Lee Chi Enterprises Company Ltd. and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. as of and for the year ended December 31, 2021, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. and Subsidiaries. Consequently, we did not prepare a separate set of combined financial statements.

Very truly yours,

Lee Chi Enterprises Company Ltd.

By:

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Lin, Yu-Hsin
President

March 24, 2022

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Lee Chi Enterprises Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition

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

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

1. We evaluated the design and implementation of the related internal controls on revenue recognition and tested the operating effectiveness of the related controls.

2. We selected samples from the the specific customers’ subsidiary ledger of sales revenue, to verify related documents, including sales orders, invoices, shipping documents, and receipts of payment, to confirm the validity of revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Lee Chi Enterprises Company Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 24, 2022

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
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	40,000	1	448	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	364	-	1,086	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 12 and 20)	(5,096)	-	36,696	1
Other comprehensive income for the year, net of income tax	33,447	1	32,802	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 527,470	11	$ 235,107	7
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 447,359	9	$ 169,303	5
Non-controlling interests	46,664	1	33,002	1
	$ 494,023	10	$ 202,305	6
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 473,215	10	$ 199,740	6
Non-controlling interests	54,255	1	35,367	1
	$ 527,470	11	$ 235,107	7
EARNINGS PER SHARE (Note 24)				
Basic	$ 2.00		$ 0.76	
Diluted	$ 2.00		$ 0.75	

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company										
			Retained Earnings (Note 20)			Other Equity (Notes 4)					
	Share Capitals (Note 20)	Capital Surplus (Notes 20 and 25)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 12 and 20)	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Note 25)	Treasury Shares (Note 20)	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	$ 2,278,250	$ 60,505	$ 264,580	$ 122,020	$ 581,755	$ (169,365)	$ 7,849	$ (21,236)	$ 3,124,358	$ 98,928	$ 3,223,286
Special reserve reversed	-	-	-	(25,669)	25,669	-	-	-	-	-	-
Appropriation of 2019 earnings											
Legal reserve	-	-	1,062	-	(1,062)	-	-	-	-	-	-
Special reserve	-	-	-	39,496	(39,496)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(45,137)	-	-	-	(45,137)	-	(45,137)
Net profit for the year ended December 31, 2020	-	-	-	-	169,303	-	-	-	169,303	33,002	202,305
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,342)	36,510	(1,731)	-	30,437	2,365	32,802
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	164,961	36,510	(1,731)	-	199,740	35,367	235,107
Buy-back of treasury shares	-	-	-	-	-	-	-	(17,991)	(17,991)	-	(17,991)
Actual disposal or acquisition of interests in subsidiaries	-	3,730	-	-	-	-	(3,393)	-	337	(337)	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(6,247)	-	6,247	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(27,886)	(27,886)
BALANCE AT DECEMBER 31, 2020	2,278,250	64,235	265,642	135,847	680,443	(132,855)	8,972	(39,227)	3,261,307	106,072	3,367,379
Appropriation of 2018 earnings											
Legal reserve	-	-	18,438	-	(18,438)	-	-	-	-	-	-
Special reserve	-	-	-	(11,965)	11,965	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(78,155)	-	-	-	(78,155)	-	(78,155)
Net profit for the year ended December 31, 2021	-	-	-	-	447,359	-	-	-	447,359	46,664	494,023
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(1,457)	(5,246)	32,559	-	25,856	7,591	33,447
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	445,902	(5,246)	32,559	-	473,215	54,255	527,470
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(13,500)	(13,500)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	3,082	-	(3,082)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	$ 2,278,250	$ 64,235	$ 284,080	$ 123,882	$ 1,044,799	$ (138,101)	$ 38,449	$ (39,227)	$ 3,656,367	$ 146,827	$ 3,803,194

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

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

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

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

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

(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 bike components and general machinery.

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

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated 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 accounting policies of the Company and its subsidiaries (collectively referred to as the "Group").

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.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group'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 consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group'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 consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated 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.

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 Group 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Table 7 and Table 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity'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 consolidated 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.

f. 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.

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. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

i. 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.

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

At the end of each reporting period, the Group 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 Group 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.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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.

<u>Financial assets</u>

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 or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

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 28.

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

The Group always recognizes lifetime expected credit loss (ECLs) for trade receivables. For all other financial instruments, the Group 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 Group 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 Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

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 Group 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 Group 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 Group 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.

l. 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 Group of the expenditures required to settle the Group’s obligation.

m. Revenue recognition

The Group 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 Group 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 Group does not adjust the promised amount of consideration for the effects of a significant financing component.

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

n. Leases

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

The Group as lessee

The Group 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 by 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 consolidated 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 Group 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 consolidated balance sheets.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group 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 Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group 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.

p. 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 Group'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.

q. 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 Group 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 Group 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 Group'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 Group considers the possible impact of the recent development of COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth 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 Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’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

	December 31	
	2021	2020
Cash on hand	$ 543	$ 396
Checking accounts and demand deposits	548,623	338,330
Cash equivalents		
Time deposits	119,911	294,003
	$ 669,077	$ 632,729
Interest rate per annum (%)		
Bank balance	0.00-0.35	0.00-0.35
Time deposits	0.01-2.95	0.10-2.84

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2021	December 31 2020
Financial assets - current		
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 84,612	$ 262,953
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	385	-
	84,997	262,953
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	107,932	13,749
	$ 192,929	$ 276,702
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 75,093	$ 176,400

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Sell	USD/RMB	2022.1.11	US$500/RMB￥3,215
	USD/RMB	2022.1.11	US$300/RMB￥1,928
	USD/RMB	2022.2.14	US$500/RMB￥3,222
	USD/RMB	2022.2.14	US$300/RMB￥1,932
	USD/RMB	2022.3.11	US$400/RMB￥2,563
	USD/RMB	2022.3.11	US$100/RMB￥641
	USD/RMB	2022.4.12	US$400/RMB￥2,568
	USD/RMB	2022.4.12	US$100/RMB￥642

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments	December 31 2021	December 31 2020
Current		
Domestic listed shares	$ 75,962	$ 63,032
Non-current		
Overseas limited partnership	$ 37,861	$ 39,556
Domestic unlisted shares	43,540	20,377
	$ 81,401	$ 59,933

These investments in equity instruments are held for medium to long-term strategic purposes, and the Group 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 Group'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 would be extended for 1 year automatically.

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31 2021	December 31 2020
Current		
Time deposits with original maturities of less than 12 months	$ 86,900	$ -
Demand deposits (Note)	-	24,804
	$ 86,900	$ 24,804
Non-current		
Time deposits with original maturities of more than 12 months	$ 27,734	$ 111,810
Interest rate per annum (%)		
Current	4.18	0.001-0.05
Non-current	0.82-3.58	0.08-4.18

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

Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	**2020**
Notes receivable		
Notes receivable - operating	$ 109,076	$ 150,245
Less: Allowance for impairment loss	-	-
	$ 109,076	$ 150,245
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,305,257	$ 1,007,229
Less: Allowance for impairment loss	(13,916)	(10,208)
	$ 1,291,341	$ 997,021

a. Notes receivable

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

	December 31	
	2021	**2020**
Not past due	$ 109,076	$ 150,245
Past due	-	-
	$ 109,076	$ 150,245

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 Group 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 Group 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 Group's credit risk was significantly reduced.

The Group 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 Group'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 Group's different customer base.

The Group 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 Group 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 Group's provision matrix.

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 151 Days	Total
December 31, 2021					
Expected credit loss rate	0%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	$ 1,199,221	$ 82,437	$ 17,507	$ 6,092	$ 1,305,257
Loss allowance (Lifetime ECLs)	(1,644)	(2,099)	(4,081)	(6,092)	(13,916)
Amortized cost	$ 1,197,577	$ 80,338	$ 13,426	$ -	$ 1,291,341
December 31, 2020					
Expected credit loss rate	0%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	$ 961,259	$ 39,621	$ 376	$ 5,973	$ 1,007,229
Loss allowance (Lifetime ECLs)	(3,537)	(656)	(42)	(5,973)	(10,208)
Amortized cost	$ 957,722	$ 38,965	$ 334	$ -	$ 997,021

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 10,208	$ 14,516
Add: Net remeasurement of loss allowance	10,163	587
Less: Amounts written off	(6,407)	(4,978)
Foreign exchange gains and losses	(48)	83
Balance at December 31	$ 13,916	$ 10,208

11. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 120,961	$ 86,010
Work in progress	822,144	440,454
Semi-finished goods	453,755	208,108
Finished goods	146,787	88,692
Inventory in transit	26,018	15,882
	$ 1,569,665	$ 839,146

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

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 3,964,145	$ 2,846,444
Inventory write-downs	322	-
Unallocated production overhead	1,253	16,626
	$ 3,965,720	$ 2,863,070

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

		Proportion of Ownership (%)	
		December 31	
Investor	Investee	2021	2020
The Company	Lee Chi International Holding Limited (B.V.I.) ("Lee Chi International")	100	100
	Chief Venture Capital Corp. ("Chief Venture")	55	55
	THE Cycle Group, Inc. ("CGI")	100	100
	Cycle Origins Ltd. ("COL")	-	60
Lee Chi International	Ever Glory Machinery (Kun Shan) Co., Ltd. ("Ever Glory")	100	100

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

The Group 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 for information on the Group acquired shares of Chief Venture.

Refer to Tables 7 and 8 for information on the nature of business for each subsidiary.

b. Details of subsidiaries that have material non-controlling interests

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	December 31	
Name of Subsidiary	2021	2020
Chief Venture	45	45

Summarized financial information in respect of Chief Venture that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	December 31	
	2021	2020
Current assets	$ 255,426	$ 95,063
Non-current assets	118,633	196,777
Current liabilities	(47,777)	(20,878)
Equity	$ 326,282	$ 270,962
Equity attributable to:		
Owners of Chief Venture	$ 179,455	$ 149,029
Non-controlling interests of Chief Venture	146,827	121,933
	$ 326,282	$ 270,962

	For the Year Ended December 31	
	2021	2020
Net income for the year	$ 68,787	$ 74,143
Other comprehensive income for the year	16,533	4,631
Total comprehensive income for the year	$ 85,320	$ 78,774
Income attributable to:		
Owners of Chief Venture	$ 37,832	$ 41,479
Non-controlling interests of Chief Venture	30,955	32,664
	$ 68,787	$ 74,143
Total comprehensive income attributable to:		
Owners of Chief Venture	$ 46,926	$ 43,931
Non-controlling interests of Chief Venture	38,394	34,843
	$ 85,320	$ 78,774
Cash inflow (outflow) from:		
Operating activities	$ (1,477)	$ -
Investing activities	103,399	9,963
Financing activities	(30,000)	-
Net cash inflow	$ 71,922	$ 9,963
Dividends paid to non-controlling interests Chief venture	$ 13,500	$ -

13. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2021					
	Beginning Balance	Additions	Deductions	Reclassification	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost						
Land	$ 216,900	$ -	$ -	$ -	$ -	$ 216,900
Land improvements	12,677	1,304	-	1,296	-	15,277
Buildings	934,389	1,811	1,159	652	(4,008)	931,685
Machinery and equipment	870,273	36,375	30,169	40,396	(3,582)	913,293
Molding equipment	26,563	5,407	4,232	1,635	(121)	29,252
Transportation equipment	18,509	7,331	5,243	1,313	(26)	21,884
Office equipment	27,901	4,643	4,989	1,143	(325)	28,373
Other equipment	87,826	15,688	8,922	6,014	(182)	100,424
	2,195,038	72,559	54,714	52,449	(8,244)	2,257,088
Property in construction	8,356	6,740	-	(5,850)	-	9,246
	2,203,394	$ 79,299	$ 54,714	$ 46,599	$ (8,244)	2,266,334
Accumulated depreciation						
Land improvements	4,082	$ 1,038	$ -	$ -	$ -	5,120
Buildings	405,856	41,054	1,159	-	(1,722)	444,029
Machinery and equipment	487,850	93,380	29,323	-	(2,513)	549,394
Molding equipment	18,271	5,718	4,232	-	(99)	19,658
Transportation equipment	10,808	3,243	5,243	-	(22)	8,786
Office equipment	18,493	3,861	3,981	-	(246)	18,127
Other equipment	41,335	13,221	8,922	-	(101)	45,533
	986,695	$ 161,515	$ 52,860	$ -	$ (4,703)	1,090,647
	$ 1,216,699					$ 1,175,687

	For the Year Ended December 31, 2020					
	Beginning Balance	Additions	Deductions	Reclassification	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost						
Land	$ 186,590	$ 30,310	$ -	$ -	$ -	$ 216,900
Land improvements	12,677	-	-	-	-	12,677
Buildings	953,427	2,732	28,543	-	6,773	934,389
Machinery and equipment	867,679	37,557	61,221	22,361	3,897	870,273
Molding equipment	28,392	4,260	7,417	1,113	215	26,563
Transportation equipment	19,100	1,167	2,032	273	1	18,509
Office equipment	29,712	2,243	4,099	412	(367)	27,901
Other equipment	79,826	8,359	8,275	7,550	366	87,826
	2,177,403	86,628	111,587	31,709	10,885	2,195,038
Property in construction	523	11,424	-	(3,591)	-	8,356
	2,177,926	$ 98,052	$ 111,587	$ 28,118	$ 10,885	2,203,394
Accumulated depreciation						
Land improvements	3,214	$ 868	$ -	$ -	$ -	4,082
Buildings	389,462	41,743	28,543	-	3,194	405,856
Machinery and equipment	451,001	92,027	58,474	-	3,296	487,850
Molding equipment	19,663	5,837	7,417	-	188	18,271
Transportation equipment	9,640	3,197	2,032	-	3	10,808
Office equipment	18,370	4,480	4,099	-	(258)	18,493
Other equipment	36,620	12,787	8,275	-	203	41,335
	927,970	$ 160,939	$ 108,840	$ -	$ 6,626	986,695
	$ 1,249,956					$ 1,216,699

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	1-20 years
Machinery and equipment	1-10 years
Molding equipment	1-5 years
Transportation equipment	3-6 years
Office equipment	1-7 years
Other equipment	2-16 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	$ 38,366	$ 40,069
Buildings	13,339	1,369
	$ 51,705	$ 41,438

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 14,821	$ -
Depreciation charge for right-of-use assets		
Land	$ 1,381	$ 1,362
Buildings	2,851	2,938
	$ 4,232	$ 4,300

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

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts		
Current	$ 2,765	$ 1,481
Non-current	$ 10,697	$ -

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	2.82%	1.09%

c. Material leasing activities and terms

Ever Glory has land use rights for assets which are located at south side of Honghu Road and east side of Xinxing Road, Kunshan Development Area, Jiangsu Province, mainland China. The rights were acquired in August 2009, and the period of the land use rights is 38 years. The acquired lots are used for building factories, office buildings and staff dormitory. The Company also leases buildings for the use of plants with lease term of 5 years.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 63	$ 63
Expenses relating to low-value asset leases	$ 676	$ 527
Total cash outflow for leases	$ (3,784)	$ (3,561)

The Group's leases of certain office qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Group 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

	For the Year Ended December 31, 2021				
	Beginning Balance	Additions	Reclassification	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost					
Patents	$ 41,273	$ -	$ -	$ -	$ 41,273
Computer software	13,631	2,108	-	(107)	15,632
Others	1,467	-	-	(41)	1,426
	56,371	$ 2,108	$ -	$ (148)	58,331
Accumulated amortization					
Patents	$ 9,975	$ 2,063	$ -	$ -	12,038
Computer software	7,621	2,063	-	(104)	9,580
Others	392	96	-	(12)	476
	17,988	$ 4,222	$ -	$ (116)	22,094
	$ 38,383				$ 36,237

	For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Reclassification	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost					
Patents	$ 41,273	$ -	$ -	$ -	$ 41,273
Computer software	12,430	159	1,254	(212)	13,631
Others	1,549	-	-	(82)	1,467
	55,252	$ 159	$ 1,254	$ (294)	56,371
Accumulated amortization					
Patents	7,912	$ 2,063	$ -	$ -	9,975
Computer software	5,735	2,080	-	(194)	7,621
Others	311	101	-	(20)	392
	13,958	$ 4,244	$ -	$ (214)	17,988
	$ 41,294				$ 38,383

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
Others	15 years

16. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepayment for purchases	$ 27,985	$ 12,767
Temporary payments	10,738	6,760
Prepaid expenses	4,416	4,642
Tax overpaid tax for offsetting the future tax payable	3,328	4,114
Others	2,420	1,313
	$ 48,887	$ 29,596
Non-current		
Prepayments for equipment	$ 49,636	$ 18,125
Refundable deposits	4,101	4,202
	$ 53,737	$ 22,327

17. OTHER LIABILITIES

	December 31	
	2021	2020
Other payables		
Payables for salaries	$ 101,238	$ 85,149
Payables for compensation of employees	21,961	8,344
Payables for purchases of equipment	15,201	9,483
Payables for commission	5,510	4,156
Payables for remuneration of directors	5,157	1,192
Others	165,477	126,960
	$ 314,544	$ 235,284
Other current liabilities		
Contract liabilities	$ 31,762	$ 32,103
Others	13,770	17,751
	$ 45,532	$ 49,854
Deferred revenue		
Current	$ 20,511	$ 47,739
Non-current	185,303	207,459
	$ 205,814	$ 255,198

The movements of deferred revenue were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 255,198	$ 288,384
Additions	-	5,779
Reclassified as other revenue	(47,270)	(41,669)
Foreign exchange gains and losses	(2,114)	2,704
Balance at December 31	$ 205,814	$ 255,198

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 Group'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	(1,309)	(595)
Balance at December 31	$ 5,443	$ 4,637

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.

The employees of Ever Glory participate in the social insurance plan, which is managed and coordinated by Chinese government. The defined contribution plans provide the government with endowment insurance expenses to manage the social insurance plan.

Chief Venture and Lee Chi International are investments or holding companies; therefore, these companies are not required to establish a retirement policy.

CGI has not established a retirement plan.

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 contributes 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 consolidated balance sheets in respect of the Group'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	(136,994)	(134,425)
Net defined benefit liabilities	$ 36,362	$ 43,979

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)	1,273	(974)	299
Recognized in profit or loss	2,420	(974)	1,446
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	4,682	-	4,682
Recognized in other comprehensive income	9,434	(4,006)	5,428
Contributions from the employer	-	(8,104)	(8,104)
Benefits paid	(5,223)	5,223	-
	(5,223)	(2,881)	(8,104)
Balance at December 31, 2020	178,404	(134,425)	43,979

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Service cost			
Current service cost	$ 881	$ -	$ 881
Net interest expense (income)	876	(683)	193
Recognized in profit or loss	1,757	(683)	1,074
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,688)	(1,688)
Actuarial loss			
- Changes in demographic assumptions	3,879	-	3,879
- Changes in financial assumptions	(1,934)	-	(1,934)
- Experience adjustments	1,564	-	1,564
Recognized in other comprehensive income	3,509	(1,688)	1,821
Contributions from the employer	-	(10,512)	(10,512)
Benefits paid	(10,314)	10,314	-
	(10,314)	(198)	(10,512)
Balance at December 31, 2021	$ 173,356	$ (136,994)	$ 36,362

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Group 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:

	December 31	
	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:

	December 31	
	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.

	December 31	
	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

	December 31	
	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

	December 31	
	2021	2020
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	412	412
	$ 64,235	$ 64,235

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 dividends 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 a 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**
For the Year Ended December 31, 2021			
Shares transferred to employees	4,525,000	-	4,525,000
For the Year Ended December 31, 2020			
Shares transferred to employees	2,140,000	2,385,000	4,525,000

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

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from the sale of goods	$ 4,879,953	$ 3,383,919

	December 31, 2021	December 31, 2020	January 1, 2020
Contract balances			
Notes receivable and trade receivables	$ 1,400,417	$ 1,147,266	$ 756,431
Contract liabilities			
Sale of goods	$ 31,762	$ 32,103	$ 11,366

22. COMPREHENSIVE INCOME FOR THE YEAR

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2021			
Employee benefits			
Salary and wages	$ 526,539	$ 148,476	$ 675,015
Post-employment benefits			
Defined contribution plans	33,145	6,022	39,167
Defined benefit plans	888	186	1,074
Other employee benefits	86,658	33,990	120,648
Depreciation expenses	138,456	27,291	165,747
Amortization expenses	162	4,060	4,222
For the Year Ended December 31, 2020			
Employee benefits			
Salary and wages	432,704	151,504	584,208
Post-employment benefits			
Defined contribution plans	9,224	3,374	12,598
Defined benefit plans	1,127	319	1,446
Other employee benefits	68,869	29,651	98,520
Depreciation expenses	138,983	26,256	165,239
Amortization expenses	125	4,119	4,244

b. Compensation of employees 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 consolidated 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 consolidated 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. Interest income

	For the Year Ended December 31	
	2021	**2020**
Financial assets at amortized cost	$ 4,548	$ 4,360
Bank deposits	4,252	4,522
Financial assets at FVTPL	66	3,748
	$ 8,866	$ 12,630

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 48,417	$ 65,695
Foreign exchange losses	(95,366)	(99,346)
Net losses	$ (46,949)	$ (33,651)

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	$ 78,094	$ 21,087
Income tax on unappropriated earnings	1,324	179
Adjustments for prior years	2,369	1,779
	81,787	23,045
Deferred tax		
In respect of the current year	21,075	34,687
Adjustments for prior years	5,726	1,998
	26,801	36,685
Income tax expense recognized in profit or loss	$ 108,588	$ 59,730

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	$ 120,522	$ 52,407
Adjusting items in determining taxable income	(4,751)	16,427
Tax-exempt income	(15,557)	(21,283)
Additional income tax under the Alternative Minimum Tax Act	3,457	-
Income tax on unappropriated earnings	1,324	179
Deferred tax effect of earnings of subsidiaries	19,200	8,223
Unrecognized loss carryforwards	3,065	-
Usage of investment credit/loss carryforwards	(26,767)	-
Adjustments for prior years' tax	8,095	3,777
Income tax expense recognized in profit or loss	$ 108,588	$ 59,730

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
Deferred tax assets				
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	6,760	2,824	-	9,584
	$ 60,431	$ (6,422)	$ 364	$ 54,373

(Continued)

	For the Year Ended December 31, 2021			
	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 100,169	$ 20,296	$ -	$ 120,465
Land revaluation increment tax	9,875	-	-	9,875
Others	-	83	-	83
	$ 110,044	$ 20,379	$ -	$ 130,423

(Concluded)

	For the Year Ended December 31, 2020			
	Opening Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Closing Balance**
Deferred tax assets				
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	7,120	(360)	-	6,760
	$ 117,168	$ (57,823)	$ 1,086	$ 60,431
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 121,307	$ (21,138)	$ -	$ 100,169
Land revaluation increment tax	9,875	-	-	9,875
	$ 131,182	$ (21,138)	$ -	$ 110,044

c. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2021	**2020**
Loss carryforwards		
Expiry in 2021	$ -	$ 1,415
Expiry in 2022	14,197	14,197
Expiry in 2024	57,026	85,562
Expiry in 2031	15,324	-
	$ 86,547	$ 101,174

(Continued)

	December 31	
	2021	2020
Deductible temporary differences		
Impairment loss on equity investment	$ 17,360	$ 17,360

(Concluded)

d. Income tax assessments

Income tax returns through 2019 of the Company and the Group's subsidiaries located in Taiwan have been assessed by the tax authorities.

24. EARNINGS PER SHARE

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

If the Group may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group 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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In October 2020, the Group acquired 3,000 thousand shares of Chief Venture which in the amount of $27,886 thousand, and the Group increased its continuing interest from 40% to 55%.

The above transaction was accounted for as equity transaction, since the Group did not cease to have control over the subsidiary.

Consideration paid	$ 27,886
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(28,223)
Reattribution of other equity to (from) non-controlling interests	
Unrealized gain (loss) on financial assets at FVTOCI	(3,393)
Differences recognized from equity transactions	$ (3,730)
Line items adjusted for equity transactions	
Capital surplus - difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	$ 3,730

26. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

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

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group 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 Group 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 Group 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.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on 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
December 31, 2021				
Financial assets at FVTPL				
Listed shares	$ 107,932	$ -	$ -	$ 107,932
Mutual funds	84,612	-	-	84,612
Unlisted shares	-	-	75,093	75,093
Foreign exchange forward contracts	-	385	-	385
	$ 192,544	$ 385	$ 75,093	$ 268,022
Financial assets at FVTOCI				
Listed shares	$ 75,962	$ -	$ -	$ 75,962
Unlisted shares	-	-	43,540	43,540
International limited partnership	-	-	37,861	37,861
	$ 75,962	$ -	$ 81,401	$ 157,363
December 31, 2020				
Financial assets at FVTPL				
Mutual funds	$ 262,953	$ -	$ -	$ 262,953
Unlisted shares	-	-	176,400	176,400
Listed shares	13,749	-	-	13,749
	$ 276,702	$ -	$ 176,400	$ 453,102
Financial assets at FVTOCI				
Listed shares	$ 63,032	$ -	$ -	$ 63,032
International limited partnership	-	-	39,556	39,556
Unlisted shares	-	-	20,377	20,377
	$ 63,032	$ -	$ 59,933	$ 122,965

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

	Equity Instruments		
	Financial Assets at FVTPL	**Financial Assets at FVTOCI**	**Total**
For the Year Ended December 31, 2021			
Balance at January 1, 2021	$ 176,400	$ 59,933	$ 236,333
Recognized in profit or loss	38,944	-	38,944
Recognized in other comprehensive income	-	13,829	13,829
Transfers out of Level 3	(24,841)	-	(24,841)
Purchases	8,649	11,026	19,675
Sales	(124,059)	(3,094)	(127,153)
Effects on exchange rate changes	-	(293)	(293)
Balance at December 31, 2021	$ 75,093	$ 81,401	$ 156,494
For the Year Ended December 31, 2020			
Balance at January 1, 2020	$ 82,462	$ 54,906	$ 137,368
Recognized in profit or loss	93,938	-	93,938
Recognized in other comprehensive income	-	810	810
Purchases	-	8,127	8,127
Sales	-	(4,374)	(4,374)
Effects on exchange rate changes	-	464	464
Balance at December 31, 2020	$ 176,400	$ 59,933	$ 236,333

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - structured deposits	Discounted cash flows. Future cash flows are estimated based on contract interest rates, discounted at a rate that reflects the credit risk.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unquoted ordinary shares and limited partnership were determined by using market approach and asset-based approach. The significant unobservable inputs were the discount rate for lack of marketability of 29%. If the discount rate for lack of marketability to the valuation model increased by 1% to reflect reasonably possible alternative assumptions while all other variables held constant, the fair value of the abovementioned investments would have decreased approximately by NT$1,565 thousand and NT$2,363 thousand as of December 31, 2021 and 2020, respectively.

b. 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.

c. Categories of financial instruments

	December 31	
	2021	**2020**
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 2,214,104	$ 1,947,876
Financial assets at FVTPL	268,022	453,102
Financial assets at FVTOCI	157,363	122,965
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	1,360,128	990,532

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.

d. Financial risk management objectives and policies

The Group's major financial instruments include debt and equity investments, mutual funds, derivative instruments, trade receivables, trade payables and lease liabilities. The Group'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 Group 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 Group'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 Group'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 Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation), and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 32.

<u>Sensitivity analysis</u>

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

The following table details the Group'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.

	For the Year Ended December 31	
Functional Currency	**2021**	**2020**
USD	$ 7,761	$ 7,301
EUR	2,561	2,230
RMB	429	649

b) Interest rate risk

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

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial assets	$ 130,066	$ 359,660
Financial liabilities	13,462	1,481
Cash flow interest rate risk		
Financial assets	649,309	398,303

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the Group'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 Group's pre-tax profit for the years ended December 31, 2021 and 2020 would have increased by $1,623 thousand and $994 thousand, respectively.

c) Other price risk

The Group was 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 $2,676 thousand and $4,531 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 $1,574 thousand and $1,230 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 Group. At the end of the year, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group 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 Group uses publicly available financial information and its own historical trading records to rate its major customers. The Group'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 Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group'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 Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group 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 Group 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**
December 31, 2021			
Non-interest bearing	$ 1,360,258	$ -	$ -
Lease liabilities	781	2,356	11,220
	$ 1,361,039	$ 2,356	$ 11,220
December 31, 2020			
Non-interest bearing	$ 990,532	$ -	$ -
Lease liabilities	744	743	-
	$ 991,276	$ 743	$ -

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as below.

Remuneration of key management personnel

The remuneration of directors and other key management personnel was as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 12,067	$ 9,058
Post-employment benefits	132	129
	$ 12,199	$ 9,187

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Financial assets at amortized cost - non-current	$ 27,734	$ 24,211

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	December 31	
	2021	2020
Acquisition of property, plant and equipment	$ 42,250	$ 28,862

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2021			
	Foreign Currencies	**Exchange Rate**		**Carrying Amount**
Financial assets				
Monetary items				
USD	$ 27,319	27.67	(USD:NTD)	$ 755,917
USD	8,329	6.368	(USD:RMB)	230,463
EUR	8,410	31.33	(EUR:NTD)	263,485
RMB	9,878	4.345	(RMB:NTD)	42,920
Financial liabilities				
Monetary items				
USD	6,268	27.67	(USD:NTD)	173,436
USD	1,332	6.368	(USD:RMB)	36,856
EUR	236	31.33	(EUR:NTD)	7,394

	December 31, 2020			
	Foreign Currencies	**Exchange Rate**		**Carrying Amount**
Financial assets				
Monetary items				
USD	$ 26,001	28.48	(USD:NTD)	$ 740,508
USD	7,523	6.502	(USD:RMB)	214,255
EUR	6,622	35.06	(EUR:NTD)	232,167
RMB	14,816	4.380	(RMB:NTD)	64,894
Financial liabilities				
Monetary items				
USD	6,310	28.48	(USD:NTD)	179,709
USD	1,577	6.502	(USD:RMB)	44,913
EUR	261	35.06	(EUR:NTD)	9,151

The Group is mainly exposed to USD, EUR and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. 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)
NTD	1 (NTD:NTD)	$ (41,448)	1 (NTD:NTD)	$ (18,972)
RMB	4.341 (RMB:NTD)	(5,385)	4.282 (RMB:NTD)	(15,020)

33. 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 (excluding investments in subsidiaries and associates): 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: Note 7

10) Intercompany relationships and significant intercompany transactions: Table 6

11) Information on investees: Table 7

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 8

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 6

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 6

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 9)

34. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on location of operations. The Group focuses on the manufacture and sale of bike components. The manner of manufacturing and marketing strategy are the same; however, the Group manages its business by location due to regional difference from culture, economy environment and so on. Specifically, the Group’s reportable segments under IFRS 8 “Operating Segments” were as follows:

1. Domestic operations - products manufactured and sold in Taiwan.

2. Operations in Asia - products manufactured and sold in China.

3. Operations in Americas- products of high-class bike designed, developed and sold in Americas.

4. Others - investment in domestic and international business, venture capital business, domestic general manufacturing and sales of products in regions other than those presented above.

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	For the Year Ended December 31			
	Segment Revenue		**Segment Profit**	
	2021	**2020**	**2021**	**2020**
Domestic operations	$ 3,204,798	$ 2,105,757	$ 491,116	$ 163,739
Operations in Asia	1,541,999	1,173,228	18,565	27,584
Operations in Americas	133,156	103,732	(17,359)	(32,694)
Others	-	1,202	60,344	71,050
Total from continuing operations	$ 4,879,953	$ 3,383,919	552,666	229,679
Interest income			8,866	12,630
Dividend income			7,774	4,202
Gain (loss) on disposal of property, plant and equipment			541	(1,782)
Gain on fair value changes of financial assets and liabilities at fair value through profit and loss			4,761	9,117
Gain (loss) on disposal of investment			754	(23,667)
Foreign exchange loss, net			(46,949)	(33,651)
Other revenue and gain			75,705	66,593
Other expenses and loss			(1,507)	(1,086)
Profit before tax			$ 602,611	$ 262,035

Segment profit represented the profit before tax earned by each segment without interest income, dividend income, loss on disposal of property, plant and equipment, loss on disposal of investment, gain or loss on disposal of financial instruments, foreign exchange gain or loss, gain or loss on fair value changes of financial assets at fair value through profit or loss and income tax expense. This was the measure reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

	December 31	
	2021	**2020**
Segment assets		
Continuing operations		
Domestic operations	$ 3,430,228	$ 2,655,083
Asia operations	1,731,288	1,730,061
America operations	89,674	77,781
Others	374,059	299,927
	5,625,249	4,762,852
Unallocated assets	54,373	60,431
Consolidated total assets	$ 5,679,622	$ 4,823,283

	December 31	
	2021	2020
Segment liabilities		
Continuing operations		
Domestic operations	$ 931,919	$ 492,524
Asia operations	758,163	812,803
America operations	8,145	17,308
Others	47,778	23,225
	1,746,005	1,345,860
Unallocated liabilities	130,423	110,044
Consolidated total liabilities	$ 1,876,428	$ 1,455,904

All assets and liabilities were allocated to reportable departments other than deferred tax assets and deferred tax liabilities.

c. Revenue from major products

	For the Year Ended December 31	
	2021	2020
Braking system	$ 969,090	$ 607,719
Stem	880,102	762,085
Seat post	802,518	484,037
Hub	241,196	114,004
Others	1,987,047	1,416,074
	$ 4,879,953	$ 3,383,919

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2021		2020	
	Amount	%	Amount	%
Customer A	$ 716,784	15	$ 390,391	12
Customer B	465,282	10	404,746	12

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.

Note 4: Significant intercompany accounts and transactions have been eliminated.

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	Ordinary shares						
	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	-	-	-
	Mutual funds						
	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	Ordinary shares						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	$ 37,861	-	$ 37,861
Chief Venture	Ordinary shares						
	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)
	Mutual funds													
The Company	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.

TABLE 4

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 (Note 2)	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 1)	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 1)	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 1: See Note 12.

Note 2: Significant intercompany accounts and transactions have been eliminated.

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 (Note 4)	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.

Note 4: Significant intercompany accounts and transactions have been eliminated.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statements Accounts	Amount	Payment Terms	Percentage of Consolidated Net Revenue or Total Assets (%)
0	The Company	Lee Chi International	1	Other receivables	$ 820	-	-
		Ever Glory	1	Sales	59,972	T/T 90 days after the transaction date	1
				Purchases	740,212	T/T120 days after the transaction date	15
				Trade receivables	22,951	T/T 90 days after the transaction date	-
				Trade payables	180,042	T/T 120 days after the transaction date	3
				Other receivables	1,160	-	-
		CGI	1	Sales	21,766	T/T 150 days after the transaction date	-
				Trade receivables	17,247	T/T 150 days after the transaction date	-
				Other receivables	248,011	-	4
1	Ever Glory	Lee Chi International	2	Other payables	8,108	-	-
				Payables to related parties	5,647	-	-

Note: Relationships with counterparties: (1) parent company to subsidiary; and (2) subsidiary to subsidiary.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company (Note 1)	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 2)	8,484	(Note 2)	(Note 2)	(Note 2)	39,275	(19,927)	Subsidiary

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: 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 (Note 1)	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 2)	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 3)
The Company	$ 472,610 (USD 16,190)	$ 733,321 (USD 24,157)	$ 2,193,820

Note 1: Significant intercompany accounts and transactions have been eliminated.

Note 2: The investment gain (loss) recognized by the Group 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 3: The upper limit on investment was in accordance with the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”.

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 consolidated 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 truster 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.