</u>
TOTAL	<u>\$ 4,253,179</u>	<u>100</u>	<u>\$ 4,014,580</u>	<u>100</u>

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

LEE CHI ENTERPRISES COMPANY LTD.

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 27)	\$2,176,121	100	\$2,017,452	100
OPERATING COSTS (Notes 11, 22 and 27)	<u>1,845,541</u>	<u>85</u>	<u>1,721,355</u>	<u>85</u>
GROSS PROFIT	<u>330,580</u>	<u>15</u>	<u>296,097</u>	<u>15</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	51,423	2	64,780	3
General and administrative expenses	47,808	2	45,245	2
Research and development expenses	<u>67,610</u>	<u>3</u>	<u>86,305</u>	<u>5</u>
Total operating expenses	<u>166,841</u>	<u>7</u>	<u>196,330</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>163,739</u>	<u>8</u>	<u>99,767</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries (Note 4)	73,892	3	(122,772)	(6)
Interest income (Note 22)	2,204	-	3,317	-
Dividend income	2,211	-	2,373	-
Other income	24,644	1	39,079	2
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss (Note 4)	9,117	1	17,859	1
Other expenses	(4,314)	-	(348)	-
Loss on disposal of investment (Note 12)	(23,667)	(1)	-	-
Foreign exchange gain (loss), net (Notes 4 and 22)	<u>(18,972)</u>	<u>(1)</u>	<u>(18,173)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>65,115</u>	<u>3</u>	<u>(78,665)</u>	<u>(4)</u>
PROFIT BEFORE INCOME TAX	228,854	11	21,102	1
INCOME TAX EXPENSE (Notes 4 and 23)	<u>59,551</u>	<u>3</u>	<u>8,681</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>169,303</u>	<u>8</u>	<u>12,421</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

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

	2020		2019	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 19)	\$ (5,428)	-	\$ (3,126)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,313)	-	4,570	-
Subsidiaries unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,582	-	(1,229)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	1,086	-	624	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 12 and 20)	<u>36,510</u>	<u>1</u>	<u>(42,138)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>30,437</u>	<u>1</u>	<u>(41,299)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 199,740</u>	<u>9</u>	<u>\$ (28,878)</u>	<u>(1)</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.76</u>		<u>\$ 0.06</u>	
Diluted	<u>\$ 0.75</u>		<u>\$ 0.06</u>	

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

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD.

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

	Share Capital (Note 20)	Capital Surplus (Note 20)	Retained Earnings (Note 20)			Other Equity		Treasury Shares (Note 20)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 12 and 20)	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Notes 4 and 12)		
BALANCE AT JANUARY 1, 2019	\$ 2,278,250	\$ 60,505	\$ 255,295	\$ 81,291	\$ 677,570	\$ (127,227)	\$ 5,209	\$ (14,745)	\$ 3,216,148
Appropriation of 2018 earnings									
Legal reserve	-	-	9,285	-	(9,285)	-	-	-	-
Special reserve	-	-	-	40,729	(40,729)	-	-	-	-
Cash dividends distributed by the Company - NT\$0.25 per share	-	-	-	-	(56,421)	-	-	-	(56,421)
Net profit for the year ended December 31, 2019	-	-	-	-	12,421	-	-	-	12,421
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(2,502)	(42,138)	3,341	-	(41,299)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	9,919	(42,138)	3,341	-	(28,878)
Buy-back of treasury shares	-	-	-	-	-	-	-	(6,491)	(6,491)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	701	-	(701)	-	-
BALANCE AT DECEMBER 31, 2019	<u>2,278,250</u>	<u>60,505</u>	<u>264,580</u>	<u>122,020</u>	<u>581,755</u>	<u>(169,365)</u>	<u>7,849</u>	<u>(21,236)</u>	<u>3,124,358</u>
Special reserve reversed	-	-	-	(25,669)	25,669	-	-	-	-
Appropriation of 2019 earnings									
Legal reserve	-	-	1,062	-	(1,062)	-	-	-	-
Special reserve	-	-	-	39,496	(39,496)	-	-	-	-
Cash dividends distributed by the Company - NT\$0.2 per share	-	-	-	-	(45,137)	-	-	-	(45,137)
Net profit for the year ended December 31, 2020	-	-	-	-	169,303	-	-	-	169,303
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,342)	36,510	(1,731)	-	30,437
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	164,961	36,510	(1,731)	-	199,740
Buy-back of treasury shares	-	-	-	-	-	-	-	(17,991)	(17,991)
Actual disposal or acquisition of interests in subsidiaries	-	3,730	-	-	-	-	(3,393)	-	337
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(6,247)	-	6,247	-	-
BALANCE AT DECEMBER 31, 2020	<u>\$ 2,278,250</u>	<u>\$ 64,235</u>	<u>\$ 265,642</u>	<u>\$ 135,847</u>	<u>\$ 680,443</u>	<u>\$ (132,855)</u>	<u>\$ 8,972</u>	<u>\$ (39,227)</u>	<u>\$ 3,261,307</u>

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

LEE CHI ENTERPRISES COMPANY LTD.

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

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 228,854	\$ 21,102
Adjustments for:		
Depreciation expenses	90,671	87,967
Amortization expenses	3,639	3,387
Expected credit loss recognized on trade receivables	2,311	-
Net gain on fair value changes of financial assets designated at fair value through profit or loss	(9,117)	(17,859)
Financial costs	33	29
Interest income	(2,204)	(3,317)
Dividend income	(2,211)	(2,373)
Share of profit or loss of subsidiaries	(73,892)	122,772
Loss on disposal of property, plant and equipment	1,576	23
Loss on disposal of investment	23,667	-
Net loss on foreign currency exchange	10,755	12,830
Deferred revenue	(130)	(8,096)
Recognition (reversal) of provisions	(2,700)	6,152
Changes in operating assets and liabilities		
Notes receivable	(15,080)	29,303
Trade receivables	(129,882)	(77,015)
Other receivables	(515)	(756)
Inventories	(125,822)	(6,678)
Other current assets	1,040	3,234
Trade payables	90,396	18,922
Other payables	18,080	(15,197)
Provisions	(595)	(3,539)
Other current liabilities	7,117	11,649
Net defined benefit liabilities	(6,658)	(9,346)
Deferred revenue	390	4,800
Cash generated from operations	<u>109,723</u>	<u>177,994</u>
Interest received	1,562	4,319
Dividends received	2,211	2,373
Interest paid	(33)	(29)
Income tax paid	<u>(5,517)</u>	<u>(35,149)</u>
Net cash generated from operating activities	<u>107,946</u>	<u>149,508</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	145	2,148
Purchase of financial assets at amortized cost	-	(95,521)
Proceeds from sale of financial assets at amortized cost	58,642	18,500
Purchase of financial assets at fair value through profit or loss	(1,220,220)	(952,427)
Proceeds from sale of financial assets at fair value through profit or loss	1,089,506	955,612

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

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

	<u>2020</u>	<u>2019</u>
Proceeds from return of capital from investments accounted for using the equity method	\$ -	\$ 46,425
Payments for property, plant and equipment	(84,843)	(69,632)
Proceeds from disposal of property, plant and equipment	979	2,730
Increase in refundable deposits	(21)	(541)
Decrease in refundable deposits	21	20
Increase in other receivables from related parties	(23,569)	(56,922)
Payments for intangible assets	(159)	(347)
Increase in prepayments for equipment	(15,007)	(93,775)
Dividends received from subsidiaries	<u>188,380</u>	<u>91,470</u>
Net cash used in investing activities	<u>(6,146)</u>	<u>(152,260)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(2,938)	(1,457)
Dividends paid to owners of the Company	(45,137)	(56,421)
Payments for buy-back of treasury shares	(17,991)	(7,606)
Acquisition of additional interests in subsidiary	<u>(27,886)</u>	<u>-</u>
Net cash used in financing activities	<u>(93,952)</u>	<u>(65,484)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,848	(68,236)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>322,414</u>	<u>390,650</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 330,262</u>	<u>\$ 322,414</u>

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

(Concluded)

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. as of and for the year ended December 31, 2020, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. and Subsidiaries. Consequently, we do not prepare a separate set of combined financial statements.

Very truly yours,

Lee Chi Enterprises Company Ltd.

By:

Lin, Yu-Hsin
President

March 22, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
LEE CHI ENTERPRISES COMPANY LTD.

Opinion

We have audited the accompanying consolidated financial statements of Lee Chi Enterprises Company Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Group’s consolidated financial statements for the year ended December 31, 2020 is stated as follows.

Revenue Recognition

The Group's operating revenue mainly comes from the manufacturing and sale of bike components. The operating revenue increased in 2020 due to the changes in market demand, and revenue from specific customers was significant to the overall consolidated operating revenue. Thus, we identified the validity of recognition of the sales revenue from specific customers as a key audit matter. For the policy on revenue recognition, refer to Note 4 to the consolidated financial statements.

The audit procedures that we performed in respect of revenue recognition included the following:

1. We understood the internal control and evaluated the design of key control. Besides, we determined whether the key control has been implemented and tested the operating effectiveness of key control.
2. We performed substantive procedures by sample-testing the specific customers' subsidiary ledger, checking the related documents such as invoice, shipping documents and receiving records to confirm the validity of recognition of the sales revenue.

Other Matter

We have also audited the parent company only financial statements of Lee Chi Enterprises Company Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 632,729	13	\$ 646,343	15
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	276,702	6	380,007	9
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	63,032	1	71,142	1
Financial assets at amortized cost - current (Notes 4, 9 and 29)	24,804	-	83,041	2
Notes receivable (Notes 4, 10 and 21)	150,245	3	97,531	2
Trade receivables (Notes 4, 5, 10 and 21)	997,021	21	658,900	15
Other receivables	27,065	1	12,304	-
Current tax assets (Notes 4 and 23)	3,560	-	14,872	-
Inventories (Notes 4 and 11)	839,146	17	610,457	14
Other current assets (Notes 16, 18 and 30)	29,596	1	32,662	1
Total current assets	<u>3,043,900</u>	<u>63</u>	<u>2,607,259</u>	<u>59</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	176,400	4	82,462	2
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	59,933	1	54,906	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	111,810	2	110,314	3
Property, plant and equipment (Notes 4 and 13)	1,216,699	25	1,249,956	28
Right-of-use assets (Notes 4 and 14)	41,438	1	45,211	1
Other intangible assets (Notes 4 and 15)	38,383	1	41,294	1
Goodwill (Note 4)	51,962	1	54,882	1
Deferred tax assets (Notes 4 and 23)	60,431	1	117,168	3
Other non-current assets (Note 16)	22,327	1	36,257	1
Total non-current assets	<u>1,779,383</u>	<u>37</u>	<u>1,792,450</u>	<u>41</u>
TOTAL	<u>\$ 4,823,283</u>	<u>100</u>	<u>\$ 4,399,709</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 755,116	16	\$ 464,619	11
Other payables (Note 17)	235,284	5	188,029	4
Current tax liabilities (Notes 4 and 25)	179	-	3,582	-
Provisions - current (Notes 4 and 18)	4,637	-	7,932	-
Lease liabilities - current (Notes 4 and 14)	1,481	-	2,938	-
Deferred revenue - current (Notes 4 and 17)	47,739	1	42,000	1
Other current liabilities (Notes 17 and 23)	49,854	1	42,937	1
Total current liabilities	<u>1,094,290</u>	<u>23</u>	<u>752,037</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	110,044	2	131,182	3
Lease liabilities - non-current (Notes 4 and 14)	-	-	1,481	-
Deferred revenue - non-current (Notes 4 and 17)	207,459	4	246,384	6
Net defined benefit liabilities - non-current (Notes 4 and 19)	43,979	1	45,209	1
Guarantee deposits	132	-	130	-
Total non-current liabilities	<u>361,614</u>	<u>7</u>	<u>424,386</u>	<u>10</u>
Total liabilities	<u>1,455,904</u>	<u>30</u>	<u>1,176,423</u>	<u>27</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,278,250	47	2,278,250	52
Capital surplus	64,235	1	60,505	1
Retained earnings				
Legal reserve	265,642	6	264,580	6
Special reserve	135,847	3	122,020	3
Unappropriated earnings	680,443	14	581,755	13
Other equity	(123,883)	(2)	(161,516)	(4)
Treasury shares	(39,227)	(1)	(21,236)	-
Total equity attributable to owners of the Company	<u>3,261,307</u>	<u>68</u>	<u>3,124,358</u>	<u>71</u>
NON-CONTROLLING INTERESTS	<u>106,072</u>	<u>2</u>	<u>98,928</u>	<u>2</u>
Total equity	<u>3,367,379</u>	<u>70</u>	<u>3,223,286</u>	<u>73</u>
TOTAL	<u>\$ 4,823,283</u>	<u>100</u>	<u>\$ 4,399,709</u>	<u>100</u>

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 3,383,919	100	\$ 2,999,007	100
OPERATING COSTS (Notes 11 and 22)	<u>2,863,070</u>	<u>85</u>	<u>2,669,099</u>	<u>89</u>
GROSS PROFIT	<u>520,849</u>	<u>15</u>	<u>329,908</u>	<u>11</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	126,328	4	150,311	5
General and administrative expenses	188,859	5	175,185	6
Research and development expenses	<u>68,817</u>	<u>2</u>	<u>87,646</u>	<u>3</u>
Total operating expenses	<u>384,004</u>	<u>11</u>	<u>413,142</u>	<u>14</u>
PROFIT (LOSS) FROM OPERATIONS	<u>136,845</u>	<u>4</u>	<u>(83,234)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	12,630	1	20,936	1
Dividend income	4,202	-	2,373	-
Other income (Note 17)	66,593	2	94,186	3
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss (Note 4)	101,951	3	17,859	1
Other expenses	(1,086)	-	(6,549)	-
Loss on disposal of property, plant and equipment (Note 4)	(1,782)	-	(4,643)	-
Loss on disposal of investment	(23,667)	(1)	-	-
Foreign exchange gain (loss), net (Notes 4 and 22)	<u>(33,651)</u>	<u>(1)</u>	<u>(15,165)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>125,190</u>	<u>4</u>	<u>108,997</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	262,035	8	25,763	1
INCOME TAX EXPENSE (Notes 4 and 23)	<u>59,730</u>	<u>2</u>	<u>9,798</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>202,305</u>	<u>6</u>	<u>15,965</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 19)	(5,428)	-	(3,126)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	448	-	3,606	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	1,086	-	624	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 12 and 20)	<u>36,696</u>	<u>1</u>	<u>(42,322)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>32,802</u>	<u>1</u>	<u>(41,218)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 235,107</u>	<u>7</u>	<u>\$ (25,253)</u>	<u>(1)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 169,303	5	\$ 12,421	1
Non-controlling interests	<u>33,002</u>	<u>1</u>	<u>3,544</u>	-
	<u>\$ 202,305</u>	<u>6</u>	<u>\$ 15,965</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 199,740	6	\$ (28,878)	(1)
Non-controlling interests	<u>35,367</u>	<u>1</u>	<u>3,625</u>	-
	<u>\$ 235,107</u>	<u>7</u>	<u>\$ (25,253)</u>	<u>(1)</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.76</u>		<u>\$ 0.06</u>	
Diluted	<u>\$ 0.75</u>		<u>\$ 0.06</u>	

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										
	Share Capitals (Note 20)	Capital Surplus (Notes 20 and 25)	Retained Earnings (Note 20)			Other Equity (Notes 4)		Treasury Shares (Note 20)	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 12 and 20)	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Note 25)				
BALANCE AT JANUARY 1, 2019	\$ 2,278,250	\$ 60,505	\$ 255,295	\$ 81,291	\$ 677,570	\$ (127,227)	\$ 5,209	\$ (14,745)	\$ 3,216,148	\$ 95,303	\$ 3,311,451
Appropriation of 2018 earnings											
Legal reserve	-	-	9,285	-	(9,285)	-	-	-	-	-	-
Special reserve	-	-	-	40,729	(40,729)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$0.25 per share	-	-	-	-	(56,421)	-	-	-	(56,421)	-	(56,421)
Net profit for the year ended December 31, 2019	-	-	-	-	12,421	-	-	-	12,421	3,544	15,965
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(2,502)	(42,138)	3,341	-	(41,299)	81	(41,218)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	9,919	(42,138)	3,341	-	(28,878)	3,625	(25,253)
Buy-back of treasury shares	-	-	-	-	-	-	-	(6,491)	(6,491)	-	(6,491)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	701	-	(701)	-	-	-	-
BALANCE AT DECEMBER 31, 2019	2,278,250	60,505	264,580	122,020	581,755	(169,365)	7,849	(21,236)	3,124,358	98,928	3,223,286
Special reserve reversed	-	-	-	(25,669)	25,669	-	-	-	-	-	-
Appropriation of 2019 earnings											
Legal reserve	-	-	1,062	-	(1,062)	-	-	-	-	-	-
Special reserve	-	-	-	39,496	(39,496)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$0.2 per share	-	-	-	-	(45,137)	-	-	-	(45,137)	-	(45,137)
Net profit for the year ended December 31, 2020	-	-	-	-	169,303	-	-	-	169,303	33,002	202,305
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,342)	36,510	(1,731)	-	30,437	2,365	32,802
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	164,961	36,510	(1,731)	-	199,740	35,367	235,107
Buy-back of treasury shares	-	-	-	-	-	-	-	(17,991)	(17,991)	-	(17,991)
Actual disposal or acquisition of interests in subsidiaries	-	3,730	-	-	-	-	(3,393)	-	337	(337)	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(6,247)	-	6,247	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(27,886)	(27,886)
BALANCE AT DECEMBER 31, 2020	\$ 2,278,250	\$ 64,235	\$ 265,642	\$ 135,847	\$ 680,443	\$ (132,855)	\$ 8,972	\$ (39,227)	\$ 3,261,307	\$ 106,072	\$ 3,367,379

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 262,035	\$ 25,763
Adjustments for:		
Depreciation expenses	165,239	167,194
Amortization expenses	4,244	4,021
Expected credit loss recognized on trade receivables	587	146
Net gain on fair value changes of financial assets designated at fair value through profit or loss	(101,951)	(28,761)
Financial costs	33	29
Interest income	(12,630)	(20,936)
Dividend income	(4,202)	(6,063)
Loss on disposal of property, plant and equipment	1,782	4,643
Loss on disposal of investment	23,667	-
Net loss on foreign currency exchange	3,800	4,280
Deferred revenue	(41,669)	(60,424)
Recognition (reversal) of provisions	(2,700)	6,152
Changes in operating assets and liabilities		
Notes receivable	(51,340)	39,277
Trade receivables	(333,651)	(42,933)
Other receivables	(11,619)	1,387
Inventories	(224,995)	56,686
Other current assets	2,620	6,183
Other assets	-	(10,587)
Trade payables	283,321	(63,566)
Other payables	45,637	(19,085)
Provisions	(595)	(3,539)
Other current liabilities	6,917	16,697
Net defined benefit liabilities	(6,658)	(9,346)
Deferred revenue	5,779	13,744
Cash generated from operations	<u>13,651</u>	<u>80,962</u>
Interest received	9,191	29,418
Dividends received	4,202	6,063
Interest paid	(33)	(29)
Income tax paid	<u>(15,934)</u>	<u>(45,961)</u>
Net cash generated from operating activities	<u>11,077</u>	<u>70,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(8,127)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	7,748	2,148
Proceeds from return of capital from investments accounted for using the equity method	4,374	-
Purchase of financial assets at amortized cost	-	(209,199)

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Proceeds from sale of financial assets at amortized cost	58,642	130,300
Purchase of financial assets at fair value through profit or loss	(1,451,448)	(1,629,935)
Proceeds from sale of financial assets at fair value through profit or loss	1,558,355	1,636,250
Payments for property, plant and equipment	(97,249)	(85,705)
Proceeds from disposal of property, plant and equipment	1,390	6,363
Increase in refundable deposits	(21)	(541)
Decrease in refundable deposits	27	20
Payments for intangible assets	(159)	(347)
Increase in prepayments for equipment	<u>(15,399)</u>	<u>(105,373)</u>
Net cash generated from (used in) investing activities	<u>58,133</u>	<u>(256,019)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Refund of guarantee deposits received	-	(45)
Repayments of the principal portion of lease liabilities	(2,938)	(1,457)
Dividends paid to owners of the Company	(45,137)	(56,421)
Payments for buy-back of treasury shares	(17,991)	(7,606)
Changes in non-controlling interests	<u>(27,886)</u>	<u>-</u>
Net cash used in financing activities	<u>(93,952)</u>	<u>(65,529)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>11,128</u>	<u>(13,980)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,614)	(265,075)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>646,343</u>	<u>911,418</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 632,729</u>	<u>\$ 646,343</u>

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

Lee Chi Enterprises Co., Ltd.

Articles of Incorporation

Chapter I General Provisions

Article 1: The Company is organized in accordance with the Company Act in the name, Lee Chi Enterprises Co., Ltd.

Article 2: The business to be operated by the Company is as follows:

- (I) Manufacturing, processing and trading of parts for automobiles, motorcycles and bicycles.
- (II) Manufacturing, processing, and trading of general machinery.
- (III) Surface treatment, manufacturing, processing and trading of metal products such as blasting and grinding (sandblasting treatment), surface polishing, electroplating, electrophoresis, anodizing, chemical conversion coating, anti-rust treatment, gloss finishing and surface coating, baking varnish, etc.
- (IV) JZ99050 Agency services.
- (V) F105010 Wholesale of furniture.
- (VI) F106010 Wholesale of hardware.
- (VII) F106030 Wholesale of molds.
- (VIII) F107010 Wholesale of paints, coating and varnishes.
- (IX) F107100 Wholesale of chemical materials.
- (X) F107140 Wholesale of raw plastic material.
- (XI) F107170 Wholesale of industrial catalyst.
- (XII) F109010 Wholesale of books.
- (XIII) F109020 Wholesale of stationery.
- (XIV) F112040 Wholesale of petrochemical fuel products.
- (XV) F113010 Wholesale of machinery.
- (XVI) F113050 Wholesale of computers and clerical machinery equipment.
- (XVII) F113070 Wholesale of telecom instruments.
- (XVIII) F118010 Wholesale of computer software.
- (XIX) 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 Changhua County, Taiwan. The Company may establish branches or subsidiaries in Taiwan or overseas as the

Company may require upon resolution by the board of directors.

Article 4: Public announcements of the Company shall be made according to Article 28 of the Company Act.

Article 5: The Company's investment in other businesses is not restricted by the total investment amount value as stipulated in the Company Act. However, for long-term equity investment, approval of the board of directors is required.

Chapter II Shares

Article 6: The registered capital of the Company is NT\$2,368,240,070, divided into 236,824,007 shares. The board of directors is authorized to issue the shares in installment. The value of each share is NT\$ 10. Taiwan Depository & Clearing Corporation may request the Company to issue a large denomination of securities for substitution due to a merger.

Article 7: The Company's shares shall be in registered form, and shall bear the signatures or personal seals of at least three directors, and be issued upon certification in accordance with the law. The Company may issue shares without certificates, and such shares shall be registered with a central securities depository.

Article 8: The Company's shares shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Service of Public Companies" prescribed by the competent authority except where otherwise provided by law, regulation, or guideline.

Article 9: No registration of transfer of shares shall be made within 60 days prior to an annual shareholder meeting, nor within 30 days prior to a special (extraordinary) shareholder meeting, nor within 5 days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

Chapter III Shareholder Meetings

Article 10: A shareholders' meeting may be recognized as an annual and extraordinary general meeting. An annual general meeting shall be called once a year within six months after the closing of each fiscal year, and a notice shall be sent to each shareholder no later than 30 days prior to the scheduled meeting date by the board of directors. An extraordinary general meeting may be called when necessary, and a notice shall be sent to each shareholder 15 days prior to the scheduled meeting date.

Article 11: A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. With the exception of a trust enterprise or a shareholder services agent approved by the competent authority in charge of securities affairs, when a person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by the proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If the aforesaid percentage is exceeded, the voting rights in excess of the aforesaid percentage shall not be included in the calculation.

Article 12: Each share of the Company held by shareholders is entitled to one voting right, but where circumstances specified in Article 179 of the Company Act apply, it shall be non-voting shares.

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 14: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting. The minutes of the meeting, the attendance list bearing the signatures of shareholders present at the meeting and the powers of attorney of the proxies shall be kept by the Company, in accordance with Article 183 of the Company Act.

Chapter IV Directors and Audit Committee

Article 15: The board of directors of the Company shall have 5 to 9 directors, including at least 3 independent directors, where the number shall not be less than one-fifth of the total number of directors. The term of office shall be three years, and re-election shall be permissible. A candidates nomination system shall be adopted for the election of the directors in accordance with Article 192-1 of the Company Act, and the shareholders shall elect the directors from among the nominees listed. The professional qualifications, restrictions on shareholding and concurrent positions held, and other related matters, shall comply with the applicable laws and regulations prescribed by the competent authority.

Article 16: The directors shall form the board of directors, and the board shall elect a chairman from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman of the board shall externally represent the Company.

Article 17: In case the chairman is on leave or unable to exercise his power and authority for any cause, his representative shall be appointed pursuant to Article 208 of the Company Act.

Article 18: The board of directors is authorized to determine the compensations for all directors based on the degree of their participation in and contribution to the operations of the Company, and referred at a rate not exceeding the general practices in the industry. The board of directors may claim transportation expenses based on actual expenditure. The board of directors shall, in accordance with Articles 23, distribute remuneration in the event of profits.

Article 19: The duties of the board of directors are as follows:

The Company's business policy and other material issues shall be determined by the board of directors. In the event of an emergency or as requested by a majority of the directors, the meeting may be convened by the chairman. If a director is unable to attend the board meeting in person, he or she may appoint another director as his or her representative. Unless otherwise provided for in the Company Act and the Articles of Incorporation, resolutions of the board of directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. The minutes of the meeting shall be affixed with the signature or seal of the chairperson of the meeting and shall be kept by the Company. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 19-1: The Company may purchase liability insurances for its directors to lower the risk of lawsuits filed by shareholders or other stakeholders as a result of performing their duties in accordance with the laws and regulations.

Article 19-2: In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting, and be given to each director no later than seven days prior to the scheduled meeting date. In the case of emergency, a meeting of the board of directors may be convened at any time. The notices mentioned in the preceding paragraph may be served in writing, or by fax or email.

Chapter V Managers and Other Employees

Article 20: The Company may have one or more managerial personnel to conduct all the business of the Company in accordance with the policies set forth in the resolutions of the board of directors. Appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with the Company Act.

Article 21: The appointment and removal of the Company's president, vice president and senior manager (include) and above shall be decided by the board of directors. The appointment and removal of other employees shall be decided by the president and submitted to the chairman for approval.

Chapter VI: Accounting

Article 22: After the close of each fiscal year, the board of directors shall submit the business report, financial statements, and proposal for earnings distribution or appropriation for deficits to the general meeting of shareholders for its ratification.

Article 23: If the Company has gained profits within a fiscal year, 2% to 10% of the profits shall be reserved as the employees compensation, and the board of directors shall decide whether to distribute in the form of shares or in cash. The compensation applies to employees of parents or subsidiaries of the Company meeting certain specific requirements. The Company may, upon resolution by the board of directors, reserve not more than 2% of the above profit as directors compensation. Proposals for the distribution of employees' compensation directors remuneration shall be submitted to the shareholders' meeting. In case of accumulated loss, the Company shall reserve a specific amount to make up for losses before distributing employees and directors compensation according to aforementioned ratios.

Article 23-1: If earnings are found after closing the fiscal year, the Company shall first pay income taxes and make up for any accumulated losses and then report 10% as statutory surplus reserve. However, when the statutory surplus reserve has reached the level of paid-in capital of the Company, the Company no longer has to report such reserve, and the rest could be reported or reversed into special surplus reserve. If undistributed earnings is still exist, it will be combined with accumulated undistributed earnings and the board will propose an earnings distribution motion and ask the shareholders meeting to resolve the shareholders dividend proposal. The Company's dividend policy

shall be in line with its current and future development plan, taking into consideration the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders. Distributable earnings may be distributed as dividend and bonus per year, in the form of cash or shares, and the cash dividend shall not be less than 10% of total dividend. However, stock dividend shall be distributed instead if cash dividend is less than NT\$0.50 per share. However, the type and ratio of earnings distribution shall be adjusted based on the resolution adopted at the shareholders' meeting according to the actual profit and capital status of the Company for the current year.

Chapter VII Additional Provisions

Article 24: Matters not covered in the Articles of Incorporation shall be handled in accordance with the provisions of the Company Act and other relevant laws and regulations.

Article 25: These Articles of Incorporation were formulated on April 10, 1973.

The 1st amendment was made on May 5, 1973,

the 2nd amendment on January 20, 1976,

the 3rd amendment on June 6, 1979,

the 4th amendment on July 10, 1981,

the 5th amendment on November 6, 1983,

the 6th amendment on December 15, 1985,

the 7th amendment on February 17, 1986,

the 8th amendment on November 18, 1989,

the 9th amendment on April 9, 1990,

the 10th amendment on October 28, 1990,

the 11th amendment on May 19, 1992,

the 12th amendment on December 30, 1992,

the 13th amendment on July 31, 1993,

the 14th amendment on June 20, 1994,

the 15th amendment on April 29, 1995,

the 16th amendment on June 18, 1996,

the 17th amendment on June 16, 1997,

the 18th amendment on May 14, 1998,

the 19th amendment on June 3, 1999,
the 20th amendment on May 26, 2000,
the 21st amendment on June 26, 2002,
the 22nd amendment on June 29, 2005,
the 23rd amendment on June 23, 2006,
the 24th amendment on June 22, 2009,
the 25th amendment on June 28, 2011,
the 26th amendment on June 19, 2014,
the 27th amendment on June 21, 2016,
and the 28th amendment on June 12, 2017.

Lee Chi Enterprises Co., Ltd.

Chairman: Lin, Yu-Hsin

Lee Chi Enterprises Co., Ltd.
Rules of Procedure for Shareholder Meetings

Article 1: Unless otherwise required by the law, the shareholders' meeting shall be conducted in accordance with the Rules.

Article 2: Shareholders (or proxies) shall attend shareholders meetings by wearing their attendance cards or handing in their sign-in cards.

Article 3: Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised electronically.

Article 4: Shareholders meeting shall be chaired by the chairman of the board of directors except as otherwise provided in the Company Act. When the chairman of the board is on leave or for any reason unable to exercise the powers of the chairman, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting.

Article 5: This Company may appoint its attorneys, certified public accountants, or related persons to attend a shareholders meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 6: The entire proceedings of a shareholder meeting shall be recorded on audio or video tape, and the recordings shall be preserved for at one year.

Article 7: The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders (or proxy) do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

Article 8: If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, a new chair may be elected by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After the meeting is adjourned, the shareholders shall not elect another chairperson to resume such meeting at the same location or seek an alternative venue.

Article 9: (Delete).

Article 10: Before speaking, an attending shareholder (or proxy) must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair. An attending shareholder (or proxy) who submits a slip of paper but does not speak at the meeting is deemed to have not spoken. In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail. When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairperson and such speaking shareholder; the chairperson shall stop any such violations.

Article 11: Unless otherwise permitted by the chairperson, a shareholder (or proxy) may only speak, up to two times, on a single proposal, each time no more than five minutes in length. The chairman may stop the speech of any shareholder that is in violation of the preceding paragraph or exceeds the scope of the proposal.

Article 12: In the event that a juristic person is entrusted to participate in a shareholder meeting, that juristic person may appoint only one representative to participate in the meeting.
If a shareholder who is a juristic person appoints two or more representatives to

attend the meeting, only one representative may speak on any given proposal.

Article 13: After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 14: When the chair is of the opinion that a matter has been sufficiently discussed to a degree of putting to a vote, the chair may announce the discussion closed and bring the matter to vote.

Article 15: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The voting results shall be announced at the meeting and recorded in writing.

Article 16: During the process of the meeting, the chairperson may announce a recess at an appropriate time.

Article 17: Except as otherwise provided under the Company Act or the Company's Articles of Incorporation, a resolution shall be adopted with the approval of more than one-half of the votes of the shareholders (or proxy). If, in the course of the vote, no objections are made by the shareholders present after inquiry by the chairperson, such proposal is deemed to be adopted with the same effect as if it had been adopted through a voting process.

Article 18: When there is an amendment or an alternative to a proposal, the chair shall decide the order in which they will be put to a vote. When one among them is duly resolved, other issue(s) is (are) deemed to have been vetoed and no voting process is required.

Article 19: The chair may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband.

Article 20: Matters not covered in the Articles of Incorporation shall be handled in accordance with the Company Act and other relevant laws and regulations.

Article 21: These Rules and any amendments hereof shall be put into enforcement after being resolved at the shareholder meeting.

The impact of stock dividend issuance on business performance, EPS, and shareholder return rate: not applicable

**Lee Chi Enterprises Co., Ltd.
Shareholding of Directors and Independent Directors**

I. Details of minimum required combined shareholding of all directors and supervisors by laws, and shareholdings as per the shareholders register:

April 30, 2021

Title	Required shareholding	Number of shares registered on the shareholder register (exclude independent directors)
Director	12,000,000 shares	23,756,796 shares

Description: As the Company has set up an Audit Committee, the provisions on the shareholding of supervisors shall not apply.

II. Details of shareholding of directors and independent directors

April 30, 2021

Title	Name	Number of shares registered on the shareholder register	Note
Director	Lin, Yu-Hsin	13,159,760 shares	
Director	Lin, Yi-Hsien	9,190,036 shares	
Director	Ko Fu Investment Co., Ltd. Representative: Lin, Chung-Ying Representative: Chu, Ming-Yang	1,407,000 shares	
Independent Director	Chen, Yung-Hsueh	40,462 shares	
Independent Director	Chen, Kuei-Tuan	0 share	
Independent Director	Ma, Hui-Chen	0 share	

Share transfer suspension period: From April 30, 2021 to June 28, 2021.