

TWSE : 1517

Lee Chi Enterprises Co., Ltd.

2024 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 25, 2024

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Lee Chi Enterprises Co., Ltd.

Procedure for the 2024 Annual General Meeting

- I. Call the Meeting to Order
- II. Chairman's Opening Remarks
- III. Report Items
- IV. Ratification Items
- V. Extraordinary Motions
- VI. Adjournment

Lee Chi Enterprises Co., Ltd.

2024 Annual General Meeting Agenda

Time: 9:00 am on June, 25, 2024 (Wednesday)

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) 2023 Business Report

(II) The Audit Committee's Review Report on the 2023 Financial Statements

III. Ratification Items

(I) 2023 Business Report and Financial Statements

(II) Distribution of 2023 earnings

IV. Extraordinary Motions

V. Adjournment

Report Items

Item 1:

Subject: 2023 Business Report

Explanation: The 2023 Business Report is attached on Page 7~14.

Item 2:

Subject: The Audit Committee's Review Report of the 2023 Financial Statements

Explanation: The Review Report is attached on Page 15.

Ratification Items

Item 1:

Subject: Adoption of the 2023 Business Report and Financial Statements

(Proposed by the Board of Directors)

Explanation: I. The Company's 2023 Financial Statements (include Individual and Consolidated Financial Statements) were audited by certified public accountants, Li-wei Liu 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 2023 Financial Statements (include Individual and Consolidated Financial Statements) are attached (please refer to Page 7~14, 16~24, 25~35 of the Meeting Agenda) for ratification.

Resolution:

Item 2:

Subject: Adoption of the Proposal for Distribution of 2023 earnings (Proposed by the Board of Directors)

Explanation: I. The Company's 2023unappropriated retained earnings is NT\$1,001,931,948, and in accordance with the Company Act and Articles of Incorporation, NT\$ 44,660,001 will be distributed as shareholder bonus. The ending unappropriated retained earnings after distribution is NT\$ 957,271,947.

II. Shareholder bonus of NT\$ 44,660,001 is to be distributed as cash dividend at NT\$0.2 per share. (to the nearest NT\$1)

III. The chairman is authorized to set the dividend record date, allotment date and other related matters after such proposal is approved at the shareholders' meeting..

IV. The Earnings Distribution Table is attached (please refer to Page 5 of the Meeting Agenda).

Resolution:

Lee Chi Enterprises Co., Ltd.
Earnings Distribution Table
2023

Unit: NT\$

Unappropriated retained earnings, beginning balance	\$1,163,388,369
Net loss after tax	(166,733,600)
Remeasurement of defined benefit plans recognized in retained earnings	(1,061,371)
Disposal of investments in equity instruments designated at fair value through other comprehensive income, cumulative gains or losses directly transferred to retained earnings	1,664,771
Reversal of special reserve in accordance with the laws and regulations	4,673,779
Distributable earning	1,001,931,948
Less: Distribution items	
Cash dividends to shareholders (NT\$0.2/share)(*223,300,007 shares)	(44,660,001)
Unappropriated retained earnings, ending balance	<u>\$957,271,947</u>

Note:

1. Number of shares issued is 225,685,007. After deducting 2,385,000 of treasury stock repurchased, the number of outstanding shares is 223,300,007 shares.
2. If the outstanding shares are affected by subsequent buy back of the Company's shares, transfer of treasury stock, or exercising of stock options by employees, etc., resulting in changes in dividend distribution and the need to make adjustments, the Chairman may be authorized to handle the relevant adjustment matters.
3. Earning from the most recent year shall first be distributed for the above earnings 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

President:
Lin, Yi-Hsien

Accounting Manager:
Tsai, Fang-Chu

Extraordinary Motions

Adjournment

I. Forewords:

Reflecting on 2023, the key focus in the bicycle industry has been inventory reduction. During the pandemic, the industry benefited from a surge in orders due to social distancing requirements and government subsidies for purchases. However, with the pandemic lockdown lifted, supply chain issues eased, purchasing power impacted by inflation and war, and optimistic ordering decisions made repeatedly during the demand surge, the industry faced an overstock situation, which quickly turned into operational headwinds and shrouded the entire bicycle sector in a pessimistic atmosphere.

Looking ahead to 2024, it is foreseeable that inventory adjustments will continue to trend in a positive direction, and it is expected that inventory levels will eventually return to a reasonable baseline, gradually reaching to a normal supply-demand equilibrium. This year, the key operational goals will be to focus on managing inventory replenishment, controlling cost increases caused by inflation, and ensuring accounts receivable recovery and a healthy cash flow. The Company is convinced of the philosophy “challenges will bring about changes, and innovation will eventually bring about the leap”. In the face of headwinds in the business circumstances, the Company will continue to promote various improvements under the established management structure to sustain in the industry adjustment period in the recent quarters with an expectation to restore operations to the positive trend enabling stable growth. The Company is also convinced that ongoing innovations and daring changes may bring forth positive effects, creating long-term investment value for all shareholders.

II. Business Results in 2023:**(I) Operating Results:**

The Company’s 2023 consolidated net operating revenue is NT\$1,892,415 thousand, consolidated net loss after tax is NT\$158,341 thousand, net loss attributable to the parent company is NT\$166,734 thousand, and the basic loss per share is NT\$0.75.

In 2023, the Company adopted “stable order acceptances, maintaining growth, lean management, and continuous improvement” as the operating goals. To better align with changes to orders in the market, the Company continued to conduct necessary investments, enhancing its overall competitiveness through strengthened product innovation and promotion of ESG sustainability to maintain operational resilience and to seize opportunities in the subsequent economic recovery. The conducts include the following orientations:

1. **Regulations of Production Capacity:** In response to order changes, the Company frequented communication with clients on shipment status, made production capacity adjustments in a timely manner, continued reviews and improvement over production line equipment, materials, personnel and Company environment, and promoted measures inclusive of manufacturing process refinement, work hours review, replacement of equipment, staffing moderation, etc., all of which have achieved results. Furthermore, in line with this wave of inventory adjustments, various production responses have been performed to avoid the impact of circumstances.
2. **Product Development:** The Company continuously reviewed the composition of the product line, developed and launched a number of new products, strengthened collaborative development with clients, and actively conducted correspondences for the introduction of new products. In 2023 a variety of new hydraulic disc brakes, handles, seat tubes, rim hubs and more have been launched and have been widely adopted by clients, with acclaims received. Furthermore, the Company continued its investment in the area of high-end products, which contributed to the growth of gross profit and market share of the Company's product portfolio.
3. **Enhancement in Manufacturing process:** With the improvement of manufacturing process capability and products of local contents prioritized, the Company raised its investments in manufacturing process by purchasing high-precision processing machines, forging and casting production equipment, quality inspection equipment and other machines on a regular basis and continued introduction of various automation equipment and systems. The Company also collaborated with major clients in establishing multiple dedicated production lines and improvement of production technology to increase product yield.
4. **Excellence in Management:** The Company proceeded with its verifications for various ISO management systems in conjunction with the introduction of ERP and HR management systems as means of its ongoing improvement over various operating procedures and strengthening of organizational communication and quality management. Moving towards the vision of ESG sustainability, the Company conducted various measures emphasizing friendliness to the environment, fulfillment of corporate social responsibilities and strengthening of corporate governance including completion of ISO-14064 carbon inventory, promote environmental protection and waste reduction, implementation of energy conservation and the use of renewable energy, afforestation for reserves of carbon sinks and biodiversity. The Company also joined external organizations such as the Bicycling Alliance for Sustainability (BAS) to exert the industrial strength in the promotion of ESG.

5. Improvement in Operations: The Company continuously reviewed and monitored the operational efficiency oversee financial operations of each business unit for strengthened competitiveness, and improvement in ESH measures and factory planning to strengthen operational efficiency. Profitability and improvement effects have been noticeable in each business unit.

6. Cross-Industry Alliance: By utilizing in-house engineering and manufacturing capabilities, the Company has sealed cross-industry cooperation and orders. Through cross-industry alliances, the Company continues to improve technological development and increase operational prospects, thereby seeking the possibility of reciprocal development.

(II) 2023 Budget Execution Status:

The Company did not plan a financial forecast for 2023, 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 2023 Profitability Analysis based on the Consolidated Financial Statements shows that return on assets is -3.18%, return on equity is -3.96%, ratio of operating income to paid-in capital is -13.66%, ratio of profit before tax to paid-in capital is -7.65 %, profit margin before tax is -8.36 %, and basic loss per share attributable to the parent company is NT\$0.75.

(IV) Research and Development Status:

Completed the development of 95 new products, submitted 6 patent applications (including 5 utility model patents in Taiwan, 1 utility model patents in China) , and was awarded 7 (including 6 utility model patents in Taiwan, 1 invention patents in Taiwan ; note that one patent awarded by different countries is only calculated as one award).

III.2024Business Plan Outline:

(I) Sales Volume Forecast:

Item	Expected Sales
Braking system:	
Brakes	2,000 thousand Pieces
Levers	1,000 thousand Pieces
Cable	2,000 thousand Pieces
Seat Post	2,000 thousand Pieces
Stem	3,000 thousand Pieces
Hub	700 thousand Pieces
Spare parts such as brake, seat post, stem, etc.	30,000 thousand Pieces

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

(II) Management Guidelines and Production and Sales Policies in 2024 are as follows:

1. **“Moderating Operations, and Controlling Risks”:** The high uncertainty of the macro-economy is expected to influence the industry throughout the year. The supply chain is in the order adjustment period with turmoil and is faced with pressure from changes resulting from sharp decline in operations coupled with high inventory, unused production capacity, and tight cash flow. In response to the challenges above, the Company will adjust production capacity in a timely manner, strengthen inventory control, control various procurement and costs, and continue to follow the trends of key accounts. With the solid adjustments in the trends impeding industry growth, the Company manages to maintain its competitive edges.
2. **“Setting Goals and Stabilizing Profits”:** The Company sets its annual business goals at a more proactive manner, by strengthening its business momentum and order acceptance, guided by the goal of increasing revenue, secure new orders once this wave of inventory adjustments is complete, maintain consistent profitability, and capitalize on opportunities for economic recovery.

3. **“Product Innovation for Increased Margin”**: The Company will continue to innovate for its products and development processes, with the target to increase the proportion of high value-added products and to expand the market share of mid-to-high-end parts. Meanwhile, under the global trend of spending inhibition, the Company intends to stimulate sales by launching new products.
4. **“Brand Marketing for Enlarged Market Share”**: Through promoting the own brand “PROMAX”, the sales of new products is expected to be driven, thereby increasing the market share and product margin. The Company, eyeing the great business opportunities in mending and repair, also intends to establish more mending and repair and after-sale service locations under the brand by cooperating with major channels; in recent years, the Company has gained brand awareness through sponsorship of internationally renowned cycling teams, whilst collecting feedbacks from competitive riders concerning the use of our products as reference in subsequent product improvements and future development orientations.
5. **“Increased Cooperation and Excelling Technologies”**: The Company continues to deepen its cooperation and dependence relationship with internationally renowned finished bikes and parts brands by collaborating in the development of new products. In the meantime, the Company establishes dedicated production lines to increase the breadth and depth of developed items for comprehensive escalation of product technology.
6. **“Cross-Industry Collaborations and Proactive Transformation”**: In recent years, the Company has engaged in cross-industry collaborations to seek more development opportunities, whose results have been progressively evident. By undertaking cross-industry product orders, the Company may improve its manufacturing capabilities and in the meantime strengthen operation outlook for opportunities other than bicycle-related businesses.
7. **“Talent Cultivation and Advocating Sustainability”**: As a means to lay foundation to the Company’s sustainable development, the Company continues to cultivate talents and improve employee benefits through increasing the organizational efficiency and fostering future development momentum. In response to the global commitment to implement green initiatives such as carbon neutrality, net zero carbon emissions to combat greenhouse effect and extreme climate, the bicycle industry focuses on carbon reduction practices from production to sales, and has listed ESG as a key point. The Company at the forefront of industrial carbon reduction continues to promote compliance with energy-saving and carbon-reduction requirements in its corporate environment, promotes the implementation of

low-carbon environmental protection in its R&D, manufacturing processes and sales, and actively assists clients and supply chains to promote ESG sustainable goals.

IV.Future Development Strategies and Effects by Industrial Circumstances:

(I) Future Development Strategies of the Company:

- 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. Innovation of products and introductions of new materials and manufacturing processes on a sustained manner:** 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) Effects by external competitions, regulation and macroeconomic circumstances on the Company:

1. As a response to global climate change, countries are adapting their energy policies and embracing initiatives such as establishing more bicycle lanes and promoting urban bicycle sharing. This encourages consumers to opt for eco-friendly transportation methods and use bicycles, thus contributing to reducing carbon emissions. The industry's promotion of cycling can also provide opportunities for carbon rights deductions or trades, presenting a promising aspect to look forward to.
2. Under the impact of high tariffs under the trade barriers adopted by various countries and the evolution of deglobalization, the industry has also adapted itself to a short-chain supply system. Based on factors such as tariff avoidance or seeking proximity to the target sales

markets, major brand clients have also successively diversified countries engaged in manufacturing of products sold to US and European countries. Such initiative also affects the deployment of production of the bicycle industry chain, in which Mainland China was the hub. The future regional restructuring of the overall bicycle supply chain is worth observing.

3. Uncertain factors such as inflation, interest rate hikes, and wars have impacted the economic outlook, resulting in a decline in purchasing power. It is necessary to pay close attention to whether the stagnant sales phenomenon continues, which will affect whether the bicycle inventory can be sold smoothly, and observe the large proportion of output in the past. Whether the market sales of mid- to low-end vehicles can return to stability, thereby stimulating demand for new products, and strive to maintain stable production capacity amid the ebb and flow of growth.
4. In recent years, new modes of transportation such as shared bikes and shared electric scooters promoted by various countries have changed the urban transportation pattern and impacted the traditional bicycle market. However, the promotion of green transportation and health awareness has led to the rapid development of high-end bicycles and electric-assisted bicycles (E-BIKE), which in recent years has become a new wave of growth niche for the industry, and the integration of E-BIKE and AI smart technologies may also The integration of e-bike and AI smart technology may also push the industry to innovate again, and the industry must grasp the opportunity to grow again.
5. Countries have proceeded with their promotion of carbon inventory and have established legal bases for levying carbon fees. The collection of carbon border tariffs a.k.a. the “green inflation” will pose great impact on Taiwan’s manufacturing-based industries. The initial scope of application will expand from upstream products such as steel, aluminum, and cement to downstream products, making carbon reduction no longer an option for enterprises but a must for future competitiveness. In addition, scarcity of resources driven by inflation has become the norm. Coupled with manufacturing bottlenecks such as lack of labor and rising raw materials, this will inevitably bring more operational challenges to industries that need to stabilize production costs.

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

President: Lin, Yi-Hsien

Accounting Manager: Tsai, Fang-Chu

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

It is hereby approved

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 2023 (including individual and consolidated), and they have been audited by certified public accountants, Li-Wei Liu and Ting-Chien Su of Deloitte & Touche Tohmatsu Limited. The Audit Committee has reviewed the above statements, 2023 Business Report and the earnings distribution proposal, 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 2024 Annual General Meeting

Lee Chi Enterprises Co., Ltd.

Convener of the Audit Committee: Chen, Kuei-Tuan

Date: March 14, 2024

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Lee Chi Enterprises Company Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified of the parent company only financial statements for the year ended December 31, 2023 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 decreased due to the changes in market demand for bicycle components in 2023 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 parent company only 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 specific customers' subsidiary ledger of sales revenue, to verify related documents and receipts of payment and confirm the validity of revenue recognition.

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of 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 parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2023 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 Li-Wei Liu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

Notice to Readers

The accompanying parent company only 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 parent company only 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 parent company only financial statements shall prevail.

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 728,319	17	\$ 740,755	14
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	109,475	3	98,469	2
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	64,516	2	51,303	1
Notes receivable (Notes 4, 10 and 19)	12,643	-	37,448	1
Trade receivables from non-related parties (Notes 4, 10 and 19)	254,735	6	728,926	14
Trade receivables from related parties (Notes 4, 19 and 26)	5,696	-	63,493	1
Other receivables (Notes 4 and 26)	309,259	7	294,440	5
Inventories (Notes 4 and 11)	703,970	17	995,506	19
Other current assets	12,057	-	13,573	-
Total current assets	2,200,670	52	3,023,913	57
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 9 and 27)	1,686	-	1,673	-
Investments accounted for using the equity method (Notes 4 and 12)	1,142,822	27	1,315,805	25
Property, plant and equipment (Notes 4 and 13)	812,136	19	865,459	16
Right-of-use assets (Notes 4 and 14)	7,401	-	10,375	-
Other intangible assets (Notes 4 and 15)	29,393	1	31,724	1
Deferred tax assets (Notes 4 and 21)	41,779	1	36,669	1
Net defined benefit assets - non-current (Notes 4 and 17)	16,375	-	10,884	-
Other non-current assets	20,137	-	11,787	-
Total non-current assets	2,071,729	48	2,284,376	43
TOTAL	\$ 4,272,399	100	\$ 5,308,289	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Notes 4 and 19)	\$ 7,974	-	\$ 15,398	-
Trade payables to non-related parties	101,198	3	260,592	5
Trade payables to related parties (Note 26)	59,485	2	286,414	5
Other payables (Note 16)	86,193	2	182,644	4
Current tax liabilities (Note 4)	7,523	-	132,592	3
Lease liabilities - current (Notes 4 and 14)	3,093	-	2,904	-
Other current liabilities (Notes 4 and 16)	13,554	-	13,647	-
Total current liabilities	279,020	7	894,191	17
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	96,367	2	131,538	3
Lease liabilities - non-current (Notes 4 and 14)	4,673	-	7,766	-
Other non-current liabilities	566	-	576	-
Investments accounted for using the equity method - credit balance (Notes 4 and 12)	197,552	5	217,570	4
Total non-current liabilities	299,158	7	357,450	7
Total liabilities	578,178	14	1,251,641	24
EQUITY				
Ordinary shares	2,256,850	53	2,256,850	42
Capital surplus	67,084	2	67,084	1
Retained earnings				
Legal reserve	389,031	9	328,978	6
Special reserve	121,257	3	99,652	2
Unappropriated earnings	997,258	23	1,446,017	27
Other equity	(116,583)	(3)	(121,257)	(2)
Treasury shares	(20,676)	(1)	(20,676)	-
Total equity	3,694,221	86	4,056,648	76
TOTAL	\$ 4,272,399	100	\$ 5,308,289	100

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

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 26)	\$ 1,363,624	100	\$ 3,851,621	100
OPERATING COSTS (Notes 11, 20 and 26)	<u>1,261,118</u>	<u>93</u>	<u>3,010,430</u>	<u>78</u>
GROSS PROFIT	<u>102,506</u>	<u>7</u>	<u>841,191</u>	<u>22</u>
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	58,945	4	82,782	2
General and administrative expenses	48,340	3	55,829	1
Research and development expenses	75,693	6	68,040	2
Expected credit gain (Notes 4 and 10)	<u>(933)</u>	<u>-</u>	<u>(977)</u>	<u>-</u>
Total operating expenses	<u>182,045</u>	<u>13</u>	<u>205,674</u>	<u>5</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(79,539)</u>	<u>(6)</u>	<u>635,517</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs	(264)	-	(343)	-
Share of profit or loss of subsidiaries	(176,661)	(13)	4,188	-
Interest income	23,492	2	2,243	-
Dividend income	2,287	-	3,956	-
Other income (Note 20)	22,869	2	27,385	1
Foreign exchange gain, net (Note 20)	20,333	2	79,587	2
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss	2,995	-	(8,538)	-
Other expenses	<u>(231)</u>	<u>-</u>	<u>(35,560)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(105,180)</u>	<u>(7)</u>	<u>72,918</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX	(184,719)	(13)	708,435	19
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 21)	<u>(17,985)</u>	<u>(1)</u>	<u>139,722</u>	<u>4</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(166,734)</u>	<u>(12)</u>	<u>568,713</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 17)	\$ (1,326)	-	\$ 37,383	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	13,213	1	(12,336)	(1)
Subsidiaries unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	9,915	-	(6,657)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 21)	265	-	(7,477)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(16,789)	(1)	(705)	-
Other comprehensive income for the year, net of income tax	5,278	-	10,208	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (161,456)</u>	<u>(12)</u>	<u>\$ 578,921</u>	<u>15</u>
EARNINGS (LOSS) PER SHARE (Note 22)				
Basic	<u>\$ (0.75)</u>		<u>\$ 2.55</u>	
Diluted	<u>\$ (0.75)</u>		<u>\$ 2.53</u>	

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

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

						Other Equity			
			Retained Earnings (Note 18)			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Note 4)	Treasury Shares (Note 18)	Total Equity
	Share Capital (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2022	\$ 2,278,250	\$ 64,235	\$ 284,080	\$ 123,882	\$ 1,044,799	\$ (138,101)	\$ 38,449	\$ (39,227)	\$ 3,656,367
Appropriation of 2021 earnings									
Legal reserve	-	-	44,898	-	(44,898)	-	-	-	-
Special reserve reversed	-	-	-	(24,230)	24,230	-	-	-	-
Cash dividends	-	-	-	-	(178,640)	-	-	-	(178,640)
Net profit for the year ended December 31, 2022	-	-	-	-	568,713	-	-	-	568,713
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	29,906	(705)	(18,993)	-	10,208
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	598,619	(705)	(18,993)	-	578,921
Cancellation of treasury shares	(21,400)	2,849	-	-	-	-	-	18,551	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,907	-	(1,907)	-	-
BALANCE AT DECEMBER 31, 2022	2,256,850	67,084	328,978	99,652	1,446,017	(138,806)	17,549	(20,676)	4,056,648
Appropriation of 2022 earnings									
Legal reserve	-	-	60,053	-	(60,053)	-	-	-	-
Special reserve	-	-	-	21,605	(21,605)	-	-	-	-
Cash dividends	-	-	-	-	(200,971)	-	-	-	(200,971)
Net loss for the year ended December 31, 2023	-	-	-	-	(166,734)	-	-	-	(166,734)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(1,061)	(16,789)	23,128	-	5,278
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(167,795)	(16,789)	23,128	-	(161,456)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,665	-	(1,665)	-	-
BALANCE AT DECEMBER 31, 2023	\$ 2,256,850	\$ 67,084	\$ 389,031	\$ 121,257	\$ 997,258	\$ (155,595)	\$ 39,012	\$ (20,676)	\$ 3,694,221

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

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (184,719)	\$ 708,435
Adjustments for:		
Depreciation expenses	104,014	102,178
Amortization expenses	4,035	4,227
Expected credit loss reversed on trade receivables	(933)	(977)
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	(2,995)	8,538
Financial costs	264	343
Interest income	(23,492)	(2,243)
Dividend income	(2,287)	(3,956)
Share of profit or loss of subsidiaries	176,661	(4,188)
Gain on disposal of property, plant and equipment	(20)	(208)
Write-down of inventories	-	8,714
Net gain on foreign currency exchange	(2,329)	(2,583)
Deferred revenue	(132)	(124)
Reversal of provisions	(437)	(2,766)
Changes in operating assets and liabilities		
Notes receivable	24,805	(1,721)
Trade receivables	514,233	112,210
Other receivables	146	11,012
Inventories	291,536	113,202
Other current assets	1,516	12,493
Contract liabilities	(7,424)	(13,837)
Trade payables	(384,595)	(212,808)
Other payables	(93,471)	3,589
Provisions	(79)	(386)
Other current liabilities	545	(416)
Net defined benefit assets / liabilities	(6,817)	(9,863)
Cash generated from operations	408,025	828,865
Interest received	20,433	2,093
Dividends received	2,287	3,956
Interest paid	(264)	(343)
Income tax paid	(147,100)	(70,141)
Net cash generated from operating activities	<u>283,381</u>	<u>764,430</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	-	4,367
Purchase of financial assets at fair value through profit or loss	(728,904)	(1,661,500)
Proceeds from sale of financial assets at fair value through profit or loss	721,056	1,639,636
Acquisition of investments accounted for using the equity method	(30,570)	-
Payments for property, plant and equipment	(39,491)	(71,153)
Proceeds from disposal of property, plant and equipment	285	615

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
Increase in refundable deposits	(33)	(28)
Decrease in refundable deposits	25	21
Increase in other receivables from related parties	(1,977)	(31,400)
Decrease in other receivables from related parties	9,184	-
Payments for intangible assets	(1,230)	(744)
Increase in prepayments for equipment	(20,297)	(59,350)
Dividends received from subsidiaries	<u>-</u>	<u>22,000</u>
Net cash used in investing activities	<u>(91,952)</u>	<u>(157,536)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(2,894)	(2,792)
Dividends paid to owners of the Company	<u>(200,971)</u>	<u>(178,640)</u>
Net cash used in financing activities	<u>(203,865)</u>	<u>(181,432)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,436)	425,462
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>740,755</u>	<u>315,293</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 728,319</u>	<u>\$ 740,755</u>

The accompanying notes are an integral part of the parent company only 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, 2022, 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 did not prepare a separate set of combined financial statements.

Very truly yours,

Lee Chi Enterprises Company Ltd.

By:

Lin, Yu-Hsin
President

March 14, 2024

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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of 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, 2023. 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, 2023 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 decreased due to the changes in market demand for bicycle components in 2023 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 consolidated 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 specific customers' subsidiary ledger of sales revenue, to verify related documents and receipts of payment and 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, 2023 and 2022 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 Standards on Auditing of 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 Standards on Auditing of 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, 2023 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 Li-wei Liu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

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, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,321,309	29	\$ 1,213,645	22
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	213,921	5	206,842	4
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	103,113	2	58,678	1
Financial assets at amortized cost - current (Notes 4, 9 and 27)	7,792	-	-	-
Notes receivable (Notes 4, 10 and 19)	72,830	2	110,614	2
Trade receivables (Notes 4, 10 and 19)	332,671	8	903,358	17
Other receivables (Note 4)	9,715	-	3,152	-
Current tax assets (Note 4)	-	-	3,392	-
Inventories (Notes 4 and 11)	956,042	21	1,380,778	25
Other current assets	<u>33,937</u>	<u>1</u>	<u>29,525</u>	<u>1</u>
Total current assets	<u>3,051,330</u>	<u>68</u>	<u>3,909,984</u>	<u>72</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	35,467	1	39,157	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	45,140	1	69,343	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 27)	70,950	1	6,082	-
Property, plant and equipment (Notes 4 and 13)	1,095,451	24	1,197,534	22
Right-of-use assets (Notes 4 and 14)	42,871	1	47,903	1
Other intangible assets (Notes 4 and 15)	30,584	1	33,173	1
Goodwill (Note 4)	56,031	1	56,012	1
Deferred tax assets (Notes 4 and 21)	41,779	1	36,669	1
Net defined benefit assets - non-current (Notes 4 and 17)	16,375	-	10,884	-
Other non-current assets	<u>26,391</u>	<u>1</u>	<u>19,477</u>	<u>-</u>
Total non-current assets	<u>1,461,039</u>	<u>32</u>	<u>1,516,234</u>	<u>28</u>
TOTAL	<u>\$ 4,512,369</u>	<u>100</u>	<u>\$ 5,426,218</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 19)	\$ 8,581	-	\$ 16,550	-
Notes payable	7,099	-	-	-
Trade payables	233,254	5	498,311	9
Other payables (Note 16)	158,651	4	267,112	5
Current tax liabilities (Note 4)	7,596	-	133,794	3
Lease liabilities - current (Notes 4 and 14)	3,093	-	2,904	-
Deferred revenue - current (Notes 4 and 16)	20,436	1	20,814	-
Other current liabilities (Notes 4 and 16)	<u>12,846</u>	<u>-</u>	<u>13,691</u>	<u>-</u>
Total current liabilities	<u>451,556</u>	<u>10</u>	<u>953,176</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 21)	96,367	2	131,538	3
Lease liabilities - non-current (Notes 4 and 14)	4,673	-	7,766	-
Deferred revenue - non-current (Notes 4 and 16)	143,618	3	167,085	3
Guarantee deposits	<u>172</u>	<u>-</u>	<u>132</u>	<u>-</u>
Total non-current liabilities	<u>244,830</u>	<u>5</u>	<u>306,521</u>	<u>6</u>
Total liabilities	<u>696,386</u>	<u>15</u>	<u>1,259,697</u>	<u>23</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,256,850	50	2,256,850	42
Capital surplus	67,084	2	67,084	1
Retained earnings				
Legal reserve	389,031	8	328,978	6
Special reserve	121,257	3	99,652	2
Unappropriated earnings	997,258	22	1,446,017	26
Other equity	(116,583)	(3)	(121,257)	(2)
Treasury shares	<u>(20,676)</u>	<u>-</u>	<u>(20,676)</u>	<u>-</u>
Total equity attributable to owners of the Company	3,694,221	82	4,056,648	75
NON-CONTROLLING INTERESTS	<u>121,762</u>	<u>3</u>	<u>109,873</u>	<u>2</u>
Total equity	<u>3,815,983</u>	<u>85</u>	<u>4,166,521</u>	<u>77</u>
TOTAL	<u>\$ 4,512,369</u>	<u>100</u>	<u>\$ 5,426,218</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, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 19)	\$ 1,892,415	100	\$ 5,084,564	100
OPERATING COSTS (Notes 11 and 20)	<u>1,841,625</u>	<u>97</u>	<u>4,079,617</u>	<u>80</u>
GROSS PROFIT	<u>50,790</u>	<u>3</u>	<u>1,004,947</u>	<u>20</u>
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	122,773	6	156,096	3
General and administrative expenses	162,127	9	182,765	4
Research and development expenses	76,819	4	69,088	1
Expected credit gain (Notes 4 and 10)	<u>(2,419)</u>	<u>-</u>	<u>(957)</u>	<u>-</u>
Total operating expenses	<u>359,300</u>	<u>19</u>	<u>406,992</u>	<u>8</u>
PROFIT (LOSS) FROM OPERATIONS	<u>(308,510)</u>	<u>(16)</u>	<u>597,955</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs	(264)	-	(343)	-
Interest income (Note 20)	31,073	2	8,114	-
Dividend income	5,806	-	11,824	-
Other income (Notes 16 and 20)	52,779	3	61,670	1
Foreign exchange gain, net (Note 20)	19,886	1	113,847	2
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss	27,051	1	(57,425)	(1)
Other expenses (Note 20)	<u>(632)</u>	<u>-</u>	<u>(35,787)</u>	<u>-</u>
Total non-operating income and expenses	<u>135,699</u>	<u>7</u>	<u>101,900</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX	(172,811)	(9)	699,855	14
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 21)	<u>(14,470)</u>	<u>(1)</u>	<u>144,650</u>	<u>3</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>(158,341)</u>	<u>(8)</u>	<u>555,205</u>	<u>11</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, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
Remeasurement of defined benefit plans (Note 17)	\$ (1,326)	-	\$ 37,383	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	26,624	1	(24,439)	(1)
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 21)	265	-	(7,477)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(16,789)</u>	<u>(1)</u>	<u>(705)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>8,774</u>	<u>-</u>	<u>4,762</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ (149,567)</u>	<u>(8)</u>	<u>\$ 559,967</u>	<u>11</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (166,734)	(9)	\$ 568,713	11
Non-controlling interests	<u>8,393</u>	<u>1</u>	<u>(13,508)</u>	<u>-</u>
	<u>\$ (158,341)</u>	<u>(8)</u>	<u>\$ 555,205</u>	<u>11</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (161,456)	(9)	\$ 578,921	11
Non-controlling interests	<u>11,889</u>	<u>1</u>	<u>(18,954)</u>	<u>-</u>
	<u>\$ (149,567)</u>	<u>(8)</u>	<u>\$ 559,967</u>	<u>11</u>
EARNINGS (LOSS) PER SHARE (Note 22)				
Basic	<u>\$ (0.75)</u>		<u>\$ 2.55</u>	
Diluted	<u>\$ (0.73)</u>		<u>\$ 2.53</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, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company(Note 18)										
	Share Capitals	Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests (Note 12)	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Note 4)				
BALANCE AT JANUARY 1, 2022	\$ 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
Appropriation of 2021 earnings											
Legal reserve	-	-	44,898	-	(44,898)	-	-	-	-	-	-
Special reserve reversed	-	-	-	(24,230)	24,230	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(178,640)	-	-	-	(178,640)	-	(178,640)
Net profit (loss) for the year ended December 31, 2022	-	-	-	-	568,713	-	-	-	568,713	(13,508)	555,205
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	29,906	(705)	(18,993)	-	10,208	(5,446)	4,762
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	598,619	(705)	(18,993)	-	578,921	(18,954)	559,967
Cancellation of treasury shares	(21,400)	2,849	-	-	-	-	-	18,551	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,907	-	(1,907)	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(18,000)	(18,000)
BALANCE AT DECEMBER 31, 2022	2,256,850	67,084	328,978	99,652	1,446,017	(138,806)	17,549	(20,676)	4,056,648	109,873	4,166,521
Appropriation of 2022 earnings											
Legal reserve	-	-	60,053	-	(60,053)	-	-	-	-	-	-
Special reserve	-	-	-	21,605	(21,605)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(200,971)	-	-	-	(200,971)	-	(200,971)
Net loss for the year ended December 31, 2023	-	-	-	-	(166,734)	-	-	-	(166,734)	8,393	(158,341)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(1,061)	(16,789)	23,128	-	5,278	3,496	8,774
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(167,795)	(16,789)	23,128	-	(161,456)	11,889	(149,567)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	1,665	-	(1,665)	-	-	-	-
BALANCE AT DECEMBER 31, 2023	\$ 2,256,850	\$ 67,084	\$ 389,031	\$ 121,257	\$ 997,258	\$ (155,595)	\$ 39,012	\$ (20,676)	\$ 3,694,221	\$ 121,762	\$ 3,815,983

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, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (172,811)	\$ 699,855
Adjustments for:		
Depreciation expenses	161,070	172,484
Amortization expenses	4,297	4,496
Expected credit loss reversed on trade receivables	(2,419)	(957)
Net loss (gain) on fair value changes of financial assets designated at fair value through profit or loss	(27,051)	57,425
Finance costs	264	343
Interest income	(31,073)	(8,114)
Dividend income	(5,806)	(11,824)
Gain on disposal of property, plant and equipment	(898)	(476)
Write-down of inventories	5,830	850
Net loss on foreign currency exchange	1,820	1,790
Deferred revenue	(20,885)	(20,998)
Reversal of provisions	(437)	(2,766)
Changes in operating assets and liabilities		
Notes receivable	36,637	(454)
Trade receivables	567,653	393,612
Other receivables	(1,375)	11,171
Inventories	415,472	199,825
Other current assets	(4,508)	21,371
Contract liabilities	(7,969)	(15,212)
Notes payable	7,209	-
Trade payables	(260,818)	(554,861)
Other payables	(104,370)	(48,164)
Provisions	(79)	(386)
Other current liabilities	(208)	(2,447)
Net defined benefit assets / liabilities	(6,817)	(9,863)
Cash generated from operations	552,728	886,700
Interest received	25,809	19,867
Dividends received	5,806	11,824
Interest paid	(264)	(343)
Income tax paid	(148,773)	(78,668)
Net cash generated from operating activities	435,306	839,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(9,484)	(465)
Proceeds from sale of financial assets at fair value through other comprehensive income	11,622	4,367
Proceeds from return of capital from financial assets at fair value through other comprehensive income	3,552	1,558
Purchase of financial assets at amortized cost	(77,238)	-

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Proceeds from sale of financial assets at amortized cost	3,386	110,650
Purchase of financial assets at fair value through profit or loss	(733,738)	\$(1,674,501)
Proceeds from sale of financial assets at fair value through profit or loss	757,563	1,639,636
Payments for property, plant and equipment	(50,597)	(82,353)
Proceeds from disposal of property, plant and equipment	2,109	1,222
Increase in refundable deposits	(33)	(28)
Decrease in refundable deposits	25	21
Payments for intangible assets	(1,230)	(1,311)
Increase in prepayments for equipment	<u>(21,203)</u>	<u>(68,919)</u>
Net cash used in investing activities	<u>(115,266)</u>	<u>(70,123)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in deposits received	44	-
Repayments of the principal portion of lease liabilities	(2,894)	(2,792)
Dividends paid to owners of the Company	(200,971)	(178,640)
Dividends paid to non-controlling interests	<u>-</u>	<u>(18,000)</u>
Net cash used in financing activities	<u>(203,821)</u>	<u>(199,432)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(8,555)</u>	<u>(25,257)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	107,664	544,568
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,213,645</u>	<u>669,077</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,321,309</u>	<u>\$ 1,213,645</u>

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

(Concluded)

Lee Chi Enterprises Co., Ltd.

Articles of Incorporation

Chapter I General Provisions

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

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

- (I) Manufacturing, processing and trading of parts for automobiles, motorcycles and bicycles.
- (II) Manufacturing, processing, and trading of general machinery.
- (III) Surface treatment, manufacturing, processing and trading of metal products such as blasting and grinding (sandblasting treatment), surface polishing, electroplating, electrophoresis, anodizing, chemical conversion coating, anti-rust treatment, gloss finishing and surface coating, baking varnish, etc.
- (IV) JZ99050 Agency services.
- (V) F105010 Wholesale of furniture.
- (VI) F106010 Wholesale of hardware.
- (VII) F106030 Wholesale of molds.
- (VIII) F107010 Wholesale of paints, coating and varnishes.
- (IX) F107100 Wholesale of chemical materials.
- (X) F107140 Wholesale of raw plastic material.
- (XI) F107170 Wholesale of industrial catalyst.
- (XII) F109010 Wholesale of books.
- (XIII) F109020 Wholesale of stationery.
- (XIV) F112040 Wholesale of petrochemical fuel products.
- (XV) F113010 Wholesale of machinery.
- (XVI) F113050 Wholesale of computers and clerical machinery equipment.
- (XVII) F113070 Wholesale of telecom instruments.
- (XVIII) F118010 Wholesale of computer software.
- (XIX) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

- Article 3: The headquarters of the Company is located in Changhua County, Taiwan. The Company may establish branches or subsidiaries in Taiwan or overseas as the Company may require upon resolution by the board of directors.
- Article 4: Public announcements of the Company shall be made according to Article 28 of the Company Act.
- Article 5: The Company's investment in other businesses is not restricted by the total investment amount value as stipulated in the Company Act. However, for long-term equity investment, approval of the board of directors is required.

Chapter II Shares

- Article 6: The registered capital of the Company is NT\$2,368,240,070, divided into 236,824,007 shares. The board of directors is authorized to issue the shares in installment. The value of each share is NT\$ 10. Taiwan Depository & Clearing Corporation may request the Company to issue a large denomination of securities for substitution due to a merger.
- Article 7: The Company's shares shall be in registered form, and shall bear the signatures or personal seals of at least three directors, and be issued upon certification in accordance with the law. The Company may issue shares without certificates, and such shares shall be registered with a central securities depository.
- Article 8: The Company's shares shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Service of Public Companies" prescribed by the competent authority except where otherwise provided by law, regulation, or guideline.
- Article 9: No registration of transfer of shares shall be made within 60 days prior to an annual shareholder meeting, nor within 30 days prior to a special (extraordinary) shareholder meeting, nor within 5 days prior to the day on which dividend, bonus or other benefits is scheduled to be paid by the Company.

Chapter III Shareholder Meetings

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

scheduled meeting date.

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

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

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

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

Chapter IV Directors and Audit Committee

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

Article 16: The directors shall form the board of directors, and the board shall elect a chairman from among the directors by a majority vote at a meeting attended by

over two-thirds of the directors. The chairman of the board shall externally represent the Company.

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

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

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

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

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

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

Chapter V Managers and Other Employees

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

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

Chapter VI: Accounting

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

Article 23: If the Company has gained profits within a fiscal year, 2% to 10% of the profits shall be reserved as the employees compensation, and the board of directors shall decide whether to distribute in the form of shares or in cash. The compensation applies to employees of parents or subsidiaries of the Company meeting certain specific requirements. The Company may, upon resolution by the board of directors, reserve not more than 2% of the above profit as directors compensation. Proposals for the distribution of employees' compensation and 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.

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 27, 2024

Title	Required shareholding	Number of shares registered on the shareholder register (exclude independent directors)
Director	12,000,000 shares	23,895,796 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 27, 2024

Title	Name	Number of shares registered on the shareholder register	Note
Director	Lin, Yu-Hsin	13,298,760 shares	
Director	Lin, Yi-Hsien	9,190,036 shares	
Director	Ko Fu Investment Co., Ltd. Representative: Chu, Ming-Yang Representative: Lee, Yu-Cheng	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 27, 2024 to June 25, 2024.