Lee Chi Enterprises Company Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified of the parent company only financial statements for the year ended December 31, 2023 is stated as follows:

<u>Revenue Recognition</u>

The Company's operating revenue mainly comes from the manufacturing and sale of bicycle components. The operating revenue significantly decreased due to the changes in market demand for bicycle components in 2023 compared to the previous year. However, the revenue from specific customers was significant to the overall operating revenue. We identified the validity of recognition of revenue from specific customers as a key audit matter. For the accounting policy on the revenue recognition, refer to Note 4 to the parent company only financial statements.

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

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

2. We selected samples from the specific customers' subsidiary ledger of sales revenue, verified related documents and receipts of payments and confirmed the validity of revenue recognition.

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

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

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

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

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

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related

disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Li-Wei Liu and Ting-Chien Su.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2024

<u>*Notice to Readers*</u>

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

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

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

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

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

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 19 and 26)	$ 1,363,624	100	$ 3,851,621	100
OPERATING COSTS (Notes 11, 20 and 26)	1,261,118	93	3,010,430	78
GROSS PROFIT	102,506	7	841,191	22
OPERATING EXPENSES (Note 20)				
Selling and marketing expenses	58,945	4	82,782	2
General and administrative expenses	48,340	3	55,829	1
Research and development expenses	75,693	6	68,040	2
Expected credit gain (Notes 4 and 10)	(933)	-	(977)	-
Total operating expenses	182,045	13	205,674	5
PROFIT (LOSS) FROM OPERATIONS	(79,539)	(6)	635,517	17
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs	(264)	-	(343)	-
Share of profit or loss of subsidiaries	(176,661)	(13)	4,188	-
Interest income	23,492	2	2,243	-
Dividend income	2,287	-	3,956	-
Other income (Note 20)	22,869	2	27,385	1
Foreign exchange gain, net (Note 20)	20,333	2	79,587	2
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss	2,995	-	(8,538)	-
Other expenses	(231)	-	(35,560)	(1)
Total non-operating income and expenses	(105,180)	(7)	72,918	2
PROFIT (LOSS) BEFORE INCOME TAX	(184,719)	(13)	708,435	19
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 21)	(17,985)	(1)	139,722	4
NET PROFIT (LOSS) FOR THE YEAR	(166,734)	(12)	568,713	15

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 17)	$ (1,326)	-	$ 37,383	1
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	13,213	1	(12,336)	(1)
Subsidiaries unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	9,915	-	(6,657)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 21)	265	-	(7,477)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(16,789)	(1)	(705)	-
Other comprehensive income for the year, net of income tax	5,278	-	10,208	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ (161,456)	(12)	$ 578,921	15
EARNINGS (LOSS) PER SHARE (Note 22)				
Basic	$ (0.75)		$ 2.55	
Diluted	$ (0.75)		$ 2.53	

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

LEE CHI ENTERPRISES COMPANY LTD.

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

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

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

LEE CHI ENTERPRISES COMPANY LTD.

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

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

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LEE CHI ENTERPRISES COMPANY LTD.

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

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

The accompanying notes are an integral part of the parent company only 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 bicycle components and general machinery.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors on March 14, 2024.

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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of the above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The parent company only 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 (assets) which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

g. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees. Such assets before reaching its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those goods and the cost of those goods are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

h. Intangible assets

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

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

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

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

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

j. Financial instruments

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

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

Financial assets

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

1) Measurement categories

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

   a) Financial assets at FVTPL

      Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include 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.

      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 25.

   b) Financial assets at amortized cost

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

      i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

      ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

      i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

      i. Significant financial difficulty of the issuer or the borrower;

      ii. Breach of contract, such as a default;

      iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

a) Internal or external information shows that the debtor is unlikely to pay its creditors.

b) Financial asset is more than 150 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

3) Derecognition of financial assets

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

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

<u>Financial liabilities</u>

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.

k. Provisions

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

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

l. Revenue recognition

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

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

The Company recognizes revenue when customers obtain control of the promised goods which is when the goods are delivered to the customers' specified locations. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Estimated sales returns and other allowances are generally made and adjusted based on historical experience and the consideration of varying contractual terms.

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

m. Leases

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

The Company as lessee

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

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

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

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

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

n. Governments grants

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Company considers the possible impact of climate change, related government policies and regulations, inflation, interest rate fluctuations, volatility in financial, energy and foreign currency markets on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 276	$ 299
Demand deposits	45,313	171,322
Cash equivalents		
Time deposits	682,730	569,134
	$ 728,319	$ 740,755
Interest rate per annum (%)		
Demand deposits	0.00-1.45	0.00-1.05
Time deposits	0.016-5.44	0.002-5.00

7. FINANCIAL ASSETS AT FVTPL - CURRENT

	December 31	
	2023	2022
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 109,475	$ 98,469

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

	December 31	
Investments in Equity Instruments	**2023**	**2022**
Current		
Domestic listed shares	$ 64,516	$ 51,303

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

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

	December 31			
	2023		2022	
Listed Shares	**Number of Shares (In Thousands)**	**Carrying Amount**	**Number of Shares (In Thousands)**	**Carrying Amount**
CTBC Financial Holding Co., Ltd.	1,234	$ 34,975	1,234	$ 27,264

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	December 31	
	2023	2022
Pledged time deposits	$ 1,686	$ 1,673

Refer to Note 27 for information relating to investments in financial assets at amortized cost pledged as collateral.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31 2023	December 31 2022
Notes receivable		
Notes receivable - operating	$ 12,643	$ 37,448
Less: Allowance for impairment loss	-	-
	$ 12,643	$ 37,448
Trade receivables		
At amortized cost		
Gross carrying amount	$ 260,975	$ 736,099
Less: Allowance for impairment loss	(6,240)	(7,173)
	$ 254,735	$ 728,926

a. Notes receivable

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

	December 31 2023	December 31 2022
Not past due	$ 12,643	$ 37,448
Past due	-	-
	$ 12,643	$ 37,448

b. Trade receivables

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

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

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

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

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 150 Days	Total
December 31, 2023					
Expected credit loss rate	0.06%	2%-5%	15%-50%	100%	
Gross carrying amount	$ 249,885	$ 3,497	$ 2,777	$ 4,816	$ 260,975
Loss allowance (Lifetime ECLs)	(37)	(84)	(1,303)	(4,816)	(6,240)
Amortized cost	$ 249,848	$ 3,413	$ 1,474	$ -	$ 254,735
December 31, 2022					
Expected credit loss rate	0.06%	2%-5%	15%-50%	100%	
Gross carrying amount	$ 688,185	$ 41,861	$ 883	$ 5,170	$ 736,099
Loss allowance (Lifetime ECLs)	(735)	(843)	(425)	(5,170)	(7,173)
Amortized cost	$ 687,450	$ 41,018	$ 458	$ -	$ 728,926

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 7,173	$ 8,150
Impairment loss reversed	(933)	(977)
Balance at December 31	$ 6,240	$ 7,173

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 70,230	$ 56,354
Work in progress	311,844	430,923
Semi-finished goods	291,664	423,491
Finished goods	24,357	82,424
Inventory in transit	5,875	2,314
	$ 703,970	$ 995,506

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 1,182,551	$ 2,982,860
Unallocated production overhead	78,567	18,856
Inventory write-downs	-	8,714
	$ 1,261,118	$ 3,010,430

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31			
	2023		2022	
Investee in Subsidiaries	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
Unlisted company				
Lee Chi International Holding Limited (B.V.I.) (“Lee Chi International”)	$ 994,001	100	$ 1,181,516	100
Chief Venture Capital Corp. (“Chief Venture”)	148,821	55	134,289	55
	$ 1,142,822		$ 1,315,805	
Investments accounted for using the equity method - credit				
The Cycle Group, Inc. (“CGI”)	$ 197,552	100	$ 217,570	100

The Company increased its share capital on CGI by $30,570 thousand (US$ 1,000 thousand) in April 2023.

The investments in subsidiaries accounted for using the equity method and the share of profit of loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 are based on the subsidiaries’ financial statements which have been audited for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Cost								
Balance at January 1, 2023	$ 258,793	$ 15,277	$ 433,173	$ 559,675	$ 22,036	$ 94,503	$ 14,341	$ 1,397,798
Additions	-	336	265	10,132	348	7,889	17,541	36,511
Disposals	-	-	(2,804)	(71,510)	(885)	(16,019)	-	(91,308)
Reclassification	-	-	-	8,209	-	3,297	(25)	11,481
Balance at December 31, 2023	$ 258,793	$ 15,613	$ 430,634	$ 506,506	$ 21,499	$ 89,580	$ 31,857	$ 1,354,482
Accumulated depreciation								
Balance at January 1, 2023	$ -	$ 6,358	$ 212,852	$ 265,081	$ 7,856	$ 40,192	$ -	$ 532,339
Disposals	-	-	(2,804)	(71,245)	(885)	(16,109)	-	(91,043)
Depreciation expenses	-	1,335	13,973	64,813	3,667	17,262	-	101,050
Balance at December 31, 2023	$ -	$ 7,693	$ 224,021	$ 258,649	$ 10,638	$ 41,345	$ -	$ 542,346
Carrying amount at December 31, 2023	$ 258,793	$ 7,920	$ 206,613	$ 247,857	$ 10,861	$ 48,235	$ 31,857	$ 812,136

	Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Property in Construction	Total
Cost								
Balance at January 1, 2022	$ 216,900	$ 15,277	$ 434,192	$ 523,132	$ 17,394	$ 95,877	$ 9,246	$ 1,312,018
Additions	-	-	570	46,790	4,725	10,609	7,117	69,811
Disposals	-	-	(1,589)	(38,092)	(1,345)	(15,494)	-	(56,520)
Reclassification	41,893	-	-	27,845	1,262	3,511	(2,022)	72,489
Balance at December 31, 2022	$ 258,793	$ 15,277	$ 433,173	$ 559,675	$ 22,036	$ 94,503	$ 14,341	$ 1,397,798
Accumulated depreciation								
Balance at January 1, 2022	$ -	$ 5,120	$ 200,232	$ 240,139	$ 5,602	$ 38,145	$ -	$ 489,238
Disposals	-	-	(1,589)	(37,685)	(1,345)	(15,494)	-	(56,113)
Depreciation expenses	-	1,238	14,209	62,627	3,599	17,541	-	99,214
Balance at December 31, 2022	$ -	$ 6,358	$ 212,852	$ 265,081	$ 7,856	$ 40,192	$ -	$ 532,339
Carrying amount at December 31, 2022	$ 258,793	$ 8,919	$ 220,321	$ 294,594	$ 14,180	$ 54,311	$ 14,341	$ 865,459

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 president, Lin, Yi-Hsien. The land was mortgaged to the Company in full amount.

In addition, the 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, 2023 and 2022, the carrying amount of land registered under the name of other individuals were $145,689 thousand.

No impairment loss was recognized or reversed for the years ended December 31, 2023 and 2022.

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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 7,401	$ 10,375

	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use assets		
Buildings	$ 2,964	$ 2,964

Except for recognition for depreciation expenses, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 3,093	$ 2,904
Non-current	$ 4,673	$ 7,766

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.82%	2.82%

c. Material leasing activities and terms

The Company leases buildings for the use of plants with lease terms of 5 years. The Company does not have a bargain purchase option to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to low-value asset leases	$ 840	$ 688
Total cash outflow for leases	$ (3,998)	$ (3,823)

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

15. OTHER INTANGIBLE ASSETS

	Patents	Computer Software	Total
Cost			
Balance at January 1, 2023	$ 41,273	$ 12,703	$ 53,976
Additions	-	1,230	1,230
Reclassified	-	474	474
Balance at December 31, 2023	$ 41,273	$ 14,407	$ 55,680
Accumulated amortization			
Balance at January 1, 2023	$ 14,102	$ 8,150	$ 22,252
Amortization expenses	2,063	1,972	4,035
Balance at December 31, 2023	$ 16,165	$ 10,122	$ 26,287
Carrying amount at December 31, 2023	$ 25,108	$ 4,285	$ 29,393
Cost			
Balance at January 1, 2022	$ 41,273	$ 11,959	$ 53,232
Additions	-	744	744
Balance at December 31, 2022	$ 41,273	$ 12,703	$ 53,976
Accumulated amortization			
Balance at January 1, 2022	$ 12,038	$ 5,987	$ 18,025
Amortization expenses	2,064	2,163	4,227
Balance at December 31, 2022	$ 14,102	$ 8,150	$ 22,252
Carrying amount at December 31, 2022	$ 27,171	$ 4,553	$ 31,724

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

	For the Year Ended December 31	
	2023	2022
An analysis of amortization by function		
Operating costs	$ 386	$ 461
Selling and marketing expenses	30	32
General and administrative expenses	911	957
Research and development expenses	2,708	2,777
	$ 4,035	$ 4,227

16. OTHER LIABILITIES

	December 31	
	2023	2022
Other payables		
Payables for salaries	$ 36,074	$ 54,125
Payables for purchases of equipment	8,678	11,658
Payables for commission	6,814	8,066
Payables for indemnifications	-	35,226
Payables for compensation of employees	-	25,073
Payables for remuneration of directors	-	3,319
Others	34,627	45,177
	$ 86,193	$ 182,644
Other current liabilities		
Provisions	$ 1,775	$ 2,291
Others	11,779	11,356
	$ 13,554	$ 13,647

The provisions for warranty 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.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company 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 balance sheets with respect to the Company's defined benefit plan were as follows:

	December 31 2023	December 31 2022
Present value of defined benefit obligation	$ 143,209	$ 145,822
Fair value of plan assets	(159,584)	(156,706)
Net defined benefit assets	$ (16,375)	$ (10,884)

Movements in net defined benefit liabilities (assets) 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, 2023	$ 145,822	$ (156,706)	$ (10,884)
Service cost			
Current service cost	422	-	422
Net interest expense (income)	1,822	(2,010)	(188)
Recognized in profit or loss	2,244	(2,010)	234
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,286)	(1,286)
Actuarial loss			
- Experience adjustments	2,612	-	2,612
Recognized in other comprehensive income	2,612	(1,286)	1,326
Contributions from the employer	-	(7,051)	(7,051)
Benefits paid	(7,469)	7,469	-
Balance at December 31, 2023	$ 143,209	$ (159,584)	$ (16,375)
Balance at December 31, 2022	$ 173,356	$ (136,994)	$ 36,362
Service cost			
Current service cost	664	-	664
Net interest expense (income)	1,084	(893)	191
Recognized in profit or loss	1,748	(893)	855
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(10,627)	(10,627)
Actuarial gain			
- Changes in financial assumptions	(7,787)	-	(7,787)
- Experience adjustments	(18,969)	-	(18,969)
Recognized in other comprehensive income	(26,756)	(10,627)	(37,383)
Contributions from the employer	-	(10,718)	(10,718)
Benefits paid	(2,526)	2,526	-
Balance at December 31, 2022	$ 145,822	$ (156,706)	$ (10,884)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans’ debt investments.

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

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

	December 31	
	2023	**2022**
Discount rate	1.25%	1.25%
Expected rate of salary increase	2.00%	2.00%

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

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (2,736)	$ (2,946)
0.25% decrease	$ 2,821	$ 3,040
Expected rate of salary increase		
0.25% increase	$ 2,751	$ 2,965
0.25% decrease	$ (2,682)	$ (2,887)

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	
	2023	**2022**
Expected contributions to the plans for the next year	$ 6,945	$ 8,219
Average duration of the defined benefit obligation	7.8 years	8.2 years

18. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
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)	225,685	225,685
Shares issued and fully paid (in thousands of dollars)	$ 2,256,850	$ 2,256,850

b. Capital surplus

	December 31	
	2023	2022
Issuance of ordinary shares	$ 37,245	$ 37,245
The difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition	26,225	26,225
Treasury share transactions	3,202	3,202
Donations	412	412
	$ 67,084	$ 67,084

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, treasury share transactions 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 of such legal reserve equals to the Company's total issued capital, and setting aside or reversing a special reserve in accordance with the laws and regulations. Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

The Company's dividends policy is in accordance with current and future plans of development, taking into account of investment environment, demand of capital, domestic and international market competition and interest of shareholders. The appropriation of earnings is based on the Company's dividends policy. Shareholders' dividends can be distributed in the form of cash or shares and the cash dividends distributed shall not be less than 10% of the total dividends distributed. However, if cash dividends to be distributed is less than $0.5 per share, such cash dividends 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 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 2022 and 2021, which were approved in the shareholders' meetings in June 2023 and June 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	**2021**
Legal reserve	$ 60,053	$ 44,898
Recognition (reversal) of special reserve	$ 21,605	$ (24,230)
Cash dividends	$ 200,971	$ 178,640
Cash dividends per share (NTD)	0.90	0.80

The appropriation of earnings for 2023 was proposed by the Company's board of directors in March 2024. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2023
Special reserve reversed	$ (4,674)
Cash dividends	$ 44,660
Cash dividends per share (NTD)	0.20

The appropriation of earnings for 2023 is subject to resolution in the shareholders' meeting to be held in June 2024.

d. Treasury Shares

Purpose of Buy-back	Number of Shares, Beginning of the Year (In Thousands)	Shares Cancelled (In Thousands)	Number of Shares, End of the Year (In Thousands)
For the Year Ended December 31, 2023			
Shares transferred to employees	2,385	-	2,385
For the Year Ended December 31, 2022			
Shares transferred to employees	4,525	(2,140)	2,385

On January 8, 2022, the Company's board of directors resolved to cancel 2,140 thousand treasury shares overdue for 3 years that had not been transferred to employees with the base date of January 8, 2023.

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.

19. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 1,363,624	$ 3,851,621

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Contract balances			
Notes receivable and trade receivables	$ 273,074	$ 829,867	$ 949,310
Contract liabilities			
Sale of goods	$ 7,974	$ 15,398	$ 29,235

The changes in the contract balances primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment. Revenue that was recognized from the contract liability balance at the beginning of the year was $8,874 thousand and $26,355 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Disaggregation of revenue

Details of disaggregation of revenue were disclosed in Statement 9.

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2023			
Employee benefits			
Salaries and wages	$ 174,498	$ 55,262	$ 229,760
Labor and health insurance costs	23,925	6,400	30,325
Post-employment benefits			
Defined contribution plans	8,103	2,720	10,823
Defined benefit plans	176	58	234
Remuneration of directors	-	1,185	1,185
Other employee benefits	12,750	3,108	15,858
Depreciation expenses	94,480	9,534	104,014
Amortization expenses	386	3,649	4,035

(Continued)

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2022			
Employee benefits			
Salaries and wages	$ 291,169	$ 72,534	$ 363,703
Labor and health insurance costs	33,805	6,442	40,247
Post-employment benefits			
Defined contribution plans	10,302	2,810	13,112
Defined benefit plans	704	151	855
Remuneration of directors	-	4,504	4,504
Other employee benefits	19,863	3,730	23,593
Depreciation expenses	92,738	9,440	102,178
Amortization expenses	461	3,766	4,227

(Concluded)

As of 2023 and 2022, the Company's average employee number was 621 and 777 employees, respectively; the number of board of directors who did not serve concurrently as employees amounted to 3 and 4 for 2023 and 2022. The head counts were the same as those used as basis in the calculation of employee benefit expense.

As of 2023 and 2022, the average of employee benefits expense was $465 thousand and $571 thousand, respectively; as of 2023 and 2022, the average of employee salaries was $372 thousand and $471 thousand, respectively, and the change of the average employee salaries was decrease of 21%. The Company has set an audit committee in replace of supervisors.

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

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

b. Employees' compensation and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2%-10% and no higher than 10%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors were not accrued because of the pre-tax net loss for the years ended December 31, 2023. The compensation of employees and remuneration of directors for the years ended December 31, 2022, which have been approved by the Company's board of directors in March 2023, were as follows:

	For the Year Ended December 31, 2022	
	Accrual Rate	Amount
Cash		
Compensation of employees	3.40%	$ 25,073
Remuneration of directors	0.45%	3,319

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Other income

	For the Year Ended December 31	
	2023	**2022**
Sale of samples	$ 7,198	$ 3,738
Scrap income	2,984	6,395
Others	12,687	17,252
	$ 22,869	$ 27,385

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	**2022**
Foreign exchange gains	$ 100,069	$ 168,628
Foreign exchange losses	(79,736)	(89,041)
Net gains	$ 20,333	$ 79,587

21. INCOME TAXES

a. Major components of income tax expense (benefit) recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ -	$ 124,934
Income tax on unappropriated earnings	9,260	7,718
Adjustments for prior years	12,771	(4,272)
	22,031	128,380
Deferred tax		
In respect of the current year	(40,016)	9,693
Adjustments for prior years	-	1,649
	(40,016)	11,342
Income tax expense (benefit) recognized in profit or loss	$ (17,985)	$ 139,722

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

	For the Year Ended December 31	
	2023	**2022**
Income tax expense (benefit) calculated at the statutory rate	$ (36,944)	$ 141,687
Adjustment items effect on income tax		
Nondeductible expenses in determining taxable income	36	3,989
Tax-exempt income	(3,108)	(886)
Usage of investment credit	-	(10,163)
Income tax on unappropriated earnings	9,260	7,718
Adjustments for prior years' tax	12,771	(2,623)
Income tax expense (benefit) recognized in profit or loss	$ (17,985)	$ 139,722

b. The movements of deferred tax assets and liabilities were as follows:

	For the Year Ended December 31, 2023			
	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	$ 24,479	$ 2,153	$ -	$ 26,632
Allowance for inventory devaluation	8,184	(2,246)	-	5,938
Others	4,006	1,894	-	5,900
	36,669	1,801	-	38,470
Loss carryforwards	-	3,309	-	3,309
	$ 36,669	$ 5,110	$ -	$ 41,779
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 118,447	$ (35,230)	$ -	$ 83,217
Defined benefit obligations	2,177	1,363	(265)	3,275
Land revaluation increment tax	9,875	-	-	9,875
Others	1,039	(1,039)	-	-
	$ 131,538	$ (34,906)	$ (265)	$ 96,367

	For the Year Ended December 31, 2022			
	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	$ 31,076	$ (6,597)	$ -	$ 24,479
Defined benefit obligations	7,272	(7,272)	-	-
Allowance for inventory devaluation	6,441	1,743	-	8,184
Others	9,584	(5,578)	-	4,006
	$ 54,373	$ (17,704)	$ -	$ 36,669
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 120,465	$ (2,018)	$ -	$ 118,447
Defined benefit obligations	-	(5,300)	7,477	2,177
Land revaluation increment tax	9,875	-	-	9,875
Others	83	956	-	1,039
	$ 130,423	$ (6,362)	$ 7,477	$ 131,538

c. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised of:

Unused Amount	Expiry Year
$ 16,545	2033

d. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

22. EARNINGS (LOSS) PER SHARE

	Net profit (Loss)	Number of Shares Denominator (In Thousands)	Earnings (Loss) Per Share (NTD)
For the year ended December 31, 2023			
Basic and Diluted loss per share			
Net loss available to ordinary shareholders of the parent	$ (166,734)	223,300	$ (0.75)

	Net profit (Loss)	Number of Shares Denominator (In Thousands)	Earnings (Loss) Per Share (NTD)
For the year ended December 31, 2022			
Basic EPS			
Net income available to ordinary shareholders of the parent	$ 568,713	223,300	$ 2.55
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	1,444	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 568,713	224,744	$ 2.53

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be 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. Because of the net loss after tax in 2023, they are anti-dilutive and excluded from the computation of diluted earnings per share if employee compensation is added potential common stock impact.

23. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

	Opening Balance	Cash Flows	Non-cash Changes Leases Modification	Closing Balance
For the year ended December 31, 2023				
Lease liabilities	$ 10,670	$ (2,894)	$ (10)	$ 7,766
For the year ended December 31, 2022				
Lease liabilities	$ 13,462	$ (2,792)	$ -	$ 10,670

24. CAPITAL MANAGEMENT

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

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

25. FINANCIAL INSTRUMENTS

a. Fair value information

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

a) 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, 2023				
Financial assets at FVTPL				
Mutual funds	$ 109,475	$ -	$ -	$ 109,475
Financial assets at FVTOCI				
Listed shares	$ 64,516	$ -	$ -	$ 64,516
December 31, 2022				
Financial assets at FVTPL				
Mutual funds	$ 98,469	$ -	$ -	$ 98,469
Financial assets at FVTOCI				
Listed shares	$ 51,303	$ -	$ -	$ 51,303

There were no transfers between Level 1 and Level 2 in 2023 and 2022.

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

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

b. Categories of financial instruments

	December 31	
	2023	2022
<u>Financial assets</u>		
Financial assets at amortized cost (1)	$ 1,313,420	$ 1,867,809
Financial assets at FVTPL	109,475	98,469
Financial assets at FVTOCI	64,516	51,303
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	210,802	647,133

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 trade payables and other payables.

c. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are listed in Note 29.

<u>Sensitivity analysis</u>

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

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

	Currency Impact	
	For the Year Ended December 31	
	2023	**2022**
USD	$ 8,407	$ 9,771
EUR	3,211	2,239
RMB	138	141

The results were mainly attributable to the exposures on outstanding cash and cash equivalents, financial assets at FVTPL, receivables and payables denominated in USD, EUR and RMB without applying cash flow hedges at the end of the year. The Group's sensitivity to foreign currency decreased during the current year mainly due to decreased trade receivables from denominated in USD.

b) Interest rate risk

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

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 682,730	$ 569,134
Financial liabilities	7,766	10,670
Cash flow interest rate risk		
Financial assets	46,999	172,995

Sensitivity analysis

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

If interest rates had been 0.25% higher and all other variables were held constant, the Company's pre-tax profit (loss), which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits, for the years ended December 31, 2023 and 2022 would have increased by $117 thousand and $432 thousand, respectively.

The Company's sensitivity to interest rates decreased during the current year mainly due to the decrease in floating interest rate bank deposits.

c) Other price risk

The Company is exposed to equity price risk through its investments in equity securities and mutual funds. If equity or mutual funds prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,095 thousand and $985 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, 2023 and 2022 would have increased/decreased by $645 thousand and $513 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized bank loans facilities of $400,000 thousand.

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

Non-derivative Financial Liabilities	On Demand or Less than 3 Month	3 Months to 1 Year	1-5 Years
December 31, 2023			
Non-interest bearing	$ 210,802	$ -	$ -
Lease liabilities	796	2,403	4,854
	$ 211,598	$ 2,403	$ 4,854
December 31, 2022			
Non-interest bearing	$ 647,133	$ -	$ -
Lease liabilities	788	2,379	8,053
	$ 647,921	$ 2,379	$ 8,053

26. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and categories

Related Party Name	Related Party Category
Lee Chi International	Subsidiary
Ever Glory Machinery (Kun Shan) Co., Ltd. ("Ever Glory")	Subsidiary
CGI	Subsidiary

b. Sales

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries	$ 10,068	$ 88,312

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

The general credit term was T/T 120-150 days and there were no unrelated parties with similar trade.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries		
Ever Glory	$ 217,865	$ 597,869
CGI	755	-
	$ 218,620	$ 597,869

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

The term on purchases of goods was T/T 60-150 days after the transaction date and there were no unrelated parties with similar trade.

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

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries		
Ever Glory	$ 3,980	$ 39,309
CGI	1,716	24,184
	$ 5,696	$ 63,493

The outstanding trade receivables from related parties are unsecured.

e. Other receivables

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries	$ 1,688	$ 2,311

The receivables presented above consist of payment on behalf for postage and phone expenses, salary expense and traveling expenses.

f. Payables to related parties

Related Party Category/Name	December 31 2023	2022
Subsidiaries		
Ever Glory	$ 59,380	$ 286,414
CGI	105	-
	$ 59,485	$ 286,414

The outstanding trade payables to related parties are unsecured.

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

Related Party Category	December 31 2023	2022
Subsidiaries		
CGI	$ 301,491	$ 289,625

The loan to related party presented above was not interest-bearing or secured. And there were no impairment loss, and expected credit loss recognized.

h. Remuneration of key management personnel

	For the Year Ended December 31 2023	2022
Short-term employee benefits	$ 7,680	$ 12,436
Post-employment benefits	133	131
	$ 7,813	$ 12,567

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

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	**2022**
Financial assets at amortized cost - non-current	$ 1,686	$ 1,673

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments of the Company as of December 31, 2023 and 2022 were as follows:

	December 31	
	2023	**2022**
Acquisition of property, plant and equipment	$ 40,916	$ 18,491

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2023			
	Foreign Currency	**Exchange Rate**		**Carrying Amount**
Financial assets				
Monetary items				
USD	$ 29,235	30.71	(USD:NTD)	$ 897,807
EUR	9,627	34.01	(EUR:NTD)	327,414
RMB	3,182	4.329	(RMB:NTD)	13,775
Non-monetary items				
Investments accounted for using the equity method for subsidiaries				
USD	32,367	30.71	(USD:NTD)	994,001
Financial liabilities				
Monetary items				
USD	1,859	30.71	(USD:NTD)	57,090
EUR	187	34.01	(EUR:NTD)	6,360
Financial liabilities				
Non-monetary items				
Investments accounted for using the equity method for subsidiaries				
USD	6,433	30.71	(USD:NTD)	197,552

	December 31, 2022			
	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 41,926	30.70	(USD:NTD)	$ 1,287,128
EUR	7,309	32.74	(EUR:NTD)	239,297
RMB	3,200	4.409	(RMB:NTD)	14,109
Non-monetary items				
Investments accounted for using the equity method for subsidiaries				
USD	38,486	30.70	(USD:NTD)	1,181,516
Financial liabilities				
Monetary items				
USD	10,100	30.70	(USD:NTD)	310,070
EUR	471	32.74	(EUR:NTD)	15,421
Non-monetary items				
Investments accounted for using the equity method for subsidiaries				
USD	7,087	30.70	(USD:NTD)	217,570

The realized and unrealized net foreign exchange gains were $20,333 thousand and $79,587 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the entities in the Company.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held: Table 2

4) Marketable securities acquired and disposed of at costs or prices at least NTD 300 million or 20% of the paid-in capital: Table 3

5) Acquisitions of individual real estate at costs of at least NTD 300 million or 20% of the paid-in capital: None

6) Disposals of individual real estate at prices of at least NTD 300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 4

8) Receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: Table 5

9) Trading in derivative instruments: None

b. Information on investees: Table 6

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 4

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: Table 4

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None

d. Information of major shareholders：List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 Item	Collateral Value	Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
0	The Company	Ever Glory	Other receivables	Yes	$ 7,130 (USD 220)	$ 6,756 (USD 220)	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 738,844	$ 1,477,688
		CGI	Other receivables	Yes	330,800 (USD 9,524) (NTD 22,143)	313,775 (USD 9,496) (NTD 22,143)	301,491 (USD 9,096) (NTD 22,143)	-	Short-term financing	-	Operating capital	-	-	-	738,844	1,477,688
1	Lee Chi International	Ever Glory	Receivables from related parties	Yes	7,130 (USD 220)	6,756 (USD 220)	6,268 (USD 204)	-	Short-term financing	-	Operating capital	-	-	-	360,843 (USD 11,750)	360,843 (USD 11,750)

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

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2023			
				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	$ 60,767	-	$ 60,767
	CHINA STEEL CORPORATION	-	Financial assets at FVTOCI - current	106,000	2,862	-	2,862
	YIEH PHUI ENTERPRISE CO., LTD.	-	Financial assets at FVTOCI - current	27,983	499	-	499
	YEM CHIO CO., LTD.	-	Financial assets at FVTOCI - current	20,615	365	-	365
	YANG MING MARINE TRANSPORT CORPORATION	-	Financial assets at FVTOCI - current	442	23	-	23
	Mutual funds						
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL - current	3,477,714	49,735	-	49,735
	Allianz Taiwan Money Market Fund	-	Financial assets at FVTPL - current	963,575	12,419	-	12,419
	Fidelity Funds - Global Dividend Fund	-	Financial assets at FVTPL - current	13,427	11,960	-	11,960
	Eastspring Investments-US High Investment Grade Bond Fund	-	Financial assets at FVTPL - current	16,815	7,401	-	7,401
	JPM China Income Fund CNH Acc	-	Financial assets at FVTPL - current	115,465	7,095	-	7,095
	FUH HWA CSI 300 A SHARES EXCHANGE TRADED FUND	-	Financial assets at FVTPL - current	120,000	2,545	-	2,545
	Allianz Global Investors Taiwan Technology Fund	-	Financial assets at FVTPL - current	12,116	2,095	-	2,095
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	140,810	2,082	-	2,082
	PineBridge Technology Multi-Asset Fund	-	Financial assets at FVTPL - current	200,000	2,016	-	2,016
	PineBridge ESG Quantitative Global Equity Fund	-	Financial assets at FVTPL - current	45,000	2,005	-	2,005
	Cathay High Dividend Taiwan Equity Fund	-	Financial assets at FVTPL - current	81,047	1,976	-	1,976
	Nomura Global Dyn Multi	-	Financial assets at FVTPL - current	29,963	1,888	-	1,888
	Cathay China Domestic Demand Growth Fund USD	-	Financial assets at FVTPL - current	109,870	1,713	-	1,713
	PineBridge China A-Shares Quantitative Equity Fund	-	Financial assets at FVTPL - current	25,000	1,041	-	1,041
	Cathay China Emerging Industries Fund	-	Financial assets at FVTPL - current	66,708	967	-	967
	Yuanta Great China TMT Fund	-	Financial assets at FVTPL - current	16,116	894	-	894
	Fuh Hwa China New Economy A Shares Eq	-	Financial assets at FVTPL - current	25,126	851	-	851
	Yuanta MSCI China A ETF	-	Financial assets at FVTPL - current	40,000	792	-	792
Ever Glory	Ordinary shares						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	38,250	-	38,250

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Chief Venture	Ordinary shares						
	DEXIN CORP.	-	Financial assets at FVTPL - current	3,453,315	$ 59,569	9	$ 59,569
	POWERCHIP SEMICONDUCTOR MANUFACTURING CORPORATION	-	Financial assets at FVTPL - current	1,050,000	30,922	-	30,922
	G-TECH OPTOELECTRONICS CORPORATION	-	Financial assets at FVTPL - current	411,465	10,019	-	10,019
	VACTRONICS TECHNOLOGIES INC.	-	Financial assets at FVTPL - current	62,469	3,936	-	3,936
	POWERCHIP TECHNOLOGY CORPORATION	-	Financial assets at FVTPL - non-current	1,493,659	30,874	-	30,874
	Perserverance Fund LLC-Series 1	-	Financial assets at FVTPL - non-current	164,833	4,593	12	4,593
	RUBY TECH CORPORATION	-	Financial assets at FVTOCI - current	234,355	15,889	-	15,889
	VACTRONICS TECHNOLOGIES INC.	-	Financial assets at FVTOCI - current	206,281	12,996	-	12,996
	SOLAR APPLIED MATERIALS TECHNOLOGY CORP.	-	Financial assets at FVTOCI - current	250,000	9,712	-	9,712
	TERAWINS, INC.	-	Financial assets at FVTOCI - non-current	688,600	5,880	2	5,880
	SOLIDLITE CORPORATION	-	Financial assets at FVTOCI - non-current	200,000	1,010	1	1,010

(Concluded)

TABLE 3

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTD 300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(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
	Mutual funds													
The Company	Fuh Hwa Money Market Fund	FVTPL- current	-	-	3,626,408	$ 53,045	17,804,846	$ 260,980	21,290,444	$ 312,210	$ 311,943	$ 267	140,810	$ 2,082

TABLE 4

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTD 100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
The Company	Ever Glory	(Note)	Purchases	$ 217,865	43	T/T 150 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.	$ (59,380)	(37)	
Ever Glory	The Company	(Note)	Sales	(217,865)	(33)	T/T 150 days after the transaction date	Selling prices were lower than those of unrelated parties.	There were no significant differences between other parties.	59,380	30	

Note: See Note 26.

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, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of the Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
The Company	CGI	(Note 2)	$ 304,338 (Note 3)	0.20	$ -	-	$ 681	$ -

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.

TABLE 6

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	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	$ 994,001	$ (176,153)	$ (176,153)	Subsidiary
	Chief Venture	Taipei	Investment	107,886	107,886	11,000,000	55	148,821	18,651	10,258	Subsidiary
	CGI	California, USA	Development, manufacture and sale of high-class bikes and bike components	152,965	122,395	5,000,000	100	(197,552)	(10,766)	(10,766)	Subsidiary

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net (Loss) Income of the Investee	% Ownership of Direct or Indirect Investment	Investment (Loss) Gain (Note 1)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023
					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)	$ (165,186)	100%	$ (165,186)	$ 960,763	$ 300,781

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limited on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
The Company	$ 472,610 (USD 16,190)	$ 733,321 (USD 24,157)	$ 2,289,590

Note 1: The investment gain (loss) recognized by the Company was based on the audited financial statements by the same accounting firm as parent company in Taiwan, as of and for the year ended December 31, 2023.

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

TABLE 8

LEE CHI ENTERPRISES COMPANY LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023
(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	9.86
Le Wong Investment Co., Ltd.	22,047,000	9.76
Lin, Yu-Hsin	13,298,760	5.89

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

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual 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.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash on hand	$ 276
Cash in banks	
Demand deposits	12,588
Foreign currency deposits (Note 1)	32,725
	45,313
Cash equivalents	
Foreign time deposits (Note 2)	682,730
	$ 728,319

Note 1: Including US$903 thousand (US$1 = NT$30.71) and EUR$146 thousand (EUR€1 = NT$34.01).

Note 2: Including US$13,234 thousand (US$1 = NT$30.71) and EUR$8,124 thousand (EUR€1 = NT$34.01), and the foreign time deposits will gradually be expired before August 2024.

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related parties	
FRITZ JOU MFG. CO., LTD.	$ 5,159
MING CYCLE INDUSTRIAL CO.,LTD.	2,697
MAINSHINE INTERNATaIONAL CO., LTD.	989
WILLING INDUSTRY CO., LTD.	676
Others (Note)	3,122
	$ 12,643

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

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF TRADE RECEIVABLES FROM NON-RELATED PARTIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related parties	
PRIMATEK LIMITED	$ 43,954
S.C. MECHROM INDUSTRY SRL	21,747
KARON INC.	20,477
DIAMANT FAHRRADWERKE GMBH	14,474
MANUFACTURE FRANCAISE DU CYCLE	13,744
Others (Note)	146,579
	260,975
Less: Allowance for impairment loss	(6,240)
	$ 254,735

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

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Other receivables from related parties (Note 26)	$ 303,179
Others	14,075
	317,254
Less: Allowance for impairment loss	(7,995)
	$ 309,259

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market Price (Note)
Raw materials	$ 70,230	$ 71,436
Work in process	311,844	405,180
Semi-finished products	291,664	376,135
Finished goods	24,357	30,156
Inventory in transit	5,875	5,875
	$ 703,970	$ 888,782

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

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investees	Beginning Balance		Share of Profit (Loss) of Subsidiaries	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Assets at FVTOCI	Additions in Investment		Ending Balance			Market Value or Net Assets Value
	Shares	Amount				Shares	Amount	Shares	Ownership %	Amount	
Investments accounted for using the equity method											
Lee Chi International	23,500,000	$ 1,181,516	$ (176,153)	$ (17,003)	$ 5,641	-	$ -	23,500,000	100	$ 994,001	$ 994,001
Chief Venture	11,000,000	134,289	10,258	-	4,274	-	-	11,000,000	55	148,821	148,821
		$ 1,315,805	$ (165,895)	$ (17,003)	$ 9,915		$ -			$ 1,142,822	$ 1,142,822
Investment accounted for using the equity method - credit											
CGI	4,000,000	$ (217,570)	$ (10,766)	$ 214	$ -	1,000,000	$ 30,570	5,000,000	100	$ (197,552)	$ (197,552)

Note 1: Calculations of net assets value were based on the audited financial statements of the investee company and the Company’s shareholding ratio.

Note 2: The investees presented above were not guaranteed or mortgaged.

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

	Balance at January 1, 2023	Additions	Disposals	Balance at December 31, 2023
Cost				
Buildings	$ 14,821	$ -	$ (10)	$ 14,811
Accumulated depreciation				
Buildings	4,446	$ 2,964	$ -	7,410
Right-of-use assets	$ 10,375			$ 7,401

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF TRADE PAYABLES TO NON-RELATED PARTIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related parties	
HER LI KAI PRECISION MACHINE CO., LTD.	$ 8,115
LI-CHAN PRECISION TECHNOLOGY CO., LTD.	6,293
Others (Note)	86,790
	$ 101,198

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

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Quantities (In Thousands of Units)	Amount
Braking system		
Brakes	1,000	$ 188,475
Levers	500	22,129
Cable	1,700	14,733
Stem	1,200	226,377
Seat Post	1,200	211,025
Hub	200	98,792
Spare parts such as brake, seat post, stem, etc.	8,700	608,218
Gross sales		1,369,749
Less: Sales return		(1,758)
Sales discount		(4,367)
Net sales revenue		$ 1,363,624

STATEMENT 10

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 65,563
Raw materials purchased	55,234
Sale of raw materials	(1,153)
Raw materials, end of year	(82,626)
Other adjustments	8
Raw materials used	37,026
Direct labor	131,183
Manufacturing expenses	268,594
Manufacturing cost	436,803
Work in process, beginning of year	453,546
Work in process purchased	41,082
Sale of work in process	(3,476)
Work in process, end of year	(323,434)
Other adjustments	(264)
Cost of work in process	604,257
Semi-finished products, beginning of year	434,349
Semi-finished products purchased	243,832
Semi-finished products, end of year	(303,161)
Other adjustments	(6,640)
Cost of semi-finished products	972,637
Finished goods, beginning of year	82,967
Finished goods, end of year	(24,437)
Cost of production	1,031,167
Cost of raw materials and work in process sold	4,630
Cost of goods sold	1,035,797
Others	225,321
Operating costs	$ 1,261,118

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Gain	Total
Salary expense	$ 17,252	$ 17,185	$ 20,825	$ -	$ 55,262
Advertising expense	10,448	1,251	-	-	11,699
Insurance expense	6,172	1,924	2,690	-	10,786
Shipping expense	9,336	16	197	-	9,549
Expected credit gain	-	-	-	(933)	(933)
Others	15,737	27,964	51,981	-	95,682
	$ 58,945	$ 48,340	$ 75,693	$ (933)	$ 182,045