

TWSE : 1517

Lee Chi Enterprises Co., Ltd.

2022 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 23, 2022

Table of Contents

Chapter I . Meeting Procedures	1
Chapter II. Meeting Agenda	2
I. Report Items	3
II. Ratification Items	4
III. Discussion Items.....	7
IV. Extraordinary Motions.....	18

Table of Contents

1. 2021 Business Report.....	19
2. The Audit Committee's Review Report.....	26
3. Auditor's Report and 2021 Financial Statements	27
4. Statement on Consolidated Financial Statements Covering Affiliated Enterprises	36
5. Auditor's Report and 2021 Consolidated Financial Statements	37
6. Articles of Incorporation	47
7. Rules of Procedure for Shareholder Meetings	54
8. Impact of Stock dividend Issuance on Business Performance, EPS, and Shareholder Return Rate	57
9. Shareholding of directors and independent directors	57

Lee Chi Enterprises Co., Ltd.

Procedure for the 2022 Annual General Meeting

- I. Call the Meeting to Order

- II. Chairman's Opening Remarks

- III. Report Items

- IV. Ratification Items

- V. Discussion Items

- VI. Extraordinary Motions

- VII. Adjournment

Lee Chi Enterprises Co., Ltd.

2022 Annual General Meeting Agenda

Time : 9:00 am on June, 23, 2022 (Thursday)

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

Type of meeting : Physical shareholders' meeting

I. Chairman's Opening Remarks

II. Report Items

(I) 2021 Business Report

(II) The Audit Committee's Review Report on the 2021 Financial Statements

(III) Report on the 2021 Distribution of Employees' Compensation and Directors' Remuneration

III. Ratification Items

(I) 2021 Business Report and Financial Statements

(II) Distribution of 2021 earnings

IV. Discussion Items

(I) Amendment of the "Procedures for Acquisition or Disposal of Assets"

V. Extraordinary Motions

VI. Adjournment

Report Items

Item 1 :

Subject : 2021 Business Report.

Explanation : The 2021 Business Report is attached on Page 19~25.

Item 2 :

Subject : The Audit Committee's Review Report of the 2021 Financial Statements.

Explanation : The Review Report is attached on Page 26.

Item 3 :

Subject : Report on the 2021 Distribution of Employees' Compensation and
Directors' Remuneration.

Explanation : The Company's 2021 profit (profit refers to earnings before tax after deducting employees' compensation and directors' remuneration) is NT\$551,166,192; and in accordance with the Articles of Incorporation, NT\$21,885,388 is set aside as employees' compensation and NT\$2,879,656 as directors' remuneration, to be distributed in cash.

Ratification Items

Item 1 :

Subject : Adoption of the 2021 Business Report and Financial Statements

(submitted by the Board).

Explanation : I. The Company's 2021 Financial Statements (include Individual and Consolidated Financial Statements) were audited by certified public accountants, Chi-Sheng Yang and Ting-Chien Su of Deloitte & Touche Tohmatsu Limited, and together with the Business Report, reviewed by the Audit Committee.

II. The Business Report and 2021 Financial Statements (include Individual and Consolidated Financial Statements) are attached (please refer to Page 19~25, 27~ 46 of the Meeting Agenda) for ratification.

Resolution:

Item 2 :

Subject : Adoption of the Proposal for Distribution of 2021 earnings (submitted by the Board).

Explanation : I .The Company's 2021 unappropriated retained earnings is NT\$1,024,130,078, and in accordance with the Company Act and Articles of Incorporation, NT\$178,640,006 will be distributed as shareholder bonus. The ending unappropriated retained earnings after distribution is NT\$845,490,072.

II. Shareholder bonus of NT\$178,640,006 is to be distributed as cash dividend at NT\$0.8 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 Earning Distribution Table is attached (please refer to Page 6 of the Meeting Agenda).

Resolution:

Lee Chi Enterprises Co., Ltd.
Earning Distribution Table
2021

	Unit: NT\$
Unappropriated retained earnings, beginning balance	\$595,813,526
Add: Net profit after tax	447,358,925
Less: Remeasurement of defined benefit plans recognized in retained earnings	(1,456,838)
Add: Disposal of investments in equity instruments designated at fair value through other comprehensive income, cumulative gains or losses directly transferred to retained earnings	3,082,133
Less: Appropriation of legal reserve (10%)	(44,898,422)
Add: Reversal of special reserve	24,230,754
Distributable earning	<u>1,024,130,078</u>
Less: Distribution items	
Cash dividends to shareholders (NT\$0.8/share)(*223,300,007 shares)	(178,640,006)
Unappropriated retained earnings, ending balance	<u><u>\$845,490,072</u></u>

Note:

1. Number of shares issued is 227,825,007. After deducting 4,525,000 of treasury stock repurchased (of which 2,140,000 were cancelled), 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 chairman may be authorized to handle the relevant adjustment matters.
3. Earning from the most recent year shall first be distributed for the above earning 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

Discussion Items

Item 1 :

Subject : Amendment of the “Procedures for Acquisition or Disposal of Assets”

(submitted by the Board).

Explanation: I. The Company's “Procedures for Acquisition or Disposal of Assets” requires amendments to reflect regulatory changes.

II. The Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Amendment for discussion is as follows:

Lee Chi Enterprises Co., Ltd. Comparison Table for the Procedures for Acquisition or Disposal of Assets Before and After Amendment

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
Article 6 Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters from whom the Company has acquired appraisal reports and opinions, shall satisfy the requirements as set forth in the following regulations: 1.~3. omitted When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply <u>with the self-regulatory rules of the industry associations to</u>	Article 6 Any Professional Appraiser and its appraisal personnel, certified public accountants, lawyers, or securities underwriters from whom the Company has acquired appraisal reports and opinions, shall satisfy the requirements as set forth in the following regulations: 1.~3. omitted When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following provisions:	Amended in accordance with the laws

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p><u>which they belong and</u> with the following provisions:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared 	<ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>auditing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>completeness, accuracy</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared 	

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>the report or opinion, and that they have evaluated and found that the information used is <u>appropriate and</u> reasonable, and that they have complied with applicable laws and regulations.</p>	<p>the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations.</p>	
<p>Article 7 Procedures for acquisition or disposal of real estate, equipment <u>or right-of-use assets thereof</u></p> <ol style="list-style-type: none"> 1. omitted 2. The Decision Making Process of Terms and Condition of Transaction and Authorized Amount <p>(1) The acquisition or disposal of real property or right-of-use assets thereof shall refer to the announced current value, appraised value and actual transaction price of the neighboring real property to decide on the terms for the transaction and transaction price and make these into an analysis report and report such to the chairman; for the amount which exceeds 20 percent of the Company's paid-in capital or NT\$300</p>	<p>Article 7 Procedures for acquisition or disposal of real estate <u>or</u> equipment</p> <ol style="list-style-type: none"> 1. omitted 2. The Decision Making Process of Terms and Condition of Transaction and Authorized Amount <p>(1) The acquisition or disposal of real property, <u>equipment</u> or right-of-use assets thereof shall refer to the announced current value, appraised value and actual transaction price of the neighboring real property to decide on the terms for the transaction and transaction price and make these into an analysis report and report such to the chairman; for the amount which exceeds 20 percent of the Company's paid-in</p>	<p>Amended in accordance with the laws</p>

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>million is required to submit for the board of directors for a resolution.</p> <p>(2) The acquisition or disposal of other equipment <u>or right-of-use assets thereof</u> shall be proceeded by methods of price inquiry, price comparison or bid invitation; for the amount exceeding 20 percent of the Company's paid-in capital or NT\$300 million, the acquisition or disposal shall be submitted for the board of directors' approval.</p> <p>(3) omitted</p> <p>3. Execution unit</p> <p>The acquisition or disposal of real property, <u>equipment or right-of-use assets thereof</u> by the Company shall be approved in accordance with the preceding authorization of approval after submission and implemented by the department using the asset and the management department.</p> <p>4. Appraisal Reports of Real Property, Equipment or</p>	<p>capital or NT\$300 million is required to submit for the board of directors for a resolution.</p> <p>(2) The acquisition or disposal of other equipment shall be proceeded by methods of price inquiry, price comparison or bid invitation; for the amount exceeding 20 percent of the Company's paid-in capital or NT\$300 million, the acquisition or disposal shall be submitted for the board of directors' approval.</p> <p>(3) omitted</p> <p>3. Execution unit</p> <p>The acquisition or disposal of real property <u>or</u> equipment by the Company shall be approved in accordance with the preceding authorization of approval after submission and implemented by the department using the asset and the management department.</p> <p>4. Appraisal Reports of Real Property, Equipment or</p>	

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>Right-of-Use Assets thereof: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof</u> held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)~(2) omitted</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction</p>	<p>Right-of-Use Assets thereof: In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)~(2) omitted</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction</p>	

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>The following is omitted.</p>	<p>amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price <u>in accordance with Statement of Auditing Standard No. 20 issued by the Accounting Research and Development Foundation (ARDF):</u></p> <p>The following is omitted.</p>	
<p>Article 8 Procedure for Acquisition or Disposal of Securities Investments 1.~3. omitted 4. Acquisition of expert’s opinion (1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for refer-</p>	<p>Article 8 Procedure for Acquisition or Disposal of Securities Investments 1.~3. omitted 4. Acquisition of expert’s opinion (1) The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for refer-</p>	<p>Amended in accordance with the laws</p>

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>ence in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>The following is omitted.</p>	<p>ence in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.</p> <p><u>Should the certified public accountant adopt an expert report, the matters shall be handled in accordance with Statement of Auditing Standard No. 20 issued by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>The following is omitted.</p>	

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>Article 9 Procedure for Related Party Transactions 1. omitted 2. Procedure of Appraisal and Operation Omitted (1)~(7) omitted <u>If the Company or a subsidiary thereof that is not a domestic public company will have a transaction set out in the preceding paragraph and the transaction amount will reach 10 percent or more of the Company's total assets, the Company shall submit the materials in all the subparagraphs of the preceding paragraph to the shareholders meeting for approval before the transaction contract may be entered into and any payment made. However, this restriction does not apply to transactions between the Company and its subsidiaries or between its subsidiaries.</u> The calculation of the transaction amounts shall be done in accordance with Article 14, paragraph 1, part 8 herein,</p>	<p>Article 9 Procedure for Related Party Transactions 1. omitted 2. Procedure of Appraisal and Operation Omitted (1)~(7) omitted The calculation of the transaction amounts shall be done in accordance with Article 14, paragraph 1, part 8 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved and recognized by the audit committee and board of directors need not be counted toward the transaction amount. The following is omitted.</p>	<p>Amended in accordance with the laws</p>

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved and recognized by the audit committee and board of directors need not be counted toward the transaction amount.</p> <p>The following is omitted.</p>		
<p>Article 10 Procedure for Acquisition or Disposal of Intangible Assets or Right-of-Use Assets thereof or Memberships 1.~3. Omitted 4. Professional Appraisal Opinion Report of Intangible Assets or Right-of-Use Assets thereof or Membership, Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the</p>	<p>Article 10 Procedure for Acquisition or Disposal of Intangible Assets or Right-of-Use Assets thereof or Memberships 1.~3. Omitted 4. Professional Appraisal Opinion Report of Intangible Assets or Right-of-Use Assets thereof or Membership, Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the</p>	<p>Amended in accordance with the laws</p>

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p>	<p>date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p><u>The certified public accountant shall handle the matters in accordance with Statement of Auditing Standard No. 20 issued by the ARDF.</u></p>	
<p>Article 14 Procedure for Public Disclosure of Information</p> <p>1. Information required to be publicly announced and reported and threshold requiring public announcement and regulatory filing (1)~(6) omitted (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of domestic</p>	<p>Article 14 Procedure for Public Disclosure of Information</p> <p>1. Information required to be publicly announced and reported and threshold requiring public announcement and regulatory filing (1)~(6) omitted (7) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of domestic</p>	<p>Amended in accordance with actual operation</p>

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>government bonds <u>or</u> <u>foreign government bonds</u> <u>with a rating that is not</u> <u>lower than the sovereign</u> <u>rating of Taiwan.</u></p>	<p>government bonds.</p> <p>B. <u>Where done by profes-</u> <u>sional investors</u> <u>—securities trading on</u> <u>securities exchanges or</u> <u>OTC markets, or</u> <u>subscription of foreign</u> <u>government bonds, or of</u> <u>ordinary corporate bonds</u> <u>or general bank deben-</u> <u>tures without equity</u> <u>characteristics (excluding</u> <u>subordinated debt) that</u> <u>are offered and issued in</u> <u>the primary market, or</u> <u>subscription or redemp-</u> <u>tion of securities invest-</u> <u>ment trust funds or</u> <u>futures trust funds, or</u> <u>subscription or redemp-</u> <u>tion of exchange traded</u> <u>notes, or subscription by a</u> <u>securities firm of securi-</u> <u>ties as necessitated by its</u> <u>undertaking business or as</u> <u>an advisory recommend-</u> <u>ing securities firm for an</u></p>	

AFTER THE AMENDMENT	BEFORE THE AMENDMENT	NOTE
<p>B. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The following is omitted.</p>	<p><u>emerging stock company,</u> <u>in accordance with the</u> <u>rules of the Taipei</u> <u>Exchange.</u></p> <p>C. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>The following is omitted.</p>	

Resolution:

Extraordinary Motions

Adjournment

I. Introduction:

With the wide deployment of vaccines across the globe in year 2021, many countries began to lift their pandemic preventive measures, which sparked large consumption demand and rapid global economic growth. Under the influence of the green and carbon-neutral movement, the same demand phenomenon happened in the cycling segment while driving more riders to electric-assist bicycles, commonly known as e-bikes. As a result of these growth factors, the cycling industry enjoyed an unprecedented boom in 2021; both the production quantity and production value reached record highs. However, the overall supply chain also faced the issue where the rate the supply increase could not keep up with the demand curve. Other supply chain disruptions such as shortage of containers, lack of raw material, inflations, and rising cost due to delayed shipping further escalated operational challenge for the entire industry.

Looking ahead to 2022, the growth momentum of the cycling industry is expected to maintain, and parts factories will still need to produce at full capacity to satisfy order demands. However, factors such as ongoing inflation worries aided by the impact of the war between Russia and Ukraine in the beginning of the year, sharp increase in raw materials prices and drastic fluctuation of exchange rates, etc., have led to 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. 2021 Operating Results:**(I) Operating Results:**

The Company's 2021 consolidated net operating revenue is NT\$4,879,953 thousand, consolidated net profit after tax is NT\$494,023 thousand, net profit attributable to the parent company is NT\$447,359 thousand, and the basic earnings per share is NT\$2.00.

Adhering to the Company's 2021 operational goal of "actively accepting orders, expanding capacity, leaning management and continuing improvement", we continued to expand capacity to cater to the largely increasing number of orders, fully 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 replacement, manpower replenishment; and cooperated with major main customers in setting up multiple dedicated production lines, and together improve production technologies and increase product yield.
- 2. Product development:** continued to review the formation of product lines, develop and launch 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, while aiming towards higher-end products continuously, significantly increasing product gross margin and market share.
- 3. Process upgrade:** upgrading process capability and in-house making ratio are our top priorities; we continued to procure machines such as high-precision CNC machinery, forging and casting production equipment, quality inspection equipment, etc., and bring in various types of automated equipment.
- 4. Management advancement:** continued to complete various ISO management system verification in line with the implementation of ERP and HR management system, and continued to improve administrative 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 of all business entities, strengthened competitiveness, made incremental improvements to various equipment, environmental protection, health and safety and overall plant environment. Positive results have been realized.
- 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 upgrading technology and business outlook.

(II) 2021 Budget Execution Status:

The Company did not plan a financial forecast for 2021, 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 2021 Profitability Analysis based on the Consolidated Financial Statements shows that return on assets is 9.41%, return on equity is 13.77%, ratio of operating income to paid-in capital is 19.99%, ratio of profit before tax to paid-in capital is 26.45 %, profit margin before tax is 10.12 %, and basic earnings per share attributable to the parent company is NT\$2.00.

(IV) Research and Development Status:

Completed the development of 54 new products, submitted 7 patent applications, and was awarded 15 (including 6 utility model patents in Taiwan, 4 invention patents in Taiwan, 3 utility model patents in China, 1 invention patent in the United States, and 1 utility model patent in Germany; note that one patent awarded by different countries is only calculated as one award); and awarded 1 trademark certification.

III. 2022 Business Plan Outline:

(I) Sales Volume Forecast:

Item	Expected Sales
Braking system:	
Brakes	5,000 thousand Pieces
Levers	2,700 thousand Pieces
Cable	9,500 thousand Pieces
Seat Post	3,700 thousand Pieces
Stem	4,500 thousand Pieces
Hub	800 thousand Pieces
Spare parts such as brake, seat post, stem, etc.	57,000 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. **“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 maximize human vs machinery efficiency and exploit equipment effectiveness, effectively increase production output to meet customer requirements and maintain competitive advantage.
2. **“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, we pay close attention to market changes, take preventive measures to reduce risk, and manage inventory.
3. Continue to research and develop new products, increase product standards and unit price, and expand high-end components market share. New products to be developed this year include: 1 caliper product, 1 handlebar product, 6 seat post products, 20 stem products, 5 disc brake products, 15 hub products, 10 seat clamp and quick release products, 10 rim products, 15 other types of products and 20 frame part products, a total of 103 products.
4. **“Brand marketing, expand market share”**: make use of our brand, “PROMAX”, to promote new product sales, increase market share and product gross margin; as 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 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.
5. **“Improve cooperation, enhance technology”**: continue to deepen the partnership with internationally renowned bicycle and component brands; research and develop new products cooperatively, increase the breadth and depth of development projects, and improve overall product technologies.

6. **“Cross-industry cooperation, active transformation”**: cross-industry cooperation and seeking more development opportunities in recent years have gradually gained results; undertaking cross-industry product orders has helped to increase process capability and profitability, and improve operational outlook in other domains besides our core bicycle business.
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; in line with the global trend of carbon Net Zero, countries proposed carbon reduction goals successively, with e-bikes being the principal development of the future, as implementation of carbon reduction is required in every step of the process from manufacturing to sales, we will continue to implement measures such as energy saving and environmental protection, environmental friendliness and giving back to the community, furthermore stay ahead in the trend of supply chain carbon reduction by actively planting trees to deduct carbon emissions, thus attaining corporate sustainability and fulfilling social responsibilities.

IV. Development Strategies and Impact of Industry Environment:

(I) Future Development Strategies:

1. **Concurrent development of own 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 electric cars, motor vehicles, 3C technologies, etc., to expand sales % on new business and new markets.
3. **Consolidate the Group’s resources, create production advantages**: become a world-class professional manufacturing plant, make the most of local resources, continue to consolidate 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 lifting 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 benefits from the post-pandemic period, which has created an unprecedented industrial prosperity in recent years. However, components are in short supply. Increasing production capacity within a short period and building a production supply with stable and continued growth is to be our important topic this year.
2. In recent years, due to the impact of global 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, and the industry has adjusted into short chain supply systems. Based on factors such as tariff avoidance or seeking to shorten the distance between sales market and supply, main customers have successively set up new plants in Southeast Asia countries, the United States or Europe. Such action affects the production layout which is mainly based in China in the past. Future regional reorganizations of the overall cycling industry supply chain is something worth observing.
3. The development trends of 5G, Internet of Things, AI and battery technology have driven the rapid development of e-bike. In recent years, it has become an industry niche that drives a new wave of growth. In addition, the post-pandemic lifestyle with lockdowns gradually lifted has resulted in people longing for healthy and outdoor activities even more. E-bike, which can ride farther and higher, has greatly attracted the US and European markets. 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. Facing the uncertainty caused by the war between Russia and Ukraine, the impact from the war is continuing to increase, as countries implemented economic blockades to affect each other's trade and logistics, resulting in price soars for energy, raw materials and staple merchandise, further increasing the pressure on inflation. The prospect of the global economy has already been impacted greatly. Moreover, the economy in Europe as the main sales market for e-bike will be damaged more significantly by further rising inflation. Whether there is a possibility of consumption stagnations caused by various price hikes is to be observed closely.
5. As global air pollution deteriorates and carbon emissions continue to increase, leading to climate changes, countries have proposed adjustments in energy use in line with the trend of reaching the goal of zero carbon emission and carbon neutral, switching to low carbon power generation alternatives such as green energy and natural gas. However, rapid energy transformation and instability in source of supply may lead to increase in both oil price and electricity price, with power outages becoming the norm. In addition, manufacturing bottlenecks such as lack of labor and price increase in materials will bring forth more challenges to the industry which required stability in manufacturing.

With the above internal and external changes and impacts, the Company strongly believes that challenges are definitely accompanied with opportunities. Through strong management and continuous advancement, we will grasp market demand to reflect our sales & 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 2021 (including individual and consolidated), and they have been audited by certified public accountants, Chi-Sheng Yang and Ting-Chien Su of Deloitte & Touche Tohmatsu Limited. The Audit Committee has reviewed the above statements, 2021 Business Report and Earning Distribution Plan, and did not find any instances of non-compliance. In accordance with Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act, the report is hereby presented.

Yours faithfully,

The Company's 2022 Annual General Meeting

Lee Chi Enterprises Co., Ltd.

Convener of the Audit Committee: Chen, Kuei-Tuan

Date: March 24, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021. 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, 2021 is stated as follows.

Revenue Recognition

The Company's operating revenue mainly comes from the manufacturing and sale of bicycle components. The operating revenue significantly increased due to the changes in market demand for bicycle components in 2021 compared to the previous year. However, the revenue from specific customers was significant to the overall operating revenue. We identified the validity of recognition of the revenue from specific customers as a key audit matter. For the accounting policy on the revenue recognition, refer to Note 4 to the financial statements.

The main audit procedures that we performed in respect of revenue from the specific customers included the

following:

1. We evaluated the design and implementation of the related internal controls on revenue recognition and tested the operating effectiveness of the related controls.
2. We selected samples from the the specific customers' subsidiary ledger of sales revenue, to verify related documents, including sales orders, invoices, shipping documents, and receipts of payment, to confirm the validity of revenue recognition.

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

The engagement partners on the audits resulting in this independent auditors' report are Chi-Sheng Yang and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2022

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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 315,293	6	\$ 330,262	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	84,612	2	262,953	6
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	68,006	1	49,307	1
Financial assets at amortized cost - current (Notes 4, 9 and 29)	-	-	24,804	1
Notes receivable (Notes 4, 10 and 21)	35,727	1	41,268	1
Trade receivables from non-related parties (Notes 4, 5, 10 and 21)	873,385	17	591,636	14
Trade receivables from related parties (Notes 4, 5, 21 and 28)	40,198	1	37,265	1
Other receivables (Note 28)	262,671	5	291,129	7
Inventories (Notes 4 and 11)	1,117,422	22	467,420	11
Other current assets (Note 16)	26,066	1	16,976	-
Total current assets	<u>2,823,380</u>	<u>56</u>	<u>2,113,020</u>	<u>50</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	1,664	-	1,654	-
Investments accounted for using the equity method (Notes 4 and 12)	1,307,651	26	1,222,022	29
Property, plant and equipment (Notes 4 and 13)	822,780	16	802,216	19
Right-of-use assets (Notes 4 and 14)	13,339	-	1,369	-
Other intangible assets (Notes 4 and 15)	35,207	1	37,168	1
Deferred tax assets (Notes 4 and 23)	54,373	1	60,431	1
Other non-current assets (Note 16)	24,919	-	15,299	-
Total non-current assets	<u>2,259,933</u>	<u>44</u>	<u>2,140,159</u>	<u>50</u>
TOTAL	<u>\$ 5,083,313</u>	<u>100</u>	<u>\$ 4,253,179</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to non-related parties	\$ 580,515	11	\$ 284,854	7
Trade payables to related parties (Note 28)	180,042	4	187,589	4
Other payables (Note 17)	180,397	4	111,035	3
Current tax liabilities (Notes 4 and 23)	74,353	1	-	-
Provisions - current (Notes 4 and 18)	5,443	-	4,637	-
Lease liabilities - current (Notes 4 and 14)	2,765	-	1,481	-
Other current liabilities (Notes 17 and 21)	41,007	1	45,846	1
Total current liabilities	<u>1,064,522</u>	<u>21</u>	<u>635,442</u>	<u>15</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	130,423	2	110,044	2
Lease liabilities - non-current (Notes 4 and 14)	10,697	-	-	-
Deferred revenue - non-current (Notes 4 and 17)	700	-	692	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	36,362	1	43,979	1
Investments accounted for using the equity method - credit balance (Notes 4 and 12)	184,242	4	201,715	5
Total non-current liabilities	<u>362,424</u>	<u>7</u>	<u>356,430</u>	<u>8</u>
Total liabilities	<u>1,426,946</u>	<u>28</u>	<u>991,872</u>	<u>23</u>
EQUITY				
Ordinary shares	2,278,250	45	2,278,250	54
Capital surplus	64,235	1	64,235	2
Retained earnings				
Legal reserve	284,080	6	265,642	6
Special reserve	123,882	2	135,847	3
Unappropriated earnings	1,044,799	21	680,443	16
Other equity	(99,652)	(2)	(123,883)	(3)
Treasury shares	(39,227)	(1)	(39,227)	(1)
Total equity	<u>3,656,367</u>	<u>72</u>	<u>3,261,307</u>	<u>77</u>
TOTAL	<u>\$ 5,083,313</u>	<u>100</u>	<u>\$ 4,253,179</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 28)	\$ 3,286,536	100	\$ 2,176,121	100
OPERATING COSTS (Notes 11, 22 and 28)	<u>2,586,277</u>	<u>79</u>	<u>1,845,541</u>	<u>85</u>
GROSS PROFIT	<u>700,259</u>	<u>21</u>	<u>330,580</u>	<u>15</u>
OPERATING EXPENSES (Notes 10 and 22)				
Selling and marketing expenses	80,040	2	51,423	2
General and administrative expenses	54,423	2	47,808	2
Research and development expenses	70,925	2	67,610	3
Expected credit loss	<u>3,755</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>209,143</u>	<u>6</u>	<u>166,841</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>491,116</u>	<u>15</u>	<u>163,739</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries (Note 4)	69,815	2	73,892	3
Interest income	1,038	-	2,204	-
Dividend income	2,306	-	2,211	-
Other income	24,237	-	24,644	1
Gain on fair value changes of financial assets and liabilities at fair value through profit or loss (Note 4)	3,669	-	9,117	1
Other expenses (Note 28)	(321)	-	(4,314)	-
Gain (loss) on disposal of investment (Note 12)	754	-	(23,667)	(1)
Foreign exchange loss, net (Notes 4 and 22)	<u>(41,448)</u>	<u>(1)</u>	<u>(18,972)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>60,050</u>	<u>1</u>	<u>65,115</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	551,166	16	228,854	11
INCOME TAX EXPENSE (Notes 4 and 23)	<u>103,807</u>	<u>3</u>	<u>59,551</u>	<u>3</u>
NET PROFIT FOR THE YEAR	<u>447,359</u>	<u>13</u>	<u>169,303</u>	<u>8</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 19)	\$ (1,821)	-	\$ (5,428)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	21,772	1	(3,313)	-
Subsidiaries unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	10,787	-	1,582	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	364	-	1,086	-
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>(5,246)</u>	<u>-</u>	<u>36,510</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>25,856</u>	<u>1</u>	<u>30,437</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 473,215</u>	<u>14</u>	<u>\$ 199,740</u>	<u>9</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 2.00</u>		<u>\$ 0.76</u>	
Diluted	<u>\$ 2.00</u>		<u>\$ 0.75</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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	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, 2020	\$ 2,278,250	\$ 60,505	\$ 264,580	\$ 122,020	\$ 581,755	\$ (169,365)	\$ 7,849	\$ (21,236)	\$ 3,124,358
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	-	-	-	-	(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	2,278,250	64,235	265,642	135,847	680,443	(132,855)	8,972	(39,227)	3,261,307
Appropriation of 2020 earnings									
Legal reserve	-	-	18,438	-	(18,438)	-	-	-	-
Special reserve	-	-	-	(11,965)	11,965	-	-	-	-
Cash dividends	-	-	-	-	(78,155)	-	-	-	(78,155)
Net profit for the year ended December 31, 2021	-	-	-	-	447,359	-	-	-	447,359
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,457)	(5,246)	32,559	-	25,856
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	445,902	(5,246)	32,559	-	473,215
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	3,082	-	(3,082)	-	-
BALANCE AT DECEMBER 31, 2021	\$ 2,278,250	\$ 64,235	\$ 284,080	\$ 123,882	\$ 1,044,799	\$ (138,101)	\$ 38,449	\$ (39,227)	\$ 3,656,367

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 551,166	\$ 228,854
Adjustments for:		
Depreciation expenses	93,066	90,671
Amortization expenses	4,069	3,639
Expected credit loss recognized on trade receivables	3,755	-
Net gain on fair value changes of financial assets designated at fair value through profit or loss	(3,669)	(9,117)
Financial costs	205	33
Interest income	(1,038)	(2,204)
Dividend income	(2,306)	(2,211)
Share of profit or loss of subsidiaries	(69,815)	(73,892)
Loss on disposal of property, plant and equipment	60	1,576
Loss (gain) on disposal of investment	(754)	23,667
Impairment loss recognized on financial assets	-	2,311
Impairment loss recognized on non-financial assets	322	-
Net loss on foreign currency exchange	18,067	10,755
Deferred revenue	(123)	(130)
Recognition (reversal) of provisions	2,115	(2,700)
Changes in operating assets and liabilities		
Notes receivable	5,541	(15,080)
Trade receivables	(296,245)	(129,882)
Other receivables	(572)	(515)
Inventories	(650,324)	(125,822)
Other current assets	(9,090)	1,040
Trade payables	286,859	90,396
Other payables	63,458	18,080
Provisions	(1,309)	(595)
Other current liabilities	(4,708)	7,117
Net defined benefit liabilities	(9,438)	(6,658)
Deferred revenue	-	390
Cash generated from (used in) operations	(20,708)	109,723
Interest received	1,352	1,562
Dividends received	2,306	2,211
Interest paid	(205)	(33)
Income tax paid	(2,653)	(5,517)
Net cash generated from (used in) operating activities	(19,908)	107,946
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	3,073	145
Proceeds from sale of financial assets at amortized cost	24,804	58,642
Purchase of financial assets at fair value through profit or loss	(1,309,277)	(1,220,220)
Proceeds from sale of financial assets at fair value through profit or loss	1,489,954	1,089,506

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

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

	2021	2020
Payments for property, plant and equipment	\$ (63,671)	\$ (84,843)
Proceeds from disposal of property, plant and equipment	6	979
Increase in refundable deposits	(25)	(21)
Decrease in refundable deposits	-	21
Increase in other receivables from related parties	(22,457)	(23,569)
Payments for intangible assets	(2,108)	(159)
Increase in prepayments for equipment	(50,865)	(15,007)
Dividends received from subsidiaries	<u>16,500</u>	<u>188,380</u>
Net cash generated from (used in) investing activities	<u>85,934</u>	<u>(6,146)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(2,840)	(2,938)
Dividends paid to owners of the Company	(78,155)	(45,137)
Payments for buy-back of treasury shares	-	(17,991)
Acquisition of additional interests in subsidiary	<u>-</u>	<u>(27,886)</u>
Net cash used in financing activities	<u>(80,995)</u>	<u>(93,952)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,969)	7,848
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>330,262</u>	<u>322,414</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 315,293</u>	<u>\$ 330,262</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, 2021, 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 24, 2022

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, 2021 and 2020, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows.

Revenue Recognition

The Company's operating revenue mainly comes from the manufacturing and sale of bicycle components. The operating revenue significantly increased due to the changes in market demand for bicycle components in 2021 compared to the previous year. However, the revenue from specific customers was significant to the overall operating revenue. We identified the validity of recognition of the revenue from specific customers as a key audit matter. For the accounting policy on the revenue recognition, refer to Note 4 to the financial statements.

The main audit procedures that we performed in respect of revenue from the specific customers included the following:

1. We evaluated the design and implementation of the related internal controls on revenue recognition and tested the operating effectiveness of the related controls.
2. We selected samples from the the specific customers' subsidiary ledger of sales revenue, to verify related documents, including sales orders, invoices, shipping documents, and receipts of payment, to confirm the validity of revenue recognition.

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, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chi-Sheng Yang and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2022

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 669,077	12	\$ 632,729	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	192,929	3	276,702	6
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	75,962	1	63,032	1
Financial assets at amortized cost - current (Notes 4, 9 and 30)	86,900	2	24,804	-
Notes receivable (Notes 4, 10 and 21)	109,076	2	150,245	3
Trade receivables (Notes 4, 5, 10 and 21)	1,291,341	23	997,021	21
Other receivables	25,875	-	27,065	1
Current tax assets (Notes 4 and 23)	3,459	-	3,560	-
Inventories (Notes 4 and 11)	1,569,665	28	839,146	17
Other current assets (Note 16)	48,887	1	29,596	1
Total current assets	<u>4,073,171</u>	<u>72</u>	<u>3,043,900</u>	<u>63</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	75,093	1	176,400	4
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	81,401	1	59,933	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	27,734	-	111,810	2
Property, plant and equipment (Notes 4 and 13)	1,175,687	21	1,216,699	25
Right-of-use assets (Notes 4 and 14)	51,705	1	41,438	1
Other intangible assets (Notes 4 and 15)	36,237	1	38,383	1
Goodwill (Note 4)	50,484	1	51,962	1
Deferred tax assets (Notes 4 and 23)	54,373	1	60,431	1
Other non-current assets (Note 16)	53,737	1	22,327	1
Total non-current assets	<u>1,606,451</u>	<u>28</u>	<u>1,779,383</u>	<u>37</u>
TOTAL	<u>\$ 5,679,622</u>	<u>100</u>	<u>\$ 4,823,283</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	\$ 1,045,584	19	\$ 755,116	16
Other payables (Note 17)	314,544	6	235,284	5
Current tax liabilities (Notes 4 and 23)	79,134	1	179	-
Provisions - current (Notes 4 and 18)	5,443	-	4,637	-
Lease liabilities - current (Notes 4 and 14)	2,765	-	1,481	-
Deferred revenue - current (Notes 4 and 17)	20,511	-	47,739	1
Other current liabilities (Notes 17 and 21)	45,532	1	49,854	1
Total current liabilities	<u>1,513,513</u>	<u>27</u>	<u>1,094,290</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	130,423	2	110,044	2
Lease liabilities - non-current (Notes 4 and 14)	10,697	-	-	-
Deferred revenue - non-current (Notes 4 and 17)	185,303	3	207,459	4
Net defined benefit liabilities - non-current (Notes 4 and 19)	36,362	1	43,979	1
Guarantee deposits	130	-	132	-
Total non-current liabilities	<u>362,915</u>	<u>6</u>	<u>361,614</u>	<u>7</u>
Total liabilities	<u>1,876,428</u>	<u>33</u>	<u>1,455,904</u>	<u>30</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,278,250	40	2,278,250	47
Capital surplus	64,235	1	64,235	1
Retained earnings				
Legal reserve	284,080	5	265,642	6
Special reserve	123,882	2	135,847	3
Unappropriated earnings	1,044,799	19	680,443	14
Other equity	(99,652)	(2)	(123,883)	(2)
Treasury shares	(39,227)	(1)	(39,227)	(1)
Total equity attributable to owners of the Company	<u>3,656,367</u>	<u>64</u>	<u>3,261,307</u>	<u>68</u>
NON-CONTROLLING INTERESTS	<u>146,827</u>	<u>3</u>	<u>106,072</u>	<u>2</u>
Total equity	<u>3,803,194</u>	<u>67</u>	<u>3,367,379</u>	<u>70</u>
TOTAL	<u>\$ 5,679,622</u>	<u>100</u>	<u>\$ 4,823,283</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 4,879,953	100	\$ 3,383,919	100
OPERATING COSTS (Notes 11 and 22)	<u>3,965,720</u>	<u>81</u>	<u>2,863,070</u>	<u>85</u>
GROSS PROFIT	<u>914,233</u>	<u>19</u>	<u>520,849</u>	<u>15</u>
OPERATING EXPENSES (Notes 10 and 22)				
Selling and marketing expenses	161,382	3	125,741	4
General and administrative expenses	214,725	5	188,859	5
Research and development expenses	72,430	2	68,817	2
Expected credit loss	<u>10,163</u>	<u>-</u>	<u>587</u>	<u>-</u>
Total operating expenses	<u>458,700</u>	<u>10</u>	<u>384,004</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>455,533</u>	<u>9</u>	<u>136,845</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	8,866	-	12,630	1
Dividend income	7,774	-	4,202	-
Other income (Note 17)	75,705	2	66,593	2
Gain on fair value changes of financial assets and liabilities at fair value through profit or loss (Note 4)	101,894	2	101,951	3
Other expenses	(1,507)	-	(1,086)	-
Gain (loss) on disposal of property, plant and equipment	541	-	(1,782)	-
Gain (loss) on disposal of investment	754	-	(23,667)	(1)
Foreign exchange loss, net (Notes 4 and 22)	<u>(46,949)</u>	<u>(1)</u>	<u>(33,651)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>147,078</u>	<u>3</u>	<u>125,190</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	602,611	12	262,035	8
INCOME TAX EXPENSE (Notes 4 and 23)	<u>108,588</u>	<u>2</u>	<u>59,730</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>494,023</u>	<u>10</u>	<u>202,305</u>	<u>6</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, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 19)	\$ (1,821)	-	\$ (5,428)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	40,000	1	448	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	364	-	1,086	-
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>(5,096)</u>	<u>-</u>	<u>36,696</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>33,447</u>	<u>1</u>	<u>32,802</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 527,470</u>	<u>11</u>	<u>\$ 235,107</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 447,359	9	\$ 169,303	5
Non-controlling interests	<u>46,664</u>	<u>1</u>	<u>33,002</u>	<u>1</u>
	<u>\$ 494,023</u>	<u>10</u>	<u>\$ 202,305</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 473,215	10	\$ 199,740	6
Non-controlling interests	<u>54,255</u>	<u>1</u>	<u>35,367</u>	<u>1</u>
	<u>\$ 527,470</u>	<u>11</u>	<u>\$ 235,107</u>	<u>7</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 2.00</u>		<u>\$ 0.76</u>	
Diluted	<u>\$ 2.00</u>		<u>\$ 0.75</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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	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, 2020	\$ 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	-	-	-	-	(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
Appropriation of 2018 earnings											
Legal reserve	-	-	18,438	-	(18,438)	-	-	-	-	-	-
Special reserve	-	-	-	(11,965)	11,965	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(78,155)	-	-	-	(78,155)	-	(78,155)
Net profit for the year ended December 31, 2021	-	-	-	-	447,359	-	-	-	447,359	46,664	494,023
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,457)	(5,246)	32,559	-	25,856	7,591	33,447
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	445,902	(5,246)	32,559	-	473,215	54,255	527,470
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(13,500)	(13,500)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	3,082	-	(3,082)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 2,278,250	\$ 64,235	\$ 284,080	\$ 123,882	\$ 1,044,799	\$ (138,101)	\$ 38,449	\$ (39,227)	\$ 3,656,367	\$ 146,827	\$ 3,803,194

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 602,611	\$ 262,035
Adjustments for:		
Depreciation expenses	165,747	165,239
Amortization expenses	4,222	4,244
Expected credit loss recognized on trade receivables	10,163	587
Net gain on fair value changes of financial assets designated at fair value through profit or loss	(101,894)	(101,951)
Financial costs	205	33
Interest income	(8,866)	(12,630)
Dividend income	(7,774)	(4,202)
(Gain) loss on disposal of property, plant and equipment	(541)	1,782
(Gain) loss on disposal of investment	(754)	23,667
Impairment loss recognized on non-financial assets	322	-
Net loss on foreign currency exchange	8,964	3,800
Deferred revenue	(47,270)	(41,669)
Recognition (reversal) of provisions	2,115	(2,700)
Changes in operating assets and liabilities		
Notes receivable	40,265	(51,340)
Trade receivables	(316,864)	(333,651)
Other receivables	5,210	(11,619)
Inventories	(734,534)	(224,995)
Other current assets	(19,706)	2,620
Trade payables	295,648	283,321
Other payables	74,474	45,637
Provisions	(1,309)	(595)
Other current liabilities	(4,285)	6,917
Net defined benefit liabilities	(9,438)	(6,658)
Deferred revenue	-	5,779
Cash (used in) generated from operations	(43,289)	13,651
Interest received	4,713	9,191
Dividends received	7,774	4,202
Interest paid	(205)	(33)
Income tax paid	(2,653)	(15,934)
Net cash (used in) generated from operating activities	<u>(33,660)</u>	<u>11,077</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(11,026)	(8,127)
Proceeds from sale of financial assets at fair value through other comprehensive income	13,241	7,748
Proceeds from return of capital from investments accounted for using the equity method	3,094	4,374
Purchase of financial assets at amortized cost	(4,376)	-

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	2021	2020
Proceeds from sale of financial assets at amortized cost	\$ 25,455	\$ 58,642
Purchase of financial assets at fair value through profit or loss	(1,347,867)	(1,451,448)
Proceeds from sale of financial assets at fair value through profit or loss	1,633,509	1,558,355
Payments for property, plant and equipment	(73,562)	(97,249)
Proceeds from disposal of property, plant and equipment	2,395	1,390
Increase in refundable deposits	(26)	(21)
Decrease in refundable deposits	99	27
Payments for intangible assets	(2,108)	(159)
Increase in prepayments for equipment	<u>(78,120)</u>	<u>(15,399)</u>
Net cash generated from investing activities	<u>160,708</u>	<u>58,133</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	(2,840)	(2,938)
Dividends paid to owners of the Company	(78,155)	(45,137)
Dividends paid to non-controlling interests	(13,500)	-
Payments for buy-back of treasury shares	-	(17,991)
Changes in non-controlling interests	<u>-</u>	<u>(27,886)</u>
Net cash used in financing activities	<u>(94,495)</u>	<u>(93,952)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>3,795</u>	<u>11,128</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	36,348	(13,614)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>632,729</u>	<u>646,343</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 669,077</u>	<u>\$ 632,729</u>

The accompanying notes are an integral part of the 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 25, 2022

Title	Required shareholding	Number of shares registered on the shareholder register (exclude independent directors)
Director	12,000,000 shares	23,877,796 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 25, 2022

Title	Name	Number of shares registered on the shareholder register	Note
Director	Lin, Yu-Hsin	13,280,760 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 25, 2022 to June 23, 2022.