

Lee Chi Enterprises Company Ltd.

**Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report**

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>

(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	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
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 for the year, net of income tax	<u>25,856</u>	<u>1</u>	<u>30,437</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME 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 (Notes 12 and 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 (Note 4)		
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
(Gain) loss 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 (used in) generated from operations	<u>(20,708)</u>	<u>109,723</u>
Interest received	1,352	1,562
Dividends received	2,306	2,211
Interest paid	(205)	(33)
Income tax paid	<u>(2,653)</u>	<u>(5,517)</u>
Net cash (used in) generated from operating activities	<u>(19,908)</u>	<u>107,946</u>
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

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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 (DECREASE) INCREASE 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)

LEE CHI ENTERPRISES COMPANY LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Lee Chi Enterprises Company Ltd. (the “Company”) was incorporated in May 1973. It mainly manufactures and sells bicycle components and general machinery.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since November 1995.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 24, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will no have a material impact on the Company's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the Company financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Company and its foreign operations are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation, all of the exchange differences accumulated equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, work in progress, semi-finished goods and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

i. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 27.

b) Financial assets at amortized cost

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

- i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit loss (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 150 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Financial liabilities

1) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

The derivative financial instrument the Company entered into is option of exchange rate swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations to assure that sales contracts are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligation.

l. Revenue recognition

The Company identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contract where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

The Company recognizes revenue when customers obtain control of the promised goods which is when the goods are delivered to the customers' specified locations. Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and other allowances are generally made and adjusted based on historical experience and the consideration of varying contractual terms.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Governments grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and technology, research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on probability of default and loss given default. The Company uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 238	\$ 238
Demand deposits	298,344	199,440
Cash equivalents		
Time deposits	<u>16,711</u>	<u>130,584</u>
	<u>\$ 315,293</u>	<u>\$ 330,262</u>
 <u>Interest rate per annum (%)</u>		
Demand deposits	0.00-0.20	0.00-0.20
Time deposits	2.95	0.10-2.84

7. FINANCIAL ASSETS AT FVTPL - CURRENT

	<u>December 31</u>	
	2021	2020
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	<u>\$ 84,612</u>	<u>\$ 262,953</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
Investments in Equity Instruments	2021	2020
<u>Current</u>		
Domestic listed shares	<u>\$ 68,006</u>	<u>\$ 49,307</u>

These investments in equity instruments are held for medium to long-term strategic purposes, and the Company is expected to generate profit from its long-term investments. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

The Company has signed a securities trust agreement with ChinaTrust Commercial Bank in September 2008, and deposited the securities in a trust account for lending and borrowing services. The period of agreement is 1 year. If either party fails to express the intent of modifying the agreement or terminating it in one month before expiration arrives, the agreement will be extended for 1 year automatically.

Listed Shares	December 31			
	2021		2020	
	Number of Shares (In Thousands)	Carrying Amount	Number of Shares (In Thousands)	Carrying Amount
CTBC Financial Holding Co., Ltd.	1,234	<u>\$ 32,014</u>	1,234	<u>\$ 24,303</u>

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
<u>Current</u>		
Demand deposits (Note)	<u>\$ -</u>	<u>\$ 24,804</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 12 months	<u>\$ 1,664</u>	<u>\$ 1,654</u>
<u>Interest rate per annum (%)</u>		
Current	-	0.001-0.05
Non-current	0.82	0.08-1.07

Note: The Company's special account for plan of industries investment from repatriated offshore funds.

Financial assets at amortized cost used by the Company and pledged as collateral are set out in Note 29.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
Notes receivable - operating	\$ 35,727	\$ 41,268
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 35,727</u>	<u>\$ 41,268</u>

	<u>December</u>	
	2021	2020
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 881,535	\$ 596,031
Less: Allowance for impairment loss	<u>(8,150)</u>	<u>(4,395)</u>
	<u>\$ 873,385</u>	<u>\$ 591,636</u>

a. Notes receivable

The aging of notes receivable for the Company was as follows:

	<u>December 31</u>	
	2021	2020
Not past due	\$ 35,727	\$ 41,268
Past due	<u>-</u>	<u>-</u>
	<u>\$ 35,727</u>	<u>\$ 41,268</u>

b. Trade receivables

The average credit period of sales of goods was 90 to 150 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company adopts the simplified practice of IFRS 9 and measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off trade receivables when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 151 Days	Total
<u>December 31, 2021</u>					
Expected credit loss rate	0.06%	2%-5%	15%-50%	100%	
Gross carrying amount	\$ 804,711	\$ 61,546	\$ 12,895	\$ 2,383	\$ 881,535
Loss allowance (Lifetime ECLs)	<u>(303)</u>	<u>(1,834)</u>	<u>(3,630)</u>	<u>(2,383)</u>	<u>(8,150)</u>
Amortized cost	<u>\$ 804,408</u>	<u>\$ 59,712</u>	<u>\$ 9,265</u>	<u>\$ -</u>	<u>\$ 873,385</u>
<u>December 31, 2020</u>					
Expected credit loss rate	0.06%	2%-5%	15%-50%	100%	
Gross carrying amount	\$ 573,255	\$ 20,195	\$ 92	\$ 2,489	\$ 596,031
Loss allowance (Lifetime ECLs)	<u>(1,435)</u>	<u>(445)</u>	<u>(26)</u>	<u>(2,489)</u>	<u>(4,395)</u>
Amortized cost	<u>\$ 571,820</u>	<u>\$ 19,750</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ 591,636</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 4,395	\$ 9,154
Add: Net remeasurement of loss allowance	3,755	-
Less: Amounts written off	<u>-</u>	<u>(4,759)</u>
Balance at December 31	<u>\$ 8,150</u>	<u>\$ 4,395</u>

11. INVENTORIES

	December 31	
	2021	2020
Raw materials	\$ 46,409	\$ 14,016
Work in progress	551,848	215,297
Semi-finished goods	453,755	208,108
Finished goods	49,466	20,675
Inventory in transit	<u>15,944</u>	<u>9,324</u>
	<u>\$ 1,117,422</u>	<u>\$ 467,420</u>

The following table details the cost of inventories recognized as cost of goods sold:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Cost of inventories sold	\$ 2,584,702	\$ 1,828,915
Inventory write-downs	322	-
Unallocated production overhead	<u>1,253</u>	<u>16,626</u>
	<u>\$ 2,586,277</u>	<u>\$ 1,845,541</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investee in Subsidiaries	December 31			
	2021		2020	
	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
<u>Unlisted company</u>				
Lee Chi International Holding Limited (B.V.I.) (“Lee Chi International”)	\$ 1,128,196	100	\$ 1,072,993	100
Chief Venture Capital Corp. (“Chief Venture”)	<u>179,455</u>	55	<u>149,029</u>	55
	<u>\$ 1,307,651</u>		<u>\$ 1,222,022</u>	
<u>Investments accounted for using the equity method - credit</u>				
The Cycle Group, Inc. (“CGI”)	\$ 184,242	100	\$ 177,924	100
Cycle Origins Ltd. (“COL”)	<u>-</u>	-	<u>23,791</u>	60
	<u>\$ 184,242</u>		<u>\$ 201,715</u>	

To adjust the Company’s structure, COL and Asia Noble Co., Ltd. (“ASIA”) have completed the liquidation process in 2021 and 2020. The Company thus reclassified the cumulative translation adjustments into gain (loss) on disposal of investment.

The Company acquired 3,000 thousand shares of Chief Venture in the amount of \$27,886 thousand in 2020, and its ownership increased from 40% to 55%. Refer to Note 25 to the Company’s consolidated financial statements for the year ended December 31, 2021.

Refer to Tables 6 and 7 for the details of the subsidiaries indirectly held by the Company.

The investments in subsidiaries accounted for using the equity method and the share of profit of loss and other comprehensive income of those investments for the years ended December 31, 2021 and 2020 are based on the subsidiaries’ financial statements which have been audited for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2021					
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ 216,900	\$ -	\$ -	\$ -	\$ 216,900
Land improvements	12,677	1,304	-	1,296	15,277
Buildings	432,888	1,811	1,159	652	434,192
Machinery and equipment	476,277	32,124	22,631	37,362	523,132
Molding equipment	11,286	4,519	4,232	1,428	13,001
Transportation equipment	15,217	6,928	5,243	492	17,394
Office equipment	5,558	2,947	592	250	8,163
Other equipment	<u>64,793</u>	<u>13,202</u>	<u>8,922</u>	<u>5,640</u>	<u>74,713</u>
	1,235,596	62,835	42,779	47,120	1,302,772
Property in construction	<u>8,356</u>	<u>6,740</u>	<u>-</u>	<u>(5,850)</u>	<u>9,246</u>
	<u>1,243,952</u>	<u>\$ 69,575</u>	<u>\$ 42,779</u>	<u>\$ 41,270</u>	<u>1,312,018</u>
<u>Accumulated depreciation</u>					
Land improvements	4,082	\$ 1,038	\$ -	\$ -	5,120
Buildings	187,267	14,124	1,159	-	200,232
Machinery and equipment	205,684	57,020	22,565	-	240,139
Molding equipment	5,737	3,962	4,232	-	5,467
Transportation equipment	8,092	2,753	5,243	-	5,602
Office equipment	2,509	1,829	592	-	3,746
Other equipment	<u>28,365</u>	<u>9,489</u>	<u>8,922</u>	<u>-</u>	<u>28,932</u>
	<u>441,736</u>	<u>\$ 90,215</u>	<u>\$ 42,713</u>	<u>\$ -</u>	<u>489,238</u>
	<u>\$ 802,216</u>				<u>\$ 822,780</u>

For the Year Ended December 31, 2020					
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
<u>Cost</u>					
Land	\$ 186,590	\$ 30,310	\$ -	\$ -	\$ 216,900
Land improvements	12,677	-	-	-	12,677
Buildings	460,679	752	28,543	-	432,888
Machinery and equipment	478,860	30,740	55,684	22,361	476,277
Molding equipment	14,366	3,326	7,417	1,011	11,286
Transportation equipment	14,743	1,167	966	273	15,217
Office equipment	8,119	1,538	4,099	-	5,558
Other equipment	<u>63,156</u>	<u>6,250</u>	<u>8,275</u>	<u>3,662</u>	<u>64,793</u>
	1,239,190	74,083	104,984	27,307	1,235,596
Property in construction	<u>523</u>	<u>11,424</u>	<u>-</u>	<u>(3,591)</u>	<u>8,356</u>
	<u>1,239,713</u>	<u>\$ 85,507</u>	<u>\$ 104,984</u>	<u>\$ 23,716</u>	<u>1,243,952</u>
<u>Accumulated depreciation</u>					
Land improvements	3,214	\$ 868	\$ -	\$ -	4,082
Buildings	201,483	14,327	28,543	-	187,267
Machinery and equipment	204,267	54,971	53,554	-	205,684
Molding equipment	9,431	3,723	7,417	-	5,737
Transportation equipment	6,419	2,639	966	-	8,092
Office equipment	4,915	1,693	4,099	-	2,509
Other equipment	<u>27,128</u>	<u>9,512</u>	<u>8,275</u>	<u>-</u>	<u>28,365</u>
	<u>456,857</u>	<u>\$ 87,733</u>	<u>\$ 102,854</u>	<u>\$ -</u>	<u>441,736</u>
	<u>\$ 782,856</u>				<u>\$ 802,216</u>

For the demand of future business expansion, the Company purchased agricultural land of Kuaiguan, Changhua City. Due to restrictions of law, the Company was not able to register under the name of Lee Chi Enterprises Company Ltd. Therefore, the land is registered under the name of the chairman of the Company, Lin, Yu-Hsin, or the vice president, Lin, Yi-Hsien. The land was mortgaged to the Company in full amount.

In addition, the agricultural land in Shipai Section, Changhua City is registered under the name of the chairman of the Company, Lin, Yu-Hsin due to law restrictions. The Company has signed an agreement with him that he is not allowed to transfer or set other rights without the Company's consent. As of December 31, 2021 and 2020, the carrying amount of land registered under the name of other individuals was \$103,796 thousand.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets:

Land improvements	5-20 years
Buildings	
Main buildings	16-36 years
Others	2-20 years
Machinery and equipment	2-9 years
Molding equipment	3 years
Transportation equipment	3-6 years
Office equipment	4 years
Other equipment	2-16 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Carrying amounts</u>		
Buildings	<u>\$ 13,339</u>	<u>\$ 1,369</u>
	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Additions to right-of-use assets	<u>\$ 14,821</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 2,851</u>	<u>\$ 2,938</u>

Except for recognition for depreciation expenses, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2021 and 2020.

b. Lease liabilities

	<u>December 31</u>	
	2021	2020
<u>Carrying amounts</u>		
Current	\$ 2,765	\$ 1,481
Non-current	\$ 10,697	\$ -

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2021	2020
Buildings	2.82%	1.09%

c. Material leasing activities and terms

The Company leases buildings for the use of plants with lease terms of 5 years.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	2021	2020
Expenses relating to low-value asset leases	\$ 676	\$ 527
Total cash outflow for leases	\$ (3,721)	\$ (3,498)

The Company's leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. OTHER INTANGIBLE ASSETS

	<u>For the Year Ended December 31, 2021</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Ending Balance</u>
<u>Cost</u>				
Patents	\$ 41,273	\$ -	\$ -	\$ 41,273
Computer software	9,851	2,108	-	11,959
	<u>51,124</u>	<u>\$ 2,108</u>	<u>\$ -</u>	<u>53,232</u>
<u>Accumulated amortization</u>				
Patents	9,975	\$ 2,063	\$ -	12,038
Computer software	3,981	2,006	-	5,987
	<u>13,956</u>	<u>\$ 4,069</u>	<u>\$ -</u>	<u>18,025</u>
	<u>\$ 37,168</u>			<u>\$ 35,207</u>

For the Year Ended December 31, 2020

	Beginning Balance	Additions	Reclassification	Ending Balance
<u>Cost</u>				
Patents	\$ 41,273	\$ -	\$ -	\$ 41,273
Computer software	8,438	159	1,254	9,851
	<u>49,711</u>	<u>\$ 159</u>	<u>\$ 1,254</u>	<u>51,124</u>
<u>Accumulated amortization</u>				
Patents	7,912	\$ 2,063	\$ -	9,975
Computer software	2,405	1,576	-	3,981
	<u>10,317</u>	<u>\$ 3,639</u>	<u>\$ -</u>	<u>13,956</u>
	<u>\$ 39,394</u>			<u>\$ 37,168</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	20 years
Computer software	2-10 years

16. OTHER ASSETS

	December 31	
	2021	2020
<u>Current</u>		
Temporary payments	\$ 10,738	\$ 6,760
Prepayment for purchases	7,257	4,119
Prepaid expenses	4,332	4,265
Others	<u>3,739</u>	<u>1,832</u>
	<u>\$ 26,066</u>	<u>\$ 16,976</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 23,852	\$ 14,257
Refundable deposits	<u>1,067</u>	<u>1,042</u>
	<u>\$ 24,919</u>	<u>\$ 15,299</u>

17. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Other payables</u>		
Payables for salaries	\$ 67,232	\$ 49,946
Payables for compensation of employees	21,885	8,344
Payables for purchases of equipment	13,000	7,096
Payables for commission	5,510	4,156
Payables for remuneration of directors	2,880	1,192
Others	<u>69,890</u>	<u>40,301</u>
	<u>\$ 180,397</u>	<u>\$ 111,035</u>
<u>Other current liabilities</u>		
Contract liabilities	\$ 29,235	\$ 29,592
Deferred revenue-current	-	131
Others	<u>11,772</u>	<u>16,123</u>
	<u>\$ 41,007</u>	<u>\$ 45,846</u>
<u>Deferred revenue</u>		
Current	\$ -	\$ 131
Non-current	<u>700</u>	<u>692</u>
	<u>\$ 700</u>	<u>\$ 823</u>

The movements of deferred revenue were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Balance at January 1	\$ 823	\$ 563
Additions	-	390
Reclassified as other revenue	<u>(123)</u>	<u>(130)</u>
Balance at December 31	<u>\$ 700</u>	<u>\$ 823</u>

18. PROVISIONS - CURRENT

The provisions for warranties claims represent the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties. The estimate had been made on the basis of historical warranty trends.

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 4,637	\$ 7,932
Additional provisions recognized (reversal of unused balance)	2,115	(2,700)
Amounts used	<u>(1,309)</u>	<u>(595)</u>
Balance at December 31	<u>\$ 5,443</u>	<u>\$ 4,637</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 173,356	\$ 178,404
Fair value of plan assets	<u>(136,994)</u>	<u>(134,425)</u>
Net defined benefit liabilities	<u>\$ 36,362</u>	<u>\$ 43,979</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	\$ 171,773	\$ (126,564)	\$ 45,209
Service cost			
Current service cost	1,147	-	1,147
Net interest expense (income)	<u>1,273</u>	<u>(974)</u>	<u>299</u>
Recognized in profit or loss	<u>2,420</u>	<u>(974)</u>	<u>1,446</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,006)	(4,006)
Actuarial loss			
- Changes in demographic assumptions	620	-	620
- Changes in financial assumptions	4,132	-	4,132
- Experience adjustments	<u>4,682</u>	<u>-</u>	<u>4,682</u>
Recognized in other comprehensive income	<u>9,434</u>	<u>(4,006)</u>	<u>5,428</u>
Contributions from the employer	-	(8,104)	(8,104)
Benefits paid	<u>(5,223)</u>	<u>5,223</u>	<u>-</u>
	<u>(5,223)</u>	<u>(2,881)</u>	<u>(8,104)</u>
Balance at December 31, 2020	<u>178,404</u>	<u>(134,425)</u>	<u>43,979</u>
Service cost			
Current service cost	881	-	881
Net interest expense (income)	<u>876</u>	<u>(683)</u>	<u>193</u>
Recognized in profit or loss	<u>1,757</u>	<u>(683)</u>	<u>1,074</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,688)	(1,688)
Actuarial loss (gain)			
- Changes in demographic assumptions	3,879	-	3,879
- Changes in financial assumptions	(1,934)	-	(1,934)
- Experience adjustments	<u>1,564</u>	<u>-</u>	<u>1,564</u>
Recognized in other comprehensive income	<u>3,509</u>	<u>(1,688)</u>	<u>1,821</u>
Contributions from the employer	-	(10,512)	(10,512)
Benefits paid	<u>(10,314)</u>	<u>10,314</u>	<u>-</u>
	<u>(10,314)</u>	<u>(198)</u>	<u>(10,512)</u>
Balance at December 31, 2021	<u>\$ 173,356</u>	<u>\$ (136,994)</u>	<u>\$ 36,362</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	2021	2020
Discount rate(s)	0.63%	0.50%
Expected rate(s) of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	2021	2020
Discount rate(s)		
0.25% increase	\$ (3,843)	\$ (4,135)
0.25% decrease	\$ 3,977	\$ 4,285
Expected rate(s) of salary increase		
0.25% increase	\$ 3,855	\$ 4,147
0.25% decrease	\$ (3,745)	\$ (4,024)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	2021	2020
Expected contributions to the plans for the next year	\$ 11,633	\$ 10,795
Average duration of the defined benefit obligation	9 years	9.4 years

20. EQUITY

- a. Ordinary shares

	<u>December 31</u>	
	2021	2020
Shares authorized (in thousands of shares)	236,824	236,824
Shares authorized (in thousands of dollars)	\$ 2,368,240	\$ 2,368,240
Shares issued and fully paid (in thousands of shares)	227,825	227,825
Shares issued and fully paid (in thousands of dollars)	\$ 2,278,250	\$ 2,278,250

b. Capital surplus

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Issuance of ordinary shares	\$ 37,598	\$ 37,598
The difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition	26,225	26,225
Donations	<u>412</u>	<u>412</u>
	<u>\$ 64,235</u>	<u>\$ 64,235</u>

The capital surplus from shares issued in excess of par, the difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, except when the accumulated amount of such legal reserve equals to the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividends policy is in accordance with current and future plans of development, taking into account of investment environment, demand of capital, domestic and international market competition and interest of shareholders. The appropriation of earnings is based on the Company's dividends policy. Shareholders' dividends can be distributed in the form of cash or shares and the cash dividends distributed shall not be less than 10% of the total dividends distributed. However, if cash dividend to be distributed is less than \$0.5 per share, such cash dividend shall be distributed in the form of ordinary shares. The form and percentage of dividends distributed depend on actual earnings and situation of capital of current year and would be adjusted based on the resolution of shareholders' meeting.

The appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

The appropriations of earnings for 2020 and 2019, which were approved in the shareholders' meetings in July 2021 and June 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
Legal reserve	\$ 18,438	\$ 1,062
(Reversal of) special reserve	\$ (11,965)	\$ 39,496
Cash dividends	\$ 78,155	\$ 45,137
Cash dividends per share (NT\$)	\$ 0.35	\$ 0.2

The appropriation of earnings and dividends per share for 2021 was proposed by the Company's board of directors in March 2022. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2021
Legal reserve	\$ 44,898
Reversal of special reserve	\$ (24,230)
Cash dividends	\$ 178,640
Cash dividends per share (NT\$)	\$ 0.80

The appropriation of earnings for 2021 is subject to resolution in the shareholders' meeting to be held in June 2022.

d. Special reserve

The unrealized revaluation increment and cumulative translation adjustments transferred to retained earnings at the first-time adoption of IFRSs amounted to \$83,288 thousand. The increase in retained earnings, which were \$81,291 thousand and resulted from all IFRSs adjustments, was not enough for this appropriation. Therefore, the Company appropriated for special reserve in the amount of \$81,291 thousand. The subsidiary, ASIA, had completed liquidation in 2020. The reason to appropriate special reserve was eliminated and the Company thus reversed the special reserve that resulted from liquidation of subsidiaries, which was \$25,669 thousand.

e. Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ (132,855)	\$ (169,365)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(6,000)	60,177
Reclassification adjustments		
Disposal of foreign operations	754	(23,667)
Balance at December 31	\$ (138,101)	\$ (132,855)

f. Treasury shares

Purpose of Buy-back	Number of shares at January 1	Increase	Number of shares at December 31
<u>For the Year Ended December 31, 2021</u>			
Shares transferred to employees	<u>4,525,000</u>	<u>-</u>	<u>4,525,000</u>
<u>For the Year Ended December 31, 2020</u>			
Shares transferred to employees	<u>2,140,000</u>	<u>2,385,000</u>	<u>4,525,000</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

21. REVENUE

	<u>For the Year Ended December 31</u>		
	<u>2021</u>	<u>2020</u>	<u>2020</u>
Revenue from contracts with customers			
Revenue from the sale of goods	<u>\$ 3,286,536</u>	<u>\$ 2,176,121</u>	
	December 31,	December 31,	January 1,
	2021	2020	2020
<u>Contract balances</u>			
Notes receivable and trade receivables	<u>\$ 949,310</u>	<u>\$ 670,169</u>	<u>\$ 528,123</u>
Contract liabilities			
Sale of goods	<u>\$ 29,235</u>	<u>\$ 29,592</u>	<u>\$ 8,966</u>

22. COMPREHENSIVE INCOME FOR THE YEAR

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2021</u>			
Employee benefits			
Salary and wages	\$ 289,404	\$ 74,837	\$ 364,241
Labor and health insurance costs	29,698	6,763	36,461
Post-employment benefits			
Defined contribution plans	9,080	2,835	11,915
Defined benefit plans	888	186	1,074
Remuneration to directors	-	4,065	4,065
Other employee benefits	19,392	3,881	23,273
Depreciation expenses	84,252	8,814	93,066
Amortization expenses	163	3,906	4,069

	Operating Costs	Operating Expenses	Total
<u>For the Year Ended December 31, 2020</u>			
Employee benefits			
Salary and wages	\$ 210,071	\$ 64,575	\$ 274,646
Labor and health insurance costs	22,593	6,262	28,855
Post-employment benefits			
Defined contribution plans	7,480	2,893	10,373
Defined benefit plans	1,127	319	1,446
Remuneration to directors	-	2,398	2,398
Other employee benefits	14,943	3,642	18,585
Depreciation expenses	82,391	8,280	90,671
Amortization expenses	125	3,514	3,639

As of 2021 and 2020, the Company's average employee number was 726 and 626 employees, respectively. There were 4 directors who did not serve concurrently as employees for both years. The head counts were the same as those used as basis in the calculation of employee benefit expense.

As of 2021 and 2020, the average of employee benefits expense was \$605 thousand and \$537 thousand, respectively; as of 2021 and 2020, the average of employee salaries was \$505 thousand and \$442 thousand, respectively, and the change of the average employee salaries was 14%. The Company has set an audit committee in replace of supervisors.

The remuneration of the directors of the Company is handled in accordance with the amended Articles and the rules of compensation committee. The board of directors is authorized to decide the payment, which shall not exceed general pay levels in the industry, according to the value of one's contribution and the degree of participation in the Company's operations, and shall be approved by the compensation committee and the board of directors.

The remuneration of managerial officers and employees includes salaries, bonuses and remuneration for employees. According to the salary management procedures and related assessment operations management procedures, the remuneration policy is based on the department of an employee, the nature of one's work, current market salary standards, and thus reasonable remunerations will be given after evaluating individual degree of participation, value of contribution and performance.

b. Employees' compensation and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2%-10% and no higher than 10%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The' compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors in March 2022 and 2021, respectively, were as follows:

	For the Year Ended December 31			
	2021		2020	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	3.8%	\$ 21,885	3.5%	\$ 8,344
Remuneration of directors	0.5%	2,880	0.5%	1,192

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	\$ 48,313	\$ 63,464
Foreign exchange losses	<u>(89,761)</u>	<u>(82,436)</u>
Net losses	<u>\$ (41,448)</u>	<u>\$ (18,972)</u>

23. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	\$ 74,637	\$ 21,087
Adjustments for prior years	<u>2,369</u>	<u>1,779</u>
	<u>77,006</u>	<u>22,866</u>
Deferred tax		
In respect of the current year	21,075	34,687
Adjustments for prior years	<u>5,726</u>	<u>1,998</u>
	<u>26,801</u>	<u>36,685</u>
Income tax expense recognized in profit or loss	<u>\$ 103,807</u>	<u>\$ 59,551</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Income tax expense calculated at the statutory rate	\$ 110,233	\$ 45,771
Adjusting items in determining taxable income	(1,655)	11,074
Tax-exempt income	(874)	(1,071)
Usage of investment credit	(11,992)	-
Adjustments for prior years' tax	<u>8,095</u>	<u>3,777</u>
Income tax expense recognized in profit or loss	<u>\$ 103,807</u>	<u>\$ 59,551</u>

b. Deferred tax assets and liabilities

For the Year Ended December 31, 2021				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 38,046	\$ (6,970)	\$ -	\$ 31,076
Defined benefit obligation	9,248	(2,340)	364	7,272
Unrealized provision for loss on inventory	6,377	64	-	6,441
Others	<u>6,760</u>	<u>2,824</u>	<u>-</u>	<u>9,584</u>
	<u>\$ 60,431</u>	<u>\$ (6,422)</u>	<u>\$ 364</u>	<u>\$ 54,373</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 100,169	\$ 20,296	\$ -	\$ 120,465
Land revaluation increment tax	9,875	-	-	9,875
Others	<u>-</u>	<u>83</u>	<u>-</u>	<u>83</u>
	<u>\$ 110,044</u>	<u>\$ 20,379</u>	<u>\$ -</u>	<u>\$ 130,423</u>
For the Year Ended December 31, 2020				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 94,177	\$ (56,131)	\$ -	\$ 38,046
Defined benefit obligation	9,494	(1,332)	1,086	9,248
Unrealized provision for loss on inventory	6,377	-	-	6,377
Others	<u>7,120</u>	<u>(360)</u>	<u>-</u>	<u>6,760</u>
	<u>\$ 117,168</u>	<u>\$ (57,823)</u>	<u>\$ 1,086</u>	<u>\$ 60,431</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment accounted for using the equity method	\$ 121,307	\$ (21,138)	\$ -	\$ 100,169
Land revaluation increment tax	9,875	-	-	9,875
	<u>\$ 131,182</u>	<u>\$ (21,138)</u>	<u>\$ -</u>	<u>\$ 110,044</u>

c. Income tax examinations

The tax returns of the Company through 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

	Amounts (Numerator)	Number of Shares Denominator (In Thousands)	EPS (NT\$)
<u>For the year ended December 31, 2021</u>			
Basic EPS			
Net income available to ordinary shareholders of the parent	\$ 447,359	223,300	<u>\$ 2.00</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>929</u>	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	<u>\$ 447,359</u>	<u>224,229</u>	<u>\$ 2.00</u>
<u>For the year ended December 31, 2020</u>			
Basic EPS			
Net income available to ordinary shareholders of the parent	\$ 169,303	224,110	<u>\$ 0.76</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>602</u>	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	<u>\$ 169,303</u>	<u>224,712</u>	<u>\$ 0.75</u>

If the Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

	Opening Balance	Cash Flows	Non-cash Changes New Leases	Closing Balance
<u>For the year ended December 31, 2021</u>				
Lease liabilities	<u>\$ 1,481</u>	<u>\$ (2,840)</u>	<u>\$ 14,821</u>	<u>\$ 13,462</u>
<u>For the year ended December 31, 2020</u>				
Lease liabilities	<u>\$ 4,419</u>	<u>\$ (2,938)</u>	<u>\$ -</u>	<u>\$ 1,481</u>

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Key management personnel of the Company review the capital structure regularly. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

The following analysis details measurement of financial instruments since initial recognition. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs, are observable.

	Level 1	Level 2	Level 3	Total
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Mutual funds	<u>\$ 84,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,612</u>
Financial assets at FVTOCI				
Listed shares	<u>\$ 68,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,006</u>

	Level 1	Level 2	Level 3	Total
<u>December 31, 2020</u>				
Financial assets at FVTPL				
Mutual funds	<u>\$ 262,953</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 262,953</u>
Financial assets at FVTOCI				
Listed shares	<u>\$ 49,307</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 49,307</u>

There were no transfers between Level 1 and Level 2 in 2021 and 2020.

2) Fair value of financial instruments not measured at fair value

The future value of cash and cash equivalents, financial assets at amortized cost, notes receivable, notes payable, trade receivables and payables, other receivables and payables, and refundable deposits are close to their carrying amounts. The fair values have been estimated based on the carrying amounts on the balance sheet date.

b. Categories of financial instruments

	<u>December 31</u>	
	2021	2020
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,530,005	\$ 1,319,060
Financial assets at FVTPL	84,612	262,953
Financial assets at FVTOCI	68,006	49,307
<u>Financial liabilities</u>		
Amortized cost (2)	940,954	583,478

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, financial assets at amortized cost and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise notes payable, trade payables and other payables.

c. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, mutual funds, trade receivables, trade payables, and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are listed in Note 31.

Sensitivity analysis

The Company is mainly exposed to the USD, EUR and RMB.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive number below indicates a decrease in pre-tax profit with the New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of the New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Currency Impact	
	For the Year Ended December 31	
	2021	2020
USD	\$ 5,825	\$ 5,608
EUR	2,561	2,230
RMB	429	649

b) Interest rate risk

The Company is exposed to interest rate risk because of deposits at both fixed and floating interest rates, cash equivalents, financial assets at amortized cost and lease liabilities.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year was as follows.

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ 16,711	\$ 130,584
Financial liabilities	13,462	1,481
Cash flow interest rate risk		
Financial assets	300,008	225,898

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by \$750 thousand and \$565 thousand, respectively.

c) Other price risk

The Company is exposed to equity price risk through its investments in equity securities and mutual funds. If equity or mutual funds prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by \$846 thousand and \$2,630 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$680 thousand and \$493 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the year, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own historical trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Company had available unutilized bank loans facilities of \$200,000 thousand.

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Non-derivative financial liabilities	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years
<u>December 31, 2021</u>			
Non-interest bearing	\$ 940,954	\$ -	\$ -
Lease liabilities	<u>781</u>	<u>2,356</u>	<u>11,220</u>
	<u>\$ 941,735</u>	<u>\$ 2,356</u>	<u>\$ 11,220</u>

Non-derivative financial liabilities	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years
<u>December 31, 2020</u>			
Non-interest bearing	\$ 583,478	\$ -	\$ -
Lease liabilities	<u>744</u>	<u>743</u>	<u>-</u>
	<u>\$ 584,222</u>	<u>\$ 743</u>	<u>\$ -</u>

28. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as below.

a. Related party names and categories

<u>Related Party Names</u>	<u>Related Party Categories</u>
Lee Chi International	Subsidiary
ASIA	Subsidiary
CGI	Subsidiary
COL	Subsidiary
Ever Glory Machinery (Kun Shan) Co., Ltd. ("Ever Glory")	Subsidiary

b. Sales

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries	<u>\$ 81,738</u>	<u>\$ 70,364</u>

The prices of other sales from the Company to subsidiaries are either equal to cost plus related necessary expenditures or referred to local market prices. The markup percentage of equipment which the Company sells to subsidiaries is 6%.

The general credit term was T/T 90 days and there were no unrelated parties with similar trade.

c. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Subsidiaries		
Ever Glory	<u>\$ 740,212</u>	<u>\$ 541,526</u>

The prices of the purchases by means of trilateral trades from subsidiaries were based on specific diversity of products and related market trends.

The term on purchases of goods was T/T 120 days after the transaction date and there were no unrelated parties with similar trade.

d. Receivables from related parties (excluding loans to related parties)

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries		
Ever Glory	\$ 22,951	\$ 30,393
CGI	<u>17,247</u>	<u>6,872</u>
	<u>\$ 40,198</u>	<u>\$ 37,265</u>

The outstanding trade receivables from related parties are unsecured.

e. Other receivables

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Subsidiaries	\$ <u>2,952</u>	\$ <u>2,462</u>

The receivables presented above consist of payment on behalf for postage and phone expenses, salary expenses and traveling expenses. Due to liquidation of ASIA in 2020, the receivables to ASIA of the Company had been written off and the corresponding credit loss had been recognized.

f. Payables to related parties

Related Party Categories/Name	December 31	
	2021	2020
Subsidiaries		
Ever Glory	\$ <u>180,042</u>	\$ <u>187,589</u>

The outstanding trade payables to related parties are unsecured.

g. Loans to related parties (accounted for as other receivables)

Related Party Categories	December 31	
	2021	2020
Subsidiaries		
CGI	\$ 247,039	\$ 230,324
COL	<u>-</u>	<u>45,392</u>
	<u>\$ 247,039</u>	<u>\$ 275,716</u>

The loan to related parties presented above was not interest-bearing or secured. And there were no impairment loss, and expected credit loss were recognized. Due to liquidation of COL in 2021, the receivables to COL of the Company had been written off and the corresponding credit loss had been recognized.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 12,067	\$ 8,619
Post-employment benefits	<u>132</u>	<u>129</u>
	<u>\$ 12,199</u>	<u>\$ 8,748</u>

The remuneration of directors and key management personnel, as determined by the remuneration committee, is based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for tariff on bonded warehouse and on import of raw materials:

	December 31	
	2021	2020
Financial assets at amortized cost - non-current	\$ <u>1,664</u>	\$ <u>1,654</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments of the Company as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Acquisition of property, plant and equipment	\$ <u>42,250</u>	\$ <u>28,862</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31, 2021			Carrying Amount
	Foreign Currencies	Exchange Rate		
<u>Financial assets</u>				
Monetary items				
USD	\$ 27,319	27.67	(USD:NTD)	\$ 755,917
EUR	8,410	31.33	(EUR:NTD)	263,485
RMB	9,878	4.345	(RMB:NTD)	42,920
Non-monetary items				
Investments accounted for using the equity method for subsidiaries				
USD	40,773	27.67	(USD:NTD)	1,128,196

(Continued)

December 31, 2021				
	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial liabilities</u>				
Monetary items				
USD	\$ 6,268	27.67	(USD:NTD)	\$ 173,436
EUR	236	31.33	(EUR:NTD)	7,394
Non-monetary items				
Investments accounted for using the equity method for subsidiaries				
USD	6,659	27.67	(USD:NTD)	184,242 (Concluded)

December 31, 2020				
	Foreign Currencies	Exchange Rate		Carrying Amount
<u>Financial assets</u>				
Monetary items				
USD	\$ 26,001	28.48	(USD:NTD)	\$ 740,508
EUR	6,622	35.06	(EUR:NTD)	232,167
RMB	14,816	4.380	(RMB:NTD)	64,894
GBP	1,166	38.93	(GBP:USD)	45,392
Non-monetary items				
Investments accounted for using the equity method for subsidiaries				
USD	37,675	28.48	(USD:NTD)	1,072,993
<u>Financial liabilities</u>				
Monetary items				
USD	6,310	28.48	(USD:NTD)	179,709
EUR	261	35.06	(EUR:NTD)	9,151
Non-monetary items				
Investments accounted for using the equity method for subsidiaries				
USD	6,247	28.48	(USD:NTD)	177,924
GBP	611	38.93	(GBP:USD)	23,791

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
		2021	2020	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	28.01 (USD:NTD)	\$ (3,657)	29.55 (USD:NTD)	\$ (14,369)
RMB	4.341 (RMB:NTD)	(710)	4.282 (RMB:NTD)	681
EUR	33.16 (EUR:NTD)	(7,825)	33.71 (EUR:NTD)	4,692

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others: Table 1
- 2) Endorsements/guarantees provided: None
- 3) Marketable securities held: Table 2
- 4) Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital: Table 3
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
- 9) Trading in derivative instruments: None
- 10) Information on investees: Table 6

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 4
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 4
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None
- c. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars or Foreign Currencies)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance (Note 3)	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	The Company	Ever Glory	Other receivables	Yes	\$ 7,133 (USD 250)	\$ 6,087 (USD 220)	\$ -	-	Short-term financing	\$ -	- Operating capital	\$ -	-	\$ -	\$ 731,273	\$ 1,462,547
		Lee Chi International	Other receivables	Yes	8,559 (USD 300)	-	-	-	Short-term financing	-	- Operating capital	-	-	-	731,273	1,462,547
		COL	Other receivables	Yes	54,894 (GBP 1,400)	-	-	-	Short-term financing	-	- Operating capital	-	-	-	731,273	1,462,547
		CGI	Other receivables	Yes	260,906 (USD 8,800) (NTD 17,416)	260,874 (USD 8,800) (NTD 17,383)	247,039 (USD 8,300) (NTD 17,383)	-	Short-term financing	-	- Operating capital	-	-	-	731,273	1,462,547
1	Lee Chi International	Ever Glory	Receivables from related parties	Yes	7,133 (USD 250)	6,087 (USD 220)	5,647 (USD 204)	-	Short-term financing	-	- Operating capital	-	-	-	325,123 (USD 11,750)	325,123 (USD 11,750)

Note 1: The financing amount of the Company should not exceed 20% of the Company's shareholders' equity; that of subsidiaries should not exceed 50% of the subsidiaries' shareholders' equity.

Note 2: The financing amount of the Company should not exceed 40% of the Company's shareholders' equity; that of subsidiaries should not exceed 50% of the subsidiaries' shareholders' equity.

Note 3: The ending balance amount has been approved by the board of directors.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	<u>Ordinary shares</u>						
	CTBC Financial Holding Co., Ltd	-	Financial assets at FVTOCI - current	2,143,455	\$ 55,623	-	\$ 55,623
	YANG MING MARINE TRANSPORT CORPORATION	-	Financial assets at FVTOCI - current	42,442	5,135	-	5,135
	CHINA STEEL CORPORATION	-	Financial assets at FVTOCI - current	106,000	3,747	-	3,747
	YIEH PHUI ENTERPRISE CO., LTD.	-	Financial assets at FVTOCI - current	112,365	2,843	-	2,843
	YEM CHIO CO., LTD.	-	Financial assets at FVTOCI - current	42,615	658	-	658
	CHUNGHWA PICTURE TUBES, LTD.	-	Financial assets at FVTOCI - current	213,024	-	-	-
	<u>Mutual funds</u>						
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	2,574,828	37,502	-	37,502
	Fidelity Funds - Global Dividend Fund A-ACC-EUR (Hedged)	-	Financial assets at FVTPL - current	18,504	14,934	-	14,934
	JPM China Income Fund CNH Acc	-	Financial assets at FVTPL - current	115,465	9,413	-	9,413
	FUH HWA CSI 300 A SHARES EXCHANGE TRADED FUND	-	Financial assets at FVTPL - current	120,000	3,591	-	3,591
	Yuanta Taiwan High-yield Leading Company Fund(A)	-	Financial assets at FVTPL - current	200,000	3,168	-	3,168
	Nomura Global Dyn Multi (CNY)	-	Financial assets at FVTPL - current	29,963	2,321	-	2,321
	Yuanta MSCI China A ETF	-	Financial assets at FVTPL - current	80,000	2,247	-	2,247
	Cathay Taiwan Money Market Fund	-	Financial assets at FVTPL - current	178,834	2,246	-	2,246
	PineBridge ESG Quantitative Global Equity Fund A (CNH)	-	Financial assets at FVTPL - current	45,000	2,063	-	2,063
	Cathay China Domestic Demand Growth Fund USD	-	Financial assets at FVTPL - current	61,682	1,744	-	1,744
	Fuh Hwa China New Economy A Shares Eq RMB	-	Financial assets at FVTPL - current	25,126	1,528	-	1,528
	PineBridge China A-Shares Quantitative Equity Fund A-CNY	-	Financial assets at FVTPL - current	25,000	1,402	-	1,402
	Yuanta Great China TMT Fund RMB	-	Financial assets at FVTPL - current	16,116	1,112	-	1,112
	Cathay China Emerging Industries Fun	-	Financial assets at FVTPL - current	31,935	823	-	823
	Cathay High Dividend Taiwan Equity Fund A	-	Financial assets at FVTPL - current	27,308	518	-	518

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Ever Glory	<u>Ordinary shares</u>						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	\$ 37,861	-	\$ 37,861
Chief Venture	<u>Ordinary shares</u>						
	POWERCHIP SEMICONDUCTOR MANUFACTURING CORPORATION	-	Financial assets at FVTPL - current	1,000,000	71,200	-	71,200
	G-TECH OPTOELECTRONICS CORPORATION	-	Financial assets at FVTPL - current	600,000	18,660	-	18,660
	RUBY TECH CORPORATION	-	Financial assets at FVTPL - current	470,482	16,443	1	16,443
	FORWARD ELECTRONICS CO., LTD.	-	Financial assets at FVTPL - current	89,015	1,629	-	1,629
	POWERCHIP TECHNOLOGY CORPORATION	-	Financial assets at FVTPL - non-current	1,493,659	38,701	-	38,701
	DEXIN CORP.	-	Financial assets at FVTPL - non-current	3,320,496	36,392	10	36,392
	ZIPCOM CORPORATION	-	Financial assets at FVTPL - non-current	113,100	-	11	-
	RUBY TECH CORPORATION	-	Financial assets at FVTOCI - current	227,630	7,956	-	7,956
	VACTRONICS TECHNOLOGIES INC.	-	Financial assets at FVTOCI - non-current	188,127	19,900	-	19,900
	TERAWINS, INC.	-	Financial assets at FVTOCI - non-current	688,600	11,087	2	11,087
	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets at FVTOCI - non-current	158,000	10,769	-	10,769
	SOLIDLITE CORPORATION	-	Financial assets at FVTOCI - non-current	200,000	1,784	1	1,784

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Note)
The Company	Mutual funds Fuh Hwa Money Market Fund	FVTPL- current	-	-	8,390,353	\$ 122,029	76,470,590	\$ 1,113,000	82,286,115	\$ 1,197,622	\$ 1,197,519	\$ 103	2,574,828	\$ 37,502

Note: It consists of unrealized gain or loss on financial assets at FVTPL.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
The Company	Ever Glory	(Note)	Purchase	\$ 740,212	36	T/T 120 days after the transaction date	The purchases are primarily by means of trilateral trades. The prices of these purchases were based on specific diversity of products and related market trends. There were no unrelated parties with similar trade.	There were no significant differences between other parties.	\$ (180,042)	(24)	
Ever Glory	The Company	(Note)	Sale	(740,212)	(32)	T/T 120 days after the transaction date	Selling prices were lower than those of unrelated parties.	There were no significant differences between other parties.	180,042	27	

Note: See Note 12.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF PAID-IN CAPITAL

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of the Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
The Company	CGI	(Note 2)	\$ 265,258 (Note 3)	1.80	\$ 4,112	Continued collection	\$ -	\$ -
Ever Glory	The Company	(Note 2)	180,042	4.03	-	-	137,960	-

Note 1: The calculation of turnover rate did not take other receivables into account.

Note 2: See Note 12.

Note 3: It consists of trade receivables and other receivables.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Company	Lee Chi International	British Virgin Islands	Operating holding company and international investments	\$ 667,823	\$ 667,823	23,500,000	100	\$ 1,128,196	\$ 63,650	\$ 63,650	Subsidiary
	Chief Venture	Taipei	Investment	107,886	107,886	11,000,000	55	179,455	68,787	37,832	Subsidiary
	CGI	California, USA	Development, manufacture and sale of high-class bikes and bike components	122,395	122,395	4,000,000	100	(184,242)	(11,740)	(11,740)	Subsidiary
	COL	Hartford County, Connecticut, USA.	Wholesale of bikes and bike components	(Note)	8,484	(Note)	(Note)	(Note)	39,275	(19,927)	Subsidiary

Note: COL has been liquidated in 2021.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Ever Glory	Manufacture and sale of cars, bikes, bike components and related machine elements.	RMB 83,240 (USD 10,000)	The reinvestment was made through Lee Chi International	\$ 472,610 (USD 16,190)	\$ -	\$ -	\$ 472,610 (USD 16,190)	\$ 73,876	100%	\$ 73,876	\$ 1,105,267	\$ 300,781

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limited on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	\$ 472,610 (USD 16,190)	\$ 733,321 (USD 24,157)	\$ 2,193,820

Note 1: The investment gain (loss) recognized by the Company was based on the audited financial statements by the same accounting firm as parent company in Taiwan, as of and for the year ended December 31, 2021.

Note 2: The upper limit on investment was in accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China".

TABLE 8**LEE CHI ENTERPRISES COMPANY LTD.****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021
(In Shares)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Trust property account of Lee, Ye-Jung at the Taipei Branch of the United Bank of Switzerland	22,274,684	9.77
Le Wong Investment Co., Ltd.	22,112,000	9.70
Lin, Yu-Hsin	13,168,760	5.78

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

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LEE CHI ENTERPRISES COMPANY LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Cash on hand	\$ 238
Cash in banks	
Demand deposits	76,231
Foreign currency deposits (Note 1)	<u>222,113</u>
	298,344
Cash equivalents	
Foreign time deposits (Note 2)	<u>16,711</u>
	<u>\$ 315,293</u>

Note 1: Including EUR3,082 thousand (EUR€1 = NT\$31.33), US\$4,113 thousand (US\$1 = NT\$27.67), RMB1,927 thousand (RMB¥1 = NT\$4.345) and JPY13,928 thousand (JPY¥1 = NT\$0.241).

Note 2: Including RMB3,846 thousand (RMB¥1 = NT\$4.345), and the foreign time deposits will gradually be expired before April 13, 2022.

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF NOTES RECEIVABLE

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related parties	
MING CYCLE INDUSTRIAL CO.,LTD.	\$ 15,215
FRITZ JOU MFG. CO., LTD.	4,284
AIRLY BIKE MANUFACTURING CO., LTD.	4,278
WILLING INDUSTRY CO., LTD.	3,996
HUA CHIN BICYCLE CO., LTD.	1,711
Others (Note)	<u>6,243</u>
	<u>\$ 35,727</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF TRADE RECEIVABLES FROM NON-RELATED PARTIES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related parties	
S.C. MECHROM INDUSTRY SRL	\$ 112,439
PRIMATEK LIMITED	106,315
DESIPRO PTE. LTD.	59,153
DIAMANT FAHRRADWERKE GMBH	55,357
Others (Note)	<u>548,271</u>
	881,535
Less: Allowance for impairment loss	<u>(8,150)</u>
	<u>\$ 873,385</u>

Note: The amount from each individual client included in others does not exceed 5% of the account balance.

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Other receivables from related parties (Note 27)	\$ 249,991
Tax refund receivable	10,943
Others	<u>9,732</u>
	270,666
Less: Allowance for impairment loss	<u>(7,995)</u>
	<u>\$ 262,671</u>

LEE CHI ENTERPRISES COMPANY LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Price (Note)
Raw materials	\$ 46,409	\$ 49,078
Work in process	551,848	726,095
Semi-finished products	453,755	610,186
Finished goods	49,466	67,533
Inventory in transit	<u>15,944</u>	<u>15,944</u>
	<u>\$ 1,117,422</u>	<u>\$ 1,468,836</u>

Note: Inventories are stated at the lower of cost or net realizable value after comparing item by item.

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Beginning Balance		Decrease		Share of Profit (Loss) of Subsidiaries	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized gain (loss) on Investments in Equity Instruments at FVTOCI	Others (Note 4)	Ending Balance			Marker Value or Net Assets Value
	Shares	Amount	Shares	Amount					Shares	Ownership %	Amount	
Investments accounted for using the equity method												
Lee Chi International	23,500,000	\$ 1,072,993	-	\$ -	\$ 63,650	\$ (10,140)	\$ 1,693	\$ -	23,500,000	100	\$ 1,128,196	\$ 1,128,196
Chief Venture	11,000,000	<u>149,029</u>	-	<u>-</u>	<u>37,832</u>	<u>-</u>	<u>9,094</u>	<u>(16,500)</u>	11,000,000	55	<u>179,455</u>	<u>179,455</u>
		<u>\$ 1,222,022</u>		<u>\$ -</u>	<u>\$ 101,482</u>	<u>\$ (10,140)</u>	<u>\$ 10,787</u>	<u>\$ (16,500)</u>			<u>\$ 1,307,651</u>	<u>\$ 1,307,651</u>
Investment accounted for using the equity method - credit												
CGI	4,000,000	\$ (177,924)	-	\$ -	\$ (11,740)	\$ 5,422	\$ -	\$ -	4,000,000	100	\$ (184,242)	\$ (184,242)
COL	143,000	<u>(23,791)</u>	(143,000)	<u>754</u>	<u>(19,927)</u>	<u>(528)</u>	<u>-</u>	<u>43,492</u>	-	-	<u>-</u>	<u>-</u>
		<u>\$ (201,715)</u>		<u>\$ 754</u>	<u>\$ (31,667)</u>	<u>\$ 4,894</u>	<u>\$ -</u>	<u>\$ 43,492</u>			<u>\$ (184,242)</u>	<u>\$ (184,242)</u>

Note 1: See Note 12.

Note 2: Calculations of net assets value were based on the audited financial statements of the investee company and the Company's shareholding ratio.

Note 3: The investees presented above were not guaranteed or mortgaged.

Note 4: Due to Chief Venture's appropriations of earnings and COL's liquidation in 2021; the Company's receivables from COL had been written off and the corresponding credit loss was recognized.

LEE CHI ENTERPRISES COMPANY LTD.

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

	Balance at January 1, 2021	Additions	Disposals	Balance at December 31, 2021
Cost				
Buildings	\$ 5,876	<u>\$ 14,821</u>	<u>\$ (5,876)</u>	\$ 14,821
Accumulated depreciation				
Buildings	<u>4,507</u>	<u>\$ 2,851</u>	<u>\$ (5,876)</u>	<u>1,482</u>
Right-of-use assets	<u>\$ 1,369</u>			<u>\$ 13,339</u>

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF TRADE PAYABLES TO NON-RELATED PARTIES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related parties	
CHOW WIN CO., LTD.	\$ 60,054
GFI HI-TECH INDUSTRY CO., LTD.	26,355
Others (Note)	<u>494,106</u>
	<u>\$ 580,515</u>

Note: The amount to each individual vendor in others does not exceed 5% of the account balance.

LEE CHI ENTERPRISES COMPANY LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Quantities (In Thousands of Units)	Amount
Braking system		
Brakes	4,300	\$ 579,109
Levers	2,400	80,421
Cable	8,300	47,835
Stem	4,100	580,625
Seat Post	3,400	397,610
Hub	600	241,371
Spare parts such as brake, seat post, stem, etc.	52,400	<u>1,365,239</u>
Gross sales		3,292,210
Less: Sales return		(3,025)
Sales discount		<u>(2,649)</u>
Net sales revenue		<u>\$ 3,286,536</u>

LEE CHI ENTERPRISES COMPANY LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials, beginning of year	\$ 23,536
Raw materials purchased	451,202
Raw materials, end of year	(2,648)
Sale of raw materials	(63,591)
Other adjustments	2,130
Raw materials used	<u>410,629</u>
Direct labor	245,259
Manufacturing expenses	978,317
Manufacturing cost	<u>1,634,205</u>
Work in process, beginning of year	225,963
Work in process purchased	171,311
Sale of work in process	(5,560)
Work in process, end of year	(565,717)
Other adjustments	(1,363)
Cost of work in process	<u>1,458,839</u>
Semi-finished products, beginning of year	228,884
Semi-finished products purchased	1,407,471
Semi-finished products, end of year	(470,396)
Other adjustments	(2,023)
Cost of semi-finished products	<u>2,622,775</u>
Finished goods, beginning of year	20,919
Finished goods, end of year	(49,922)
Cost of production	<u>2,593,772</u>
Cost of raw materials and work in process sold	<u>8,208</u>
Cost of goods sold	2,601,980
Other Costs	<u>(15,703)</u>
Cost of operating costs	<u>\$ 2,586,277</u>

LEE CHI ENTERPRISES COMPANY LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and annual bonus	\$ 22,082	\$ 22,227	\$ 30,528
Shipping expense	30,746	5	171
Insurance expense	4,681	2,151	3,017
Others	<u>22,531</u>	<u>30,040</u>	<u>37,209</u>
	<u>\$ 80,040</u>	<u>\$ 54,423</u>	<u>\$ 70,925</u>