Stock Code: 1517

LEECHI ENTERPRISES CO., LTD.

2020 ANNUAL REPORT

Annual Report available at : http://mops.twse.com.tw/

Company website : http://www.leechi.com.tw

The date of publication : May 7, 2021

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

I. Spokesperson information:

Spokesperson name	Lee, Yu-Cheng
Position	Manager of Administration Department
Telephone	04-7382121
E-mail	gmoe@leechi.com.tw
Acting spokesperson:	Tsai, Fang-Chu
Position	Deputy Director of Finance Department
Telephone	04-7382121
E-mail	fint@leechi.com.tw

II. Address and telephone of headquarters and factory:

Headquarters address: No. 112, Section 1, Shipai Road, Shipai Village, Changhua City

Tel: 04-7382121

Nangang factory address: No. 8, Gongye South 5th Road, Nangang Industrial Park, Nantou City, Nantou County

Tel: 049-2255950

III. Agency handling shares transfer:

Name of agency handling shares transfer:	Stock Affairs Department, Grand Fortune Securities Co., Ltd.
Address	6F, No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City
Telephone	02-2371-1658
Website	http://www.gfortune.com.tw/

IV. The certified public accountants who duly audited the annual financial report for the most recent fiscal year:

Name of the accounting firm	Deloitte & Touche, Taiwan
Name of certified public accountants	Su, Ting-Chien & Tseng, Done-Yuin
Address	22F, No. 88, Section 1, Huizhong Road, Xitun District, Taichung City
Telephone	04-3705 9988
Website	http://www.deloitte.com.tw

V. The name of any exchanges where the Company's securities are traded offshore, and the method of accessing the information: not applicable

VI. Company website: http://www.leechi.com.tw

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Chapter I. Letter to Shareholders

I. Introduction:

In the beginning of 2020, coronavirus spread across the world. As the number of confirmed cases and deaths continues to rise, countries began to adopt preventive measures such as strict lockdown and social distancing. The world's economy plunged into a severe recession, causing a far-reaching impact on many industries and the lifestyle of people. To promote epidemic prevention, governments around the world introduced various subsidies and measures to encourage cycling. Bicycles became the best solution for commuting and fitness during the pandemic, and bicycle demands in the end consumer market skyrocketed, creating a new normality. In addition, E-BIKE has continued to bring about a new wave of growth. With the continued strong demand, bicycles ushered in an unprecedented growth boom in 2020.

Looking ahead to the new life after the pandemic in 2021, and in line with the trend that shows emphasis on health, exercsie and recreation, the overall industry continues to be optimistic and full of positive expectations. With the supply shortage caused by strong demand, production has to be greatly increased in the next few quarters to satisfy market demand. However, this year, factors such as expected inflation worries, sharp increase in raw materials prices, shortage of containers, increase in freight rates and exchange rate as well as internal and external changes, have vequied the need for immediate adjustment and flexibility in operations. Fortunately, the Company has established a stable and strong business operating system. Under the strategies of focusing on OEM, product research and development and innovation, production technology advancement and cross-industry cooperative development in recent years, together with the current industry boom, we strongly believe that the continued innovation and bold transformation will see results in the future, creating long-term investment value for all shareholders.

II. 2020 Operating Results:

(I) Operating Results:

The Company's 2020 consolidated net operating revenue is NT$3,383,919 thousand, consolidated net profit after tax is NT$202,305 thousand, net profit attributable to the parent is NT$169,303 thousand, and the basic earnings per share is NT$0.76.

Adhering to the Company's 2020 operational goal of "continuing to improve and expand capacity", we continued to expand capacity to cater to the increasing number of orders, satisfying the customers' order demands in the following aspects:

1. **Capacity expansion:** continued to conduct overall planning for our plants through review and improvement on production line equipment, materials, personnel and company environment;

implemented measures such as process improvement, working hours review, equipment uperade, manpower recruitment; and cooperated with major main customers in setting up multiple dedicated production lines, and together refined production technologies and increase product yield.

2. **Product development:** continued to develop new products, strengthen collaborative development with customers; this year, we have launched various new products such as hydraulic disc brake, handlebar, seat post and stem, and rim and hub, significantly increasing product gross margin and market share.
3. **Process upgrade:** improving process capability and increasing in-house made ratio are our top priorities; we continued to invest machines such as high-precision processing machine, forging and casting production equipment, quality inspection equipment, etc., and bring in various types of automated equipment; and we continued to cooperate with reputable research and development organizations in implementing smart production and technological upgrades.
4. **Management advancement:** continued to complete various management system certification in line with the implementation of ERP and HR management system, and continued to improve the various processes of the Company, strengthen organizational communication and quality management; and we continued to enhance corporate governance, improve sustainable development, and promote healthy development and interaction with investors and relevant stakeholders.
5. **Operational improvement:** continued to review and control the operating efficiency and cost competitiveness of plants in China, made incremental improvements to production equipment, environmental protection, health and safety and overall plant environment, and operation has since improved.
6. **Cross-industry cooperation:** made use of the Company's solid research and development technologies and manufacturing capabilities in seeking cross-industry cooperation and orders, and through cross-industry alliances improved technological development and operational outlook.

(II) 2020 Budget Execution Status:

The Company did not plan a financial forecast for 2020, and its expenditure budget is controlled at a level of 10%.

(III) Financial Position and Profitability Analysis:

The Company has a sound financial structure, and 2020 Profitability Analysis based on the Consolidated Financial Statements shows that return on assets is 4.38%, return on equity is 6.13%, ratio of operating income to paid-in capital is 6.0%, ratio of profit before tax to paid-in capital is 11.50 %, profit margin before tax is 5.97 %, and basic earnings per share attributable to parent is NT$0.76.

(IV) Research and Development Status:

Completed the development of 128 new products, applied 16 patent applications in 2020. And we had been received 8 patent certificates this year.(8 utility model patents in Taiwan, 4 utility model patents in China,1 invention patent in Italy. It is counted as one patent only if the patent is applied in multiple countries.)；Trademark representation had 2 pieces.

III. 2021 Business Plan Outline:

(I) Sales Volume Forecast:

Item	Expected Sales
Braking system:	
Brakes	5,000 thousand Pieces
Levers	2,500 thousand Pieces
Cable	6,500 thousand Pieces
Seat Post	3,500 thousand Pieces
Stem	3,800 thousand Pieces
Hub	800 thousand Pieces
Spare parts such as brake, seat post, stem, etc.	55,000 thousand Pieces

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

(II) The business policy, and production and sales policies for the current fiscal year are as follows:

1. Continue to research and develop new products, increase product standards and unit price, and expand market share. New products to be developed this year include: 1 brake product, 1 lever product, 6 seat post products, 25 stem products, 5 disc brake products, 40 hub products, 7 seat clamp and quick release products, 30 rim products, 10 other types of products and 15 frame products, a total of 140 products.
2. **"Increase production capacity, meet delivery date":** in order to cater to the increasing orders, expand or adjust production line, and actively implement automated production; make use of various types of management systems to implement human-computer interaction and exploit equipment effectiveness, effectively increas production capacity to meet customer requirements and maintain competitive advantage.
3. **"Brand marketing, expand market share":** make use of our in-house brand, "PROMAX", to promote new product sales, increase market share and product gross margin; as national governments are providing subsidies or improving transportation facilities, more people are using bicycles as a commuting tool or for fitness purposes, generating huge market demand for After-Market sales, we will continue to establish the brand's global maintenance and after-sale service channel; in recent years, we have been increasing brand exposure by sponsoring internationally renowned cycling teams, and we use the feedback from contestants as the direction for follow-up product improvement and development.
4. **"Enhance cooperation, refine technology":** continue to deepen the partnership with internationally renowned bicycle and component brands; together with research and development of new products, increase the breadth and depth of development projects, and refine overall product technologies.
5. **"Cross-industry cooperation, active transformation":** cross-industry cooperation and seeking more development opportunities in recent years have gradually gained results; undertaking cross-industry products has helped to increase process capability and profitability, and improve operational outlook in other domains besides our core bicycle business.

6. **"Improve operations, increase profitability":** with increasing profitability as our main focus, we review the Company's processes, reduce internal cost and various expenditures, and continue to review product gross margin, pursue quality stability and profit growth; in response to the world's fluctuating raw materials price and exchange rate at present, we pay attention to market changes and take preventive measures to reduce risk.
7. **"Talent cultivation, corporate sustainability":** lay the foundation for the Company's sustainable development, continue to nurture talents and improve staff welfare; through recruitment, job rotation and training, improve organizational effectiveness and increase future development momentum; we will continue to implement measures such as energy saving and environmental protection, environmental friendliness and giving back to the community, attaining corporate sustainability and fulfilling social responsibilities.

IV. Development Strategies and Impact of Industry Environment:

(I) Future Development Strategies:

1. **Concurrent development of brand and OEM:** strengthen the innovation and R&D of bicycle products, meet consumer demand, provide cyclists with the best product experience and create product value, becoming an industry leading bicycle component supplier.

2. **Continue to develop new products, new materials and new processes:** Besides continuing to implement the applications on bicycle components, pursue technological leadership, and extend the applications to related products such as E-BIKE, motor vehicles, 3C technologies, etc., increasing the marketing ratio for new business and new markets.

3. **Consolidate the Group's resources, create manufacturing advantages:** become a world-class professional manufacturing plant, make the most of local resources, continue to integrate the supply chain, take active actions in meeting customer demand, and build a production environment that meets the needs of customers.

4. **Stable profitability, sustainable operation:** pursue profitability and stable growth for the Company, increase operational efficiency, establish core competitiveness such as talent cultivation and corporate culture; through uniting the organization, inject quality culture, and implement operational sustainability.

(II) Effect of external competition, the legal environment, and the overall economic environment on the Company :

1. With the slowdown of the pandemic and countries gradually releasing their lockdowns, the lifestyle of the people have changed under the encouragement of the government policies. As an epidemic preventative measure, indoor group activities have reduced, and people are more concerned about their own health and immunity. Bicycles have since become the best solutions for various aspects including commuting, fitness and recreation. The overall bicycle industry has become a group that benefited from the post-pandemic period. The continued demand growth has created an unprecedented industrial prosperity. However,the surge in bicycle sales due to the pandemic has also resulted in the rapid depletion of inventory and a shortage of components supply. Increasing production capability within a short period, and building a production supply with stable and continued growth will be our important topics this year.

2. In recent years, China's requirements for environmental protection and production safety have become increasingly stringent, posing many challenges to the bicycle industry's plants in China. In addition, due to the impact of high tariff trade barriers, main customers have also successively transferred the production of orders for export to the United States and Europe back to Taiwan or other Southeast Asia countries. Such action affects Taiwanese firms with main production bases in China. To transform the system, we need to both adjust for the overseas market and expand domestic market presence.

3. The continued development of the world's technologies, and the development trend of Internet of Things, AI and battery technology, have driven the rapid development of electric assisted bicycles (E-BIKE). In recent years, it has become an industry niche that drives a new wave of growth. In addition, the lifestyle during the pandemic lockdown has resulted in people longing for healthy and outdoor activities even more. E-BIKE, which can ride farther and higher, has taken the US and European markets by storm. On the other hand, it has also attracted more companies from other industries to enter the competition, resulting in more drastic changes to the market.

4. In response to the challenges of the pandemic, many countries are pumping cash through fiscal stimulus to stimulate the economy. Though the pace of economic recovery is faster than expected, it has also resulted in the increase in expected inflation. The recent rapid

increase in raw material prices has led to the sharp increase in various production costs. Combined with the drastic fluctuation of exchange rates, it has brought business challenges to export-oriented industries.

With the above internal and external changes and impacts, the Company strongly believes that challenges are definitely accompanied by development opportunities. Through strong management and continuous advancement, we will grasp market demand so as to improve our operations. The Company is optimistic of its future development, and will continue to achieve great performance in return for the support of the shareholders. We earnestly request every shareholder to continue to support us, for the continued growth of the Company. Thank you!

We wish you all good fortune and great health.

Chairman: Lin, Yu-Hsin

General Manager: Lin, Yu-Hsin

Accounting Manager: Lin, Yi-Hsien

Chapter II. Company Profile

I. Date of Incorporation: May 16, 1973

II. Company History

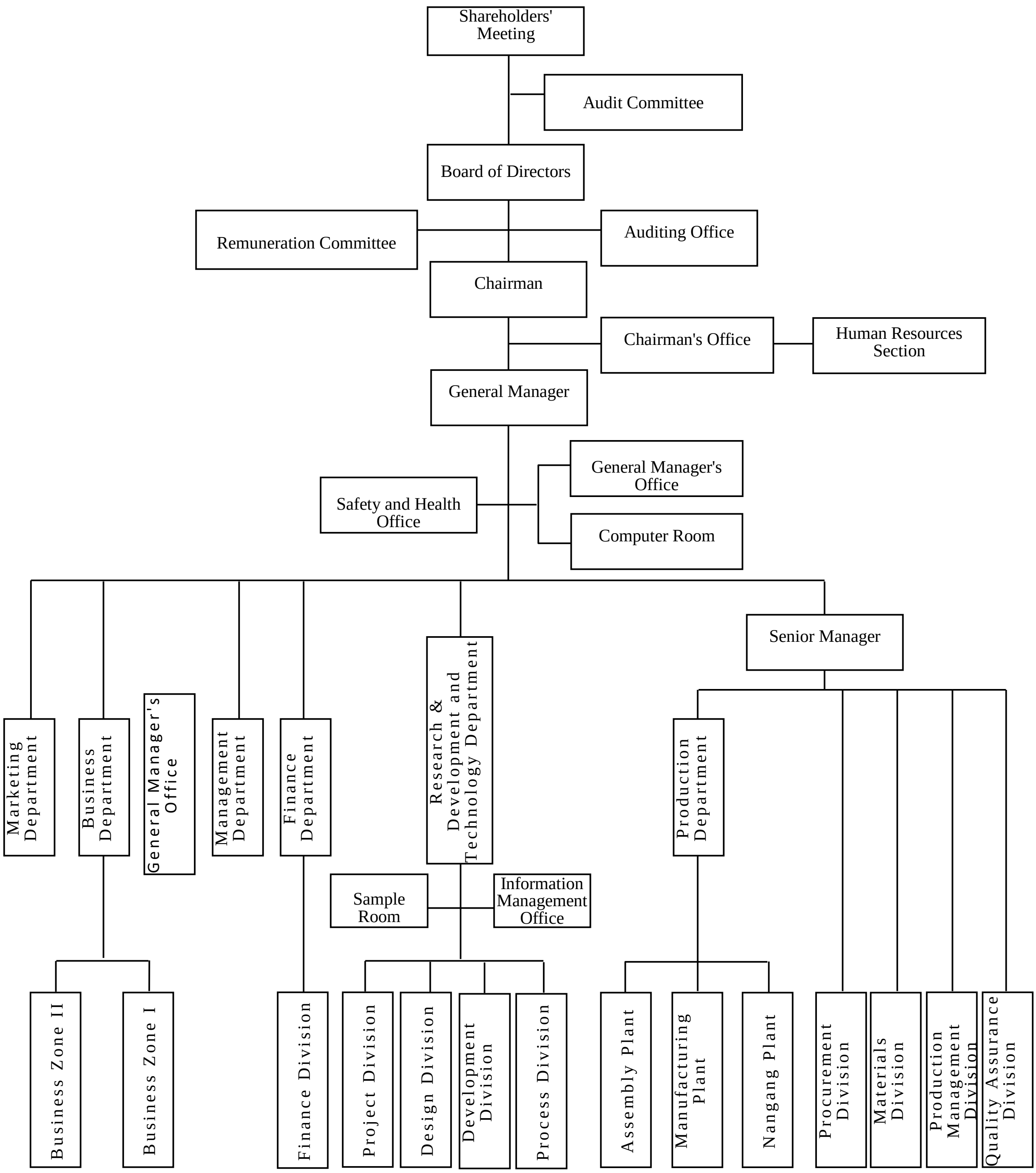
1973	Established in May 1973, the Company was formerly known as Lee Chi Enterprise Co., Ltd, and its main business was assembly of brakes.
1979	Set up processing and manufacturing plant for the manufacturing of stamping components and brake hose, as well as aluminum heat treatment.
1983	Renamed as "Lee Chi Enterprises Co., Ltd."
1986	The research and development unit successfully implemented computer-aided design system, which improved development capability and reduced development time.
1990	To strive for product diversification, set up melting and forging plant for the manufacturing of handlebar riser and seat post, and brought in automated production equipment and robotic arm to increase productivity.
1991	In January, cash capital increase of NT$199,000,000.
1992	In December, capital increase of NT$201,490,000. Paid-up capital reached 400,490,000.
1993	Invested in the establishment of Nangang Branch; besides adding a derailleur cable production line to increase sales, the main purpose was to invest in brake pad and plastic injection production lines to reduce the need for purchase of components. In the same year, passed ISO 9001 certification, which shows that the Company's effort in research and development was gradually paying off.
1995	In February, NT$44,053,900 capital increase by retained earnings; in November, NT$66,681,590 capital increase by retained earnings. Paid-up capital reached NT$511,225,000. In November, officially listed on the stock exchange, setting a new milestone for the Company's future growth.
1996	In September, NT$153,368,000 capital increase by retained earnings. Invested in Lee Chi International, with a shareholding of 40%, valued using the equity method.
1997	In January, NT$135,407,000 cash capital increase. In September, NT$208,000,000 capital increase by retained earnings. Paid-up capital reached NT$1,008,000,000.
1998	In February, NT$92,000,000 cash capital increase; in September, NT$423,500,000 capital increase Paid-up capital reached NT$1,523,500,000.
	Invested in Chief Venture Capital Corp. with an initial investment amount NT$80,000,000.
1999	In August, NT$578,930,000 capital increase. Paid-up capital reached NT$2,102,430,000.
2000	In August, NT$210,243,000 capital increase by retained earnings. Paid-up capital reached NT$2,312,673,000.
2003	Invested in ASIA with 100% shareholding, valued using the equity method; invested in X-Nine International Ltd. (X-Nine) through ASIA; and then invested in China Longda Machinery (Shenzhen) Co. Ltd. (Longda) through X-Nine.
2005	In September, NT$55,567,070 capital increase by retained earnings, paid-up capital reached NT$2,368,240,000.

2007	In October, retired 8,999,000 treasury stock with a capital reduction of NT$89,990,000, and changed the registered capital; after the retirement, the paid-in capital was NT$2,278,250,000.
2009	In October, purchased 3,750,000 shares of Lee Chi International, increased long-term equity investment using the equity method, and its shareholding was increased from 40% to 53%.
2010	In February, purchased 7,500,000 shares of Lee Chi International, increased long-term equity investment using the equity method, and its shareholding was increased from 53% to 78%.
2012	In January, invested US$500,000 in US California by setting up THE Cycle Group with 100% shareholding, valued using equity method. Engaged in the development, design and sale of high-end bicycle related products.
2012	In July, share capital increase of US$500,000 in THE Cycle Group. Share capital of US$1,000,000 after capital increase.
2013	In March, share capital increase of US$1,000,000 in THE Cycle Group. Share capital of US$2,000,000 after capital increase.
2013	In November and December, invested US$1,750,000 and US$1,250,000 respectively in ASIA, and concurrently invested US$650,000 and US$1,000,000 in X-Nine through ASIA.
2014	In July, capital increase of US$1,000,000 in THE Cycle Group. Share capital of US$3,000,000 after capital increase.
2015	In June, invested GBP162,000 in Cycle Origins Ltd of Hertfordshire, United Kingdoms, obtaining 60% shareholding. The main activities include wholesale and sale of bicycles and components.
2015	In August, purchased 6,607,000 shares of Lee Chi International at US$11,299,000, increasing its shareholding from 78% to 100%.
2015	In December, capital reduction of US$5,000,000 in Lee Chi International.
2016	In January, share capital increase of US$1,000,000 in THE Cycle Group. Share capital of US$4,000,000 after capital increase.
2017	On March 24, the board of directors passed a resolution to liquidate China's In August Longda Machinery (Shenzhen) Co., Ltd.
2018	In August, the liquidation of China's Longda Machinery (Shenzhen) Co., Ltd. was completed.
2019	In May, conducted capital reduction in Lee Chi International, and returned US$1,500,000 in share price.
2019	In October, the board of directors passed a resolution to liquidate ASIA and X-NINE.
2019	In December, the liquidation of X-NINE was completed.
2020	In January, the liquidation of ASIA was completed.
2020	In October, purchased 3,000,000 shares of Chief Venture Capital Corp. at NT$27,886,000, increasing its shareholding from 40% to 55%.

Chapter III. Corporate Governance Report

I. Organizational System

(I) Organizational Chart



(II) Departments' Functions

<table>
<tr><th colspan="2">Departments</th><th>Functions</th></tr>
<tr><td colspan="2">Chairman's Office</td><td>Assist the Chairman in promoting various projects, and leading the development of important strategic products and businesses.</td></tr>
<tr><td colspan="2">General Manager's Office</td><td>Assist the general manager in coordinating the various departments and systems, or planning, promoting and auditing of projects.</td></tr>
<tr><td colspan="2">Auditing Office</td><td>Report to the board of directors, effectively audit the Company's various systems and submit to the various supervisors for improvement.</td></tr>
<tr><td colspan="2">Computer Room</td><td>Manage and use computer equipment, assist and support the various units in using computers.</td></tr>
<tr><td colspan="2">Safety and Health Office</td><td>Responsible for the planning, review and reporting of labor safety and health related matters.</td></tr>
<tr><td colspan="2">Business Department</td><td>Handle product sales and explore market trends.</td></tr>
<tr><td colspan="2">Marketing Department</td><td>Formulate and execute brand strategies and marketing strategies.</td></tr>
<tr><td colspan="2">Finance Department</td><td>Handle all accounting and financial matters.</td></tr>
<tr><td rowspan="2">Management Department</td><td>General Affairs Section</td><td>Handle personnel, general affairs and asset management related matters.</td></tr>
<tr><td>Legal Affairs Section</td><td>Responsible for the Company's legal affairs, patents and trademarks, and other related matters.</td></tr>
<tr><td colspan="2">Research & Development and Technology Department</td><td>Handle new product development and improve the quality and function of existing products.</td></tr>
<tr><td colspan="2">Production Management Division</td><td>Effectively control the Company's resources and data, so as to coordinate with the various units in meeting customer requirements and perform customer service.</td></tr>
<tr><td colspan="2">Quality Assurance Division</td><td>Coordinate with the various departments in the execution of quality control measures, and supervise.</td></tr>
<tr><td colspan="2">Materials Division</td><td>Responsible for the receiving and distribution of raw materials, and in line with the production operation, issue materials in real time automatically, and provide status of materials feed in the production line.</td></tr>
<tr><td colspan="2">Procurement Division</td><td>In charge of raw materials procurement and subcontract processing, and provide low-cost raw materials at appropriate time in appropriate quantity and quality, improving performance and customer satisfaction.</td></tr>
<tr><td rowspan="3">Production Department</td><td>Manufacturing Plant</td><td>Die-casting, forging, heat treatment and CNC precision processing of bicycle, cars and scooters aluminum alloy components.</td></tr>
<tr><td>Assembly Plant</td><td>Assembly production of bicycle components including braking, system seat post and tube, hub, handlebar, etc.</td></tr>
<tr><td>Nangang Plant</td><td>Molding and processing of bicycle seat post and hub, processing of brake pad, derailleur cable and inner cable, and manufacturing and processing of carbon fiber products, bicycle rim, wheel set, etc.</td></tr>
</table>

II. Information on the Company's directors, supervisors, general manager, assistant general managers, senior managers, and the supervisors of all the Company's departments and branch units

(I) Information on Directors and Supervisors

1. Director

April 30, 2021

Title	Nationality or place of registration	Name	Gender	Date Elected	Term of office	Date First Elected	Shareholding When Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in Nominee		Major Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Managers, Supervisors or Directors Held by a Spouse, or First or SecondDegree Relative			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	R.O.C.	Lin, Yu-Hsin	Male	2020.6.24	3	2014.6.19	6,763,760	2.97%	13,159,760	5.78%	0	0%	1,407,000	0.62%	Carnegie Mellon University Electrical and computer engineering Master in electronic engineering	General Manager of the Company	Deputy General Manager and Director of Finance Department Director	Lin, Yi-Hsien Lin, Chung-Ying	Sister and brother Sister and brother	(Note 2)
Director	R.O.C.	Lin, Yi-Hsien	Female	2020.6.24	3	2002.06.26	9,049,036	3.97%	9,190,036	4.03%	0	0%	0	0%	Department of Accounting, National Taiwan University	Deputy General Manager and Director of the Finance Department of the Company	Director Chairman	Lin, Chung-Ying Lin, Yu-Hsin	Sisters Sister and brother	
Director (Note 1)	R.O.C.	Ko Fu Investment Co., Ltd.	Female	2020.6.24	3	2014.6.19	500,000	0.22%	1,407,000	0.61%	0	0%	0	0%	Department of Mathematics, National Central University	Director of the Company	Deputy General Manager and Director of Finance Department Chairman	Lin, Yi-Hsien Lin, Yu-Hsin	Sisters Sister and brother	
		Representative: Lin, Chung-Ying					–	–	9,009,127	3.95%	0	0%	0	0%						
Director (Note 1)	R.O.C.	Ko Fu Investment Co., Ltd.	Male	2020.6.24	3	2014.6.19	500,000	0.22%	1,407,000	0.61%	0	0%	0	0%	Department of Industrial Engineering, Feng Chia University	Assistant Manager of the Company	N/A	N/A	N/A	
		Representative: Chu, Ming-Yang					–	–	0	0%	0	0%	0	0%						
Independent Director	R.O.C.	Chen, Kuei-Tuan	Male	2020.6.24	3	2017.6.12	0	0%	0	0%	0	0%	0	0%	1. Associate Professor and Head of Accounting Department at Feng	1. Accountant at EnWise CPAs & Co. 2. Independent	N/A	N/A	N/A	

Title	Nationality or place of registration	Name	Gender	Date Elected	Term of office	Date First Elected	Shareholding When Elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in Nominee		Major Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Managers, Supervisors or Directors Held by a Spouse, or First or SecondDegree Relative			Remark (Note 1)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Independent Director	R.O.C.	Chen, Kuei-Tuan	Male	2020.6.24	3	2017.6.12	0	0%	0	0%	0	0%	0	0%	Chia University, Director of Accounting and Taxation Research Institute, Director of Corporate Governance Research Center 2. Legislative assistant in the Budget Group of the Legislative Consultation Center of the Legislative Yuan - passed the Class A government functionary examination as an accounting auditor 3. Adjunct Professor in Accounting Research Institute of National Chung Hsing University, Tunghai University and Providence University	Director of CHC 3. Director of Swancor International Investment Holdings Co., Ltd. 4. Independent Director of Chumpower Machinery Corporation 5. Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd.	N/A	N/A	N/A	
Independent Director	R.O.C.	Chen, Yung-Hsueh	Female	2020.6.24	3	2017.6.12	40,462	0.02%	40,462	0.02%	300,000	0.13%	0	0%	Assistant Manager of Asian Banks, Vice President of DBS Bank	Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd.	N/A	N/A	N/A	
Independent Director	R.O.C.	Ma, Hui-Chen	Female	2020.6.24	3	2017.6.12	0	0%	0	0%	0	0%	0	0%	1. KPMG Audit Assistant Manager 2. Assistant Manager of COTA Commercial Bank 3. Director of SHIH-KUEN Plastic Co., Ltd.	1. Chief Operating Officer of Hengli Accounting Firm 2. Supervisor of SHIH-KUEN Plastic Co., Ltd. 3. Independent Director and Remuneration Committee Member of Lee Chi Enterprises Co., Ltd.	N/A	N/A	N/A	

Note 1: For legal person shareholders, the names of legal person shareholders and their representatives should be listed separately (if they are representatives of legal person shareholders, the names of legal person shareholders should be indicated), and the following Table 1 should be filled in.

Note 2: The chairman of the Company concurrently serves as the general manager in order to improve operating efficiency and decision-making execution ability. In face of the competitive environment of the bicycle industry and the challenges and pressures of competitors, the chairman concurrently serving as the general manager facilitates the communication and coordination within the board to make decision-making execution more smooth and improve operating efficiency and operating performance. The chairman also closely communicates with the directors about the current status of operations, plans, and policies to implement corporate governance. The current specific measures are as follows:

(1) The Company has three independent directors, two having the qualification of Certified Public Accountant of R.O.C., and one having legal expertise, who can effectively perform their supervisory functions.

Independent directors can fully discuss and make suggestions in various functional committees to implement corporate governance.

(2) More than half of the board members are not employees or managers concurrently.

(3) Each director is arranged to participate in professional director and supervisor courses of external institutions every year to enhance the functions of the Board of Directors and strengthen the supervisory function.

Principal Shareholders of Institutional Shareholders

April 30, 2021

Name of Corporate Shareholders (Note 1)	Principal Shareholders of Institutional Shareholders
Ko Fu Investment Co., Ltd.	Lin, Yu-Hsin (99.9%); Lin Yu-Sheng (0.1%)

Note 1: As shown in Table 1 above, if the main shareholder is a legal person, the name of the legal person should be filled in.

Note 2: The name of the main shareholder of the legal person (its shareholding ratio accounts for the top ten) and its shareholding ratio should be filled in.

2. Supervisor: The Company set up an audit committee on June 12, 2017, so it is not applicable.

Information on directors and independent directors

April 30, 2021

Qualification / Name	Meet the Following Professional Qualification Requirements, Together with in the Least Five Years of Work Experience			Independence criteria (Note 1)												Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	An Instructor or Higher Position in a Department of Business, Law, Finance, Accounting, or Other Majors Related to the Business Needs of the Company in a Public or Private College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Lin, Yu-Hsin			✓						✓		✓	✓		✓	✓	0
Lin, Yi-Hsien		✓	✓						✓	✓	✓	✓		✓	✓	0
Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying			✓	✓				✓	✓	✓	✓	✓		✓	✓	0
Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chen, Kuei-Tuan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chen, Yung-Hsuch			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ma, Hui-Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: Please tick "✓" the corresponding boxes that apply to the Directors or Supervisors during the two years prior to being elected or during the term of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a Director or Supervisor of the Company or any of its affiliates (Not applicable in cases where the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or nominees, in an aggregate amount of 1% or more of the Company's total number of issued shares or ranks in the top ten in shareholdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managerial officer in Subparagraph 1, or of any of the above persons in Subparagraphs 2 and 3.

(5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's total number of issued shares, ranks in the top five in shareholdings, or appoints representatives to be the Company's Directors or Supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(6) Not a Director, Supervisor, or employee of a company whose majority of directorships or voting rights are controlled by a shareholder who also controls the majority of directorships or voting rights of the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(7) No Chairman, General Manager or a person of the equivalent position is the same person as a director (member of a council), supervisor or employee of other company or institution of the same person or spouse (Not applicable in cases where the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(8) Not a Director, Supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not having relationship as spouse or first or second-degree relatives to any other Director of the Company.

(11) None of the circumstances described in sub-paragraphs under Article 30 of the Company Act.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

(II) Information on President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

April 30, 2021

Title	Nationality	Name	Gender	Inauguration date	Shareholding		Spouse & Minor Shareholding		Shareholding in Nominee		Major Experience (Education)	Other position concurrently held at the other companies	Managers Held by a Spouse, or First or Second Degree Relative			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
General Manager	R.O.C.	Lin, Yu-Hsin	Male	2011.7.13	13,159,760	5.78%	0	0	1,407,000	0.62%	Carnegie Mellon University Electrical and computer engineering Master in electronic engineering	N/A	Vice President	Lin, Yi-Hsien	Sister and brother	Note 1
Vice President	R.O.C.	Lin, Yi-Hsien	Female	2004.10.01	9,190,036	4.03%	0	0	0	0	National Taiwan University Department of Accounting	N/A	General Manager	Lin, Yu-Hsin	Sister and brother	
Assistant Manager	R.O.C.	Chu, Ming-Yang	Male	2001.01.03	0	0	0	0	0	0	Feng Chia University Department of Industrial Engineering	N/A	N/A	N/A	N/A	

Note 1: The chairman of the Company concurrently serves as the general manager, in order to improve the operating efficiency and decision-making execution ability. In face of the competitive environment of the bicycle industry and the challenges and pressures of competitors, the chairman concurrently serving as the general manager facilitates the communication and coordination within the board to make the decision-making execution more smooth and improve the operating efficiency and operating performance. The chairman also closely communicates with the directors about the current status of operations, plans, and policies to implement corporate governance. The current specific measures are as follows:

(1) There are three independent directors of the company, two have the qualifications of an accountant from the Republic of China, and one has expertise in legal affairs and can effectively perform their supervisory functions.
Independent directors can fully discuss and make suggestions in various functional committees to implement corporate governance.

(2) More than half of the directors of the Board of Directors do not concurrently serve as employees or managers.

(3) Every year, all directors are arranged to participate in professional director and supervisor courses of external institutions to enhance the functions of the Board of Directors and strengthen the supervisory function.

III. Remuneration paid during the most recent fiscal year to directors (including independent directors), supervisors, the general manager, and assistant general managers

(I) Remuneration of directors, supervisors, general managers and deputy general managers (individual disclosure of names and remuneration methods)

1. Remuneration of general directors and independent directors Unit: NT$ 1,000

Title	Name	Remuneration								Ratio of total compensation (A+B+C+D) to net income (%) (Note 10)		Relevant Compensation Received by Directors who are Also Employees								Ratio of total compensation (A+B+C+D+E+F+G) to net income (%) (Note 10)		Compensation from the Group's Invested Companies Other than the Group's Subsidiaries(Note 11)
		Base Compensation (A) (Note 2)		Severance pay and pension (B)		Directors' compensation(C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company		All Companies in the Consolidated Financial Statements (Note 7)		The Company	All Companies in the Consolidated Financial Statements (Note 7)	
																Cash	Stock	Cash	Stock			
Director	Lin, Yu-Hsin	0	0	0	0	500	500	18	18	0.306%	0.306%	2,631	2,631	0	0	0	0	0	0	1.86%	1.86%	N/A
Director	Lin, Yi-Hsien	0	0	0	0	352	352	18	18	0.219%	0.219%	1,916	1,916	50	50	0	0	0	0	1.38%	1.38%	N/A
Director	Ko Fu Investment Co., Ltd. Representative: Lin, Chung-Ying	0	0	0	0	170	170	18	18	0.111%	0.111%	0	0	0	0	0	0	0	0	0.111%	0.111%	N/A
Director	Ko Fu Investment Co., Ltd. Representative: Chu, Ming-Yang	0	0	0	0	170	170	18	18	0.111%	0.111%	1,474	1,474	79	79	200	0	200	0	1.146%	1.146%	N/A
Independent Director	Chen, Kuei-Tuan	360	360	0	0	0	0	18	18	0.223%	0.223%	0	0	0	0	0	0	0	0	0.223%	0.223%	N/A
Independent Director	Chen,Yung-Hsuch	360	360	0	0	0	0	18	18	0.223%	0.223%	0	0	0	0	0	0	0	0	0.223%	0.223%	N/A
Independent Director	Ma, Hui-Chen	360	360	0	0	0	0	18	18	0.223%	0.223%	0	0	0	0	0	0	0	0	0.223%	0.223%	N/A

1. Please state the policy, system, standard and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, investment time and other factors:
   (1) According to the Articles of Association of the Company, the Board of Directors is authorized to determine the compensations for all directors based on the degree of their participation in and contribution to the operations of the Company, and referred at a rate not exceeding the general practices in the industry. The board of directors may claim transportation expenses based on actual expenditure. If the Company is profitable, no more than 2% shall be allocated as compensation for directors.
   (2) The independent directors of the Company all serve as members of the Audit Committee and the Remuneration Committee, participate in the discussions and resolutions of relevant committee meetings, and the performances are evaluated by the Board of Directors (including Board of Directors, board members, and functional committees) every year.
   (3) The compensation for independent directors means the remuneration paid (A) as monthly salary to independent directors and compensation committee members; business execution expenses (D) for travel expenses actually received.
2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services to all companies in the financial statement (such as serving as a non-employee consultant, etc.) in the most recent year: None

Table of Remuneration Range

Range of Remuneration paid to Directors	Names of Directors			
	Total of (A+B+C+D)		The total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the consolidated financial statements (Note 9) H	The Company (Note 8)	All companies in the consolidated financial statements (Note 9) I
Under NT$1,000,000	Lin, Yi-Hsien, Lin, Yi-Hsien Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying, Chu, Ming-Yang Independent Director Chen, Kuei-Tuan, Chen, Yung-Hsueh, Ma, Hui-Chen	Lin, Yi-Hsien Lin, Yi-Hsien Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying, Chu, Ming-Yang Independent Director Chen, Kuei-Tuan, Chen, Yung-Hsueh, Ma, Hui-Chen	Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying, Independent Director Chen, Kuei-Tuan, Chen, Yung-Hsueh, Ma, Hui-Chen	Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying, Independent Director Chen, Kuei-Tuan, Chen, Yung-Hsueh, Ma, Hui-Chen
NT$1,000,000 – NT$2,000,000			Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang	Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang
NT$2,000,000 – NT$3,499,999			Lin, Yu-Hsin, Lin, Yi-Hsien	Lin, Yu-Hsin, Lin, Yi-Hsien
NT$3,500,000 – NT$4,999,999				
NT$5,000,000 – NT$9,999,999				
NT$10,000,000 – NT$14,999,999				
NT$15,000,000 – NT$29,999,999				
NT$30,000,000 – NT$49,999,999				
NT$50,000,000 – NT$99,999,999				
Over NT$100,000,000				
Total	7	7	7	7

Note 1: The names of directors should be listed separately (the names of legal person shareholders and representatives should be listed separately), general directors and independent directors should be listed separately, and the payment amounts should be disclosed in a summary manner. If a director is also the general manager or deputy general manager, please fill in this Table and the following Table (3-1), or the following Tables (3-2-1) and (3-2-2).

Note 2: Refers to the remuneration of directors in the most recent year (including directors' salaries, duty bonuses, severance pay, various bonuses, incentives, etc.).

Note 3: Refers to the amount of directors' remuneration approved by the Board of Directors in the most recent year.

Note 4: Refers to the director's relevant business execution expenses in the most recent year (including travel expenses, extraordinary charges, various allowances, dormitories, car allocation, cash offer etc.). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.

Note 5: Refers to the remuneration received by the director, who is also an employee (including the general manager, deputy general manager, other manager and employee) in the most recent year, including salary, duty bonus, severance pay, bonuses, incentive fees, travel expenses, special expenses, allowances, accommodation, company car paid or offered or other cash offer. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.

Note 6: Refers to the employee remuneration (including stocks and cash) received by a director, who is also an employee (including the general manager, deputy general manager, other manager, and employee) in the most recent year, and the amount of employee remuneration approved by the Board of Directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached Table 1-3 shall be filled in.

Note 7: Total remuneration paid to the Company's directors by all companies (including the Company) listed in the consolidated financial statements shall be disclosed.

Note 8: The name of the director to whom the total remuneration is paid by the Company shall be disclosed in the corresponding remuneration range.

Note 9: The name of the director to whom the total remuneration is paid by all companies (including the Company) listed in the consolidated financial statements shall be disclosed in the corresponding remuneration range.

Note 10: Net income after tax refers to that in the latest parent-only or individual financial statements.

Note 11: a. Remuneration received by the director of the Company from invested companies other than subsidiaries or parent company shall be specified (If no, please fill in with "None").

b. If the director of the Company receives remuneration from invested companies other than subsidiaries or parent company, the remuneration received by the director of the Company from invested companies other than subsidiaries or parent company shall be included in Column I in the Remuneration Range Table, and the column heading shall be changed to "Parent Company and All Invested Companies".

c. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the directors of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent company.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

2. Remuneration to the President and Vice Presidents

Unit: NT$ Thousand

Title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonus and special expenses, etc. (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation paid to the president and vice presidents from an invested company other than the Company's subsidiaries or parent company (Note 9)
		The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company		All Companies in the Consolidated Financial Statements (Note 5)		The Company	All Companies in the Consolidated Financial Statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Lin, Yu-Hsin	2,407	2,407	0	0	224	224	0	0	0	0	1.554%	1.554%	N/A
Vice President	Lin, Yi-Hsien	1,745	1,745	50	50	171	171	0	0	0	0	1.161%	1.161%	N/A

Table of Remuneration Range

Range of Remuneration paid to President and Vice Presidents	Name of President and Vice Presidents	
	The Company (Note 6)	All Companies in the Consolidated Financial Statements (Note 7) E
Under NT$1,000,000		
NT$1,000,000 – NT$2,000,000	Lin, Yi-Hsien	Lin, Yi-Hsien
NT$2,000,000 – NT$3,499,999	Lin, Yu-Hsin	Lin, Yu-Hsin
NT$3,500,000 – NT$4,999,999		
NT$5,000,000 – NT$9,999,999		
NT$10,000,000 – NT$14,999,999		
NT$15,000,000 – NT$29,999,999		
NT$30,000,000 – NT$49,999,999		
NT$50,000,000 – NT$99,999,999		
Over NT$100,000,000		
Total	2	2

*Regardless of title, all positions equivalent to general manager or deputy general manager should be disclosed.

Note 1: The names of the general manager and deputy general managers should be listed separately, and the payment amounts should be disclosed in a summary manner. If a director is also the general manager or deputy general manager, please fill in this table and the above Tables (1-1) or (1-2-1) and (1-2-2).

Note 2: Salary, job allowance, and severance pay paid to the president and vice presidents in the most recent fiscal year.

Note 3: Bonuses, incentive fees, travel expenses, special expenses, allowances, accommodation, and company car paid or offered to the president and vice presidents in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Any salary listed under IFRS 2 Share-Based Payment, including employee stock options, new restricted employee shares, and cash capital increase by stock subscription, shall also be included in remuneration.

Note 4: Fill in with the employee remuneration (including stocks and cash) received by a director as the general manager and deputy general manager assigned by the Board of Directors in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached Table 1-3 shall be filled in. Net income refers to that for the most recent fiscal year; if the IFRS are adopted, net income refers to that in the latest parent-only or individual financial statements.

Note 5: Total remuneration paid to the Company's president and vice presidents by all companies (including the Company) listed in the consolidated financial statements shall be disclosed.

Note 6: The name of the president or vice presidents to whom the total remuneration is paid by the Company shall be disclosed in the corresponding remuneration range.

Note 7: The name of the president or vice presidents to whom the total remuneration is paid by all companies (including the Company) listed in the consolidated financial statements shall be disclosed in the corresponding remuneration range.

Note 8: Net income refers to that for the most recent fiscal year; where the IFRS Standards are adopted, net income refers to that in the latest parent-only or individual financial statements.

Note 9 : a. Remuneration received by the president and vice presidents of the Company from invested companies other than subsidiaries or parent company shall be specified (If no, please fill in with "None").

b. If the president and vice presidents of the Company receive remuneration from invested companies other than subsidiaries or parent company, the remuneration received by the president and vice presidents of the Company from invested companies other than subsidiaries or parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to "All Invested Companies."

c. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the president and vice presidents of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent company.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(2) Recipients and Status of Employee Compensation Paid to Managers

December 31, 2020

<table>
<tr><th></th><th>Position (Note 1)</th><th>Name (Note 1)</th><th>Stock</th><th>Cash</th><th>Total</th><th>Ratio of Total Compensations to the Net Profit After Tax (%)</th></tr>
<tr><td rowspan="4">Manager</td><td>General Manager</td><td>Lin, Yu-Hsin</td><td rowspan="4">0</td><td rowspan="4">NT$200 thousand</td><td rowspan="4">NT$200 thousand</td><td rowspan="4">0.11813%</td></tr>
<tr><td>Vice President</td><td>Lin, Yi-Hsien</td></tr>
<tr><td>Senior Manager</td><td>Chu, Ming-Yang</td></tr>
<tr><td>General Manager of Grandson Company</td><td>Li,Cheng-Chung</td></tr>
</table>

Note 1: Individual names and titles should be disclosed, but the profit distribution can be disclosed in a summary manner.

Note 2: Fill in with the employee remuneration (including stocks and cash) received by a managerial officer assigned by the Board of Directors in the most recent year. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year. Net income refers to that for the most recent fiscal year; where the IFRS Standards are adopted, net income refers to that in the latest parent-only or individual financial statements.

Note 3: The scope of application for managerial officer is stipulated in accordance with TCZSZ No. 0920001301 dated March 27, 2003. The scope is as follows:

(1) General manager and equivalent

(2) Deputy general manager and equivalent

(3) Assistant manager and equivalent

(4) Head of finance department

(5) Head of accounting department

(6) Other persons who have the right to manage affairs and sign for the company

Note 4: If the director, general manager, or deputy general manager receive employee compensation (including stocks and cash), in addition to filling in the table 1-2, this table shall also be filled in.

(III) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past 2 Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link.

1. Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements: 58.8% in 2019; 5.17% in 2020.
2. The Company shall withdraw the employees' remuneration and directors' remuneration from the current year's pre-tax benefits before deduction of the distributed employees' renumeration and directors' remuneration in accordance with the articles of association. In 2019, due to failure of operating performance to meet expectations, employees' remuneration was withdrawn at 2%, and directors' remuneration was not paid; due to operating performance growth in 2020, employees' remuneration was withdrawn at 3.5%, and directors' remuneration at 0.5%; directors' remuneration is used to pay independent directors' fixed compensation and business execution expenses and to pay directors' travel expenses.
3. The Company's policy for directors' remuneration is handled based on the provisions of Article 18 and Article 23 of the Company's Articles of Association. The remuneration of the general manager and deputy general managers is handled in accordance with the Company's salary payment standards; the Remuneration Committee will make verification and review of the payment according to individual performance appraisals and market trends, and the remuneration will be adopted by the Board of Directors.

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

   The Company Article 23: If the Company has gained profits within a fiscal year, 2% to 10% of the profits shall be reserved as the employees compensation, and the board of directors shall decide whether to distribute in the form of shares or in cash. The compensation applies to employees of parents or subsidiaries of the Company meeting certain specific requirements. The Company may, upon resolution by the board of directors, reserve not more than 2% of the above profit as directors compensation. Proposals for the distribution of employees' compensation directors remuneration shall be submitted to the shareholders' meeting. In case of accumulated loss, the Company shall reserve a specific amount to make up for losses before distributing employees and directors compensation according to aforementioned ratios.

IV. The state of the Company's implementation of corporate governance

(I) Information on the operation of the Board of Directors:

The Board of Directors met 6 times in the most recent year (A), and the attendance of directors and supervisors is as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A) (Note 2)	Note
Chairman	Lin, Yu-Hsin	6	0	100%	
Director	Lin, Yi-Hsien	6	0	100%	
Director	Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying	6	0	100%	
Director	Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang	6	0	100%	
Independent Director	Chen, Kuei-Tuan	6	0	100%	
Independent Director	Chen,Yung-Hsuch	6	0	100%	
Independent Director	Ma, Hui-Chen	6	0	100%	

Other matters:

I. In the operation of the Board of Directors, any of the following matters shall be specified with meeting date, session, subject of discussion, opinions of all Independent Directors, and the Company's response to the opinions:

(I) Matters required by Article 14-3 of the Securities and Exchange Act:

Date of Board Meeting (session)	Subject of Discussion	Opinions of all Independent Directors, and the Company's response to the opinions:
March 25, 2020 (1st in 2020)	Reviewed the short-term general credit line as well as derivative financial commodity trading credit granted by financial institutions. Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary. Reviewed the proposal that if the accounts receivable from the American subsidiary fall overdue after the normal credit term expires, the accounts shall be considered as financing. Reviewed the internal control system declaration 2019	Approved by all independent directors present
May 7, 2020 (2nd in 2020)	Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary.	

August 10, 2020 (4th in 2020)	Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary. Reviewed the proposal that if the accounts receivable from the American subsidiary fall overdue after the normal credit term expires, the accounts shall be considered as financing. Reviewed the proposal to increase the line of credit for the Company's funds lending to its Yingshang subsidiary.	
November 9, 2020 (5th in 2020)	Reviewed the proposal on the line of credit for the Company's funds loading to the grandson company PROMAX (Kunshan) Co., Ltd. Reviewed the proposal on the line of credit for the Company's funds loading to the subsidiary Lee Chi International Holding Limited (B.V.I.). Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary. Reviewed the proposal that if the accounts receivable from the American subsidiary fall overdue after the normal credit term expires, the accounts shall be considered as financing.	
December 14, 2020 (6th in 2020)	Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary.	

(II) Any recorded or written Board resolutions to which independent directors have objections or reservations to be noted in addition to the above: None

II. Regarding recusals of Directors due to conflicts of interests, the names of the Directors, subject of discussion, reasons for recusal, and results of voting shall be specified:

On December 14, 2020, the Board of Directors discussed the plan for the remuneration to managerial officers and employees for 2019 and for year-end bonus for managerial officers for 2020. Three concurrent employees, director Yu-Hsin Lin, director Yi-Hsien Lin, and director Ming-Yang Chu, left the meeting in accordance with the law to avoid discussion and voting. The voting result was adopted without objection.

III. The Company disclosed information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the Board of Directors' self (or peer) evaluation, and filled in the attached Table 2 (2) Implementation Status of Evaluation on Board Meetings.

Implementation Status of Evaluation on Board Meetings:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content (Note 1)
Annually	Evaluation of the performance of the Board of Directors from January 1, 2020 to December 31, 2020	Performance evaluation of the Board of Directors, individual board members and functional committee members	Performance evaluation through internal self-evaluation of the Board of Directors, self-evaluation of board members, and peer evaluation methods	Implemented according to the Company's "Board of Directors Self-evaluation or Peer Evaluation Measures" after discussion and approval by the Board of Directors

Note 1: The evaluation content includes the following items according to the evaluation scope:

(1) The performance evaluation of the Board of Directors: including the degree of participation in the Company's operations, improving the decision-making quality of the board, the composition and structure of the board, the selection and continuing education of directors, internal control, etc.
(2) Performance evaluation of individual director members: including mastery of Company goals and tasks, awareness of directors' responsibilities, degree of participation in Company operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc.
(3) Performance evaluation of functional committees: the degree of participation in the Company's operations, awareness of the responsibilities of functional committees, decision-making quality of functional committees, composition of functional committees and selection of members, internal control, etc.

IV. Objectives of strengthening of the Board's functions (including setting up an audit comiittee and enhancing information transparency) for the current and most recent years and its implementation status:

(I) Effectively perform the functions of the Board of Directors:

1. The Company purchases liability insurance for all directors, which will help the directors to perform their duties wholeheartedly.
2. As of December 31, 2020, the attendance rate of the three independent directors in the board meetings 2020 of the Company was 100%.
3. The Company's Board of Directors passed a resolution in March 2021 to set up a supervisor of corporate governance to assist directors in performing their duties.
4. The Company continues to evaluate the performance of the Board of Directors and functional committees at least once a year, and cooperates with the implementation and review of various evaluation tasks of the "Board Performance Evaluation Procedures". For the board performance evaluation result report 2020 (including the Board of Directors, board members, and functional committees), refer to page 32 to help improve the effectiveness of the Board of Directors.

(II) Continue to strengthen the structure of the Board of Directors:

1. In order to improve corporate governance and strengthen the functions of the Board of Directors, the Company's board members are diverse and possess the knowledge, skills and literacy necessary to perform their duties.
2. The Board of Directors targets the corporate governance evaluation to improve information transparency.

Note 1: If the directors and supervisors are legal persons, the names of the legal person shareholders and their representatives shall be disclosed.

Note 2: (1) If a director or supervisor resigns before the end of the year, the resignation date shall be indicated in the remarks column. Attendance Rate (%) is calculated based on the number of Board meetings called and the actual number of meetings Directors attended during their term of office.

(2) If, before the end of the year, there is a re-election of directors and supervisors, both the new and old directors and supervisors should be listed, and the remarks column should indicate whether the directors and supervisors are old, new or re-elected and the date of re-election. Attendance Rate (%) is calculated based on the number of Board meetings called and the actual number of meetings Directors attended during their term of office.

(II) Information on the operation of the Remuneration Committee

The Board of Directors met 5 times in the most recent year (A), and the attendance of is as follows:

<table>
<tr><th>Title</th><th>Name</th><th>Attendance in Person (B)</th><th>Attendance rate (%) (B/A) (Note)</th><th>Note</th></tr>
<tr><td>Independent Director</td><td>Chen, Kuei-Tuan</td><td>5</td><td>100%</td><td></td></tr>
<tr><td>Independent Director</td><td>Chen,Yung-Hsuch</td><td>5</td><td>100%</td><td></td></tr>
<tr><td>Independent Director</td><td>Ma, Hui-Chen</td><td>5</td><td>100%</td><td></td></tr>
<tr><td colspan="5">Other matters:
一、 With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company’s handling of such resolutions shall be specified:
(I) Matters referred to in Article 14-5 of the Securities and Exchange Act:</td></tr>
</table>

Date of Board Meeting (session)	**Date of Audit Committee Meeting (session)**	**Subject of Discussion**	**Opinions of all members of Audit Committee, and the Company's response to the opinions**
March 25, 2020 (1st in 2020)	March 25, 2020 (1st in 2020)	Reviewed the short-term general credit line as well as derivative financial commodity trading credit granted by financial institutions. Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary. Reviewed the proposal that if the accounts receivable from the American subsidiary fall overdue after the normal credit term expires, the accounts shall be considered as financing. Reviewed the internal control system declaration 2019 Reviewed the final statements for 2019	Approved by all members of the audit committee present

May 7, 2020 (2nd in 2020)	May 7, 2020 (2nd in 2020)	Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary.	
August 10, 2020 (4th in 2019)	August 10, 2020 (3rd in 2020)	Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary. Reviewed the proposal that if the accounts receivable from the American subsidiary fall overdue after the normal credit term expires, the accounts shall be considered as financing.	
November 9, 2020 (5th in 2020)	November 9, 2020 (4th in 2020)	Reviewed the Company's Q2 2020 Consolidated Financial Statements. Reviewed the proposal on the line of credit for the Company's funds loading to the grandson company PROMAX (Kunshan) Co., Ltd. Reviewed the proposal on the line of credit for the Company's funds loading to the subsidiary Lee Chi International Holding Limited (B.V.I.). Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary Reviewed the proposal that if the accounts receivable from the American subsidiary fall overdue after the normal credit term expires, the accounts shall be considered as financing. Reviewed the proposal to increase the line of credit for the Company's funds lending to its Yingshang subsidiary.	
December 14, 2019 (6th in 2020)	December 14, 2020 (5th in 2020)	Reviewed the proposal to increase the line of credit for the Company's funds lending to its American subsidiary.	

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.

II. Regarding recusals of independent directors from voting due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communications between the independent directors, the Company’s chief internal auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.):

(I) When necessary, independent directors shall discuss and communicate with the chief internal auditor on financial and internal related issues, and the communication channels must be smooth to achieve good communication.

(II) The certified public accountant regularly communicates and discusses the Company's financial and business conditions with the Company director, and reports and communicates with the audit committee on the audit and discussion matters for 2020.

In 2020, independent directors communicated with the chief internal auditor Information on the operation of Audit Committee is stated in the following table:

Date	Discussion Points
2020,3,25	✓ Implementation and improvement of audit plan for 2020 ✓ The Statement of Internal Control System for the fiscal year 2019 ✓ The independent directors had no opinion in this meeting.
2020.5.7	✓ Implementation and improvement of audit plan for 2020 ✓ The independent directors had no opinion in this meeting.
2020.8.10	✓ Implementation and improvement of audit plan for 2020 ✓ The independent directors had no opinion in this meeting.
2020.11.9	✓ Implementation and improvement of audit plan for 2020 ✓ 2021 annual audit plan. ✓ The independent directors had no opinion in this meeting.
2020.12.14	✓ Implementation and improvement of audit plan for 2020 ✓ The independent directors had no opinion in this meeting.

Note:

*If a supervisor resigns before the end of the year, the resignation date shall be indicated in the remarks column. Actual Attendance Rate (%) is calculated based on the actual number of meetings supervisors attended during their term of office.

*If, before the end of the year, there is a re-election of supervisors, both the new and old supervisors should be listed, and the remarks column should indicate whether the supervisors are old, new or re-elected and the date of re-election. Actual Attendance Rate (%) is calculated based on the actual number of meetings supervisors attended during their term of office.

(III) Implementation of corporate governance and its deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof:

Assessment item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I. Whether the Company formulates and discloses the Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.	V		In order to establish a good corporate governance system, the Company drafted the "Governance Best Practice Principles", and entrusted the general manager's office, audit office and management department to control and review the implementation status.	No major difference
II. Shareholding structure & shareholders' rights (I) Does the company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to internal procedure?	V		(I)The Company has established a spokesperson system, the Company's website has established a shareholder information investor service window, and a dedicated person is responsible for matters related to stock affairs.	(I) No major difference
(II) Does the company maintain a register of major shareholders, who have actual control over the company, and a register of principal shareholders, who have ultimate control over the company?	V		(II)The Company has stock affairs undertaking staff responsible for handling related matters, and is assisted by the stock affairs agency Stock Affairs Agency Department of Grand Fortune Securities Co., Ltd. The Company keeps track and grasps the list of major shareholders at any time.	(II)No major difference
(III) Does the company establish and enforce risk control and firewall systems with its affiliated companies?	V		(III)The Company has formulated relevant management regulations such as the "Measures for Supervision and Control of Subsidiaries" and the "Measures for the Management of Related Parties, Specific Companies and Group Enterprises Transactions", and the auditors also conduct regular audits.	(III)No major difference

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(IV) Does the company have internal regulations in place to prevent its internal personnel from trading securities based on information yet to be public on the market?</td><td>V</td><td></td><td>(IV)The Company has formulated the "Procedure for Handling of Internal Major Information" to prevent its internal personnel from trading securities based on information yet to be public on the market.</td><td>(IV)No major difference</td></tr>
<tr><td>III. Composition and responsibilities of the Board of Directors
(I) Does the Board of Directors establish and implement a policy to diversify its composition?</td><td>V</td><td></td><td>(I)The Company has standardized the composition of the Board of Directors and drafted a diversification policy.The diversification of the Company's Board of Directors is as follows:
<table>
<tr><th>Diversity standards / Names of Directors</th><th>Gender</th><th>Business Management</th><th>Leadership decision</th><th>Industry knowledge</th><th>Financial accounting</th><th>Legal</th><th>Environmental protection</th></tr>
<tr><td>Lin, Yu-Hsin</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Lin, Yi-Hsien</td><td>Female</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td></tr>
<tr><td>Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying</td><td>Female</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td><td>✓</td></tr>
<tr><td>Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td></tr>
<tr><td>Chen, Kuei-Tuan (Independent Director)</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td></tr>
<tr><td>Chen, Yung-Hsueh (Independent Director)</td><td>Female</td><td>✓</td><td>✓</td><td>✓</td><td></td><td>✓</td><td></td></tr>
<tr><td>Ma, Hui-Chen (Independent Director)</td><td>Female</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td><td></td></tr>
</table></td><td>(I) No major difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(II) In addition to the Remuneration Committee and Audit Committee, established according to the law, has the company voluntarily established other functional committees?

(III) Does the company establish a performance evaluation procedure and method for the Board of Directors and conduct performance evaluation accordingly on an annual basis? Are the results of such evaluation reported to the Board of Directors and applied to the remuneration and nomination for reelection?</td><td>V

V</td><td></td><td>(II)Under discussion

(III)The evaluation policies and evaluation methods of Board of Directors' performance have been formulated. Self-evaluation and peer evaluation were conducted for the functional committees in 2019, and the evaluation results have been reported to the Board of Directors.
1. Board of directors' performance evaluation results:<table>
<tr><th>Number of evaluation items</th><th>Evaluation results</th></tr>
<tr><td>A. Involvement in CDF's business activities</td><td rowspan="6">Excellent</td></tr>
<tr><td>B. Improving Board of Directors' decision-making</td></tr>
<tr><td>C. Composition and structure of the Board of Directors</td></tr>
<tr><td>D. Election of directors and their continuing education</td></tr>
<tr><td>E. Internal control</td></tr>
<tr><td>F. Other</td></tr>
</table></td><td>(II) Still under discussion

(III) No major difference</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation Status (Note)</th><th rowspan="2">Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>2. Results of self-evaluation of board members:
<table><tr><th>Number of evaluation items</th><th>Evaluation results</th></tr><tr><td>A. Control over the Company's goals and tasks</td><td rowspan="6">Excellent</td></tr><tr><td>B. Understanding of director duties and functions</td></tr><tr><td>C. Involvement in the Company's business activities</td></tr><tr><td>D. Management of internal relations and communication</td></tr><tr><td>E. Professional and continuing education of directors</td></tr><tr><td>F. Internal control</td></tr></table></td><td></td></tr>
<tr><td>(IV) Does the company regularly evaluate the independence of its CPAs?</td><td>V</td><td></td><td>(IV)The independence of the certified public accountant complies with the laws and regulations, and the independence and applicability of the certified public accountant is evaluated once a year, and submitted to the Board of Directors for discussion. Refer to page 64 for the evaluation status.</td><td>(IV) No major difference</td></tr>
</table>

Assessment item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
IV. Does the company dedicate adequate and sufficient personnel to attend to corporate governance affairs, and appoint a head of corporate governance to be in charge of corporate governance matters (including but not limited to providing information required for the performance Directors and Supervisors, assisting Directors and Supervisors in compliance with related laws and regulations, conducting the Board/shareholders meetings according to the law, keeping meeting minutes and records of Board/shareholders meetings, etc.)?	V		The Company has set up full-time (part-time) personnel to handle corporate governance-related matters. In March 2021, the Board of Directors passed a resolution to appoint a senior manager with accountant qualifications and years of financial and accounting experience as the head of corporate governance to be responsible for supervision to strengthen the functions of the Board of Directors; and will cooperate with the completion of related courses (hours). Corporate governance affairs are carried out with the cooperation of relevant units. The main responsibilities: 1. Provide information needed by directors to perform business and assist in arranging continuous education and complying with laws and regulations. 2. Handle matters related to the Board of Directors, its establishment of committees, and shareholder meetings in accordance with the law. 3. Assist in the implementation and strengthening of corporate governance.	No major difference

Assessment item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
V. Does the company establish a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicate a section of the company's website for stakeholder affairs, and adequately respond to stakeholders' inquiries on significant corporate social responsibility issues?	V		A shareholder information investor service window has been set up on the Company's website to appropriately respond to important corporate social responsibility issues of concern to stakeholders.	No major difference
VI.Does the company commission a professional stock transfer agency for shareholder meetings and related affairs?	V		A professional stock transfer agency has been commissioned to handle affairs related to shareholder meetings. The stock affairs agency "Stock Affairs Department, Grand Fortune Securities Co., Ltd."	No major difference
VII. Information disclosure (I) Does the company establish a website to disclose information on financial operations and corporate governance?	V		(I) The Company has set up a website to disclose Company-related information through shareholder information and via public information observatories.	(I) No major difference
(II) Does the company have other information disclosure channels (e.g. establishing an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences, etc.)?	V		(II) The Company has designated a person to be responsible for the collection and disclosure of Company information and has implemented a spokesperson system in accordance with regulations.	(II) No major difference

Assessment item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
(III) Does the company publish and report its annual financial report within two months after the end of a fiscal year, and does it publish and report its financial reports for the first, second and third quarters as well as its monthly operating status before the specified deadline?		V	The Company publishes and reports its annual financial report within two months after the end of a fiscal year, its financial reports for the first, second and third quarters as well as its monthly operating status before the specified deadline.	(III) No major difference
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		1. Employee rights and employee care: refer to page 91 Labor relations. 2. Investor relations: The Company has established a spokesperson system to handle shareholder suggestions and interactive relations. 3. Supplier relationship: The Company maintains a good relationship with suppliers to build the best supply system and create a win-win situation. 4. Stakeholder's rights: Stakeholders can communicate with the Company and make suggestions to protect their legitimate rights and interests. 5. Situation of continuous education of directors: The Company provides regulations related to directors at any time, and participates in relevant training courses and seminars in accordance with personal time considerations. The continuous education situation is disclosed in the corporate governance section of the public information	No major difference

Assessment item	Implementation Status (Note)			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			observatory. **6.** Implementation of risk management policies and risk measurement standards: The Company formulates various management regulations in accordance with the law and conducts various risk management and evaluations to maintain the Company in an advantageous position. 7. Implementation of customer policy: The Company maintains a stable and good relationship with customers and creates maximum profits for the Company. 8. Purchase of liability insurance for directors by the Company: The Company continued to purchase directors' liability insurance in 2020 and 2021.	
IX. Please describe improvements in accordance with corporate governance assessment results issued by the Corporate Governance Center, TWSE in the most recent year, and provide related improvement plan of higher priorities for items that has not yet improved. It is scheduled to propose priority strengthening items and measures: 1. The Company will upload the English version of the meeting notice and the English version of the agenda 30 days before the 2021 shareholders meeting. 2. The Company will upload the English version of the 2020 Annual Financial Report 16 days before the shareholders meeting 2021. 3. The Company's Board of Directors passed a resolution in March 2021 to appoint a director of corporate governance.				

Note 1: No matter whether "Yes" or "No" for operation status is checked, it should be stated in the summary description column.

(IV) If a remuneration committee is established, its composition, responsibilities and operation condition shall be disclosed:

1. Information on Remuneration Committee Members

Title (Note 1)	Qualification / Name	Meet the Following Professional Qualification Requirements, together with in the Least Five Years of Work Experience: An Instructor or Higher Position in a Department of Business, Law, Finance, Accounting, or Other Majors Related to the Business Needs of the Company in a Public or Private College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	Independence criteria (Note 2): 1	2	3	4	5	6	7	8	9	10	Number of Other Public Companies where the Individual Concurrently Serves as a Remuneration Committee members	Note
Independent Director	Chen, Kuei-Tuan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Chen,Yung-Hsuch			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Ma, Hui-Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: The identity is filled in with director, independent director or others.

Note 2: Please tick "✓" the corresponding boxes that apply to the compensation committee members during the two years prior to being elected or during the term of office.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a Director or Supervisor of the Company or any of its affiliates (Not applicable in cases where the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or nominees, in an aggregate amount of 1% or more of the Company's total number of issued shares or ranks in the top ten in shareholdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the managerial officer in Subparagraph 1, or of any of the above persons in Subparagraphs 2 and 3.

(5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's total number of issued shares, ranks in the top five in shareholdings, or appoints representatives to be the Company's Directors or Supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(6) Not a Director, Supervisor, or employee of a company whose majority of directorships or voting rights are controlled by a shareholder who also controls the majority of directorships or voting rights of the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(7) No Chairman, General Manager or a person of the equivalent position is the same person as a director (member of a council), supervisor or employee of other company or institution of the same person or spouse (Not applicable in cases where the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(8) Not a Director, Supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the person is an Independent Director appointed in accordance with the Securities and Exchange Act or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not been a person of any conditions defined in Article 30 of the Company Act.

2. Remuneration Committee

(1) The 4th Compensation Committee of the Company was approved by the Board of Directors on June 24, 2020. There were 3 members, namely Gui-Duan Chen, Yong-Xue Chen, and Hui-Zhen Ma. The committee members recommended Gui-Duan Chen as the convener.

(2) The remuneration committee is responsible for formulating and regularly reviewing the policies, systems, standards and structure of directors and managers' performance evaluation and remuneration, regularly evaluating the achievement of the Company's directors and managers' performance goals, and determining the content and amount of their individual salary and remuneration.

(3) The term of office of the current members: June 24, 2020 to June 23, 2023. From 2020 to the date of publication of this annual report. Three meetings have been held (A), and the members' attendance is as follows:

<table>
<tr><th>Title</th><th>Name</th><th>Attendance in Person (B)</th><th>By Proxy</th><th>Attendance Rate (%)
(B/A) (Note)</th><th>Note</th></tr>
<tr><td>Convener</td><td>Chen, Kuei-Tuan</td><td>3</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Committee</td><td>Chen,Yung-Hsuch</td><td>3</td><td>0</td><td>100%</td><td></td></tr>
<tr><td>Committee</td><td>Ma, Hui-Chen</td><td>3</td><td>0</td><td>100%</td><td></td></tr>
<tr><td colspan="6">Other matters:
I. If the Board of Directors does not adopt or amend the recommendations of the Compensation Committee, it shall state the date of the board meeting, the period, the content of the proposal, the results of the resolutions of the Board of Directors and the Company's response to the opinions of the Compensation Committee (if the salary and compensation approved by the Board of Directors are better than the recommendations of the Compensation Committee, state the difference and reasons): None.
II. If, for the resolutions of the Compensation Committee, members have objections or reservations and there are records or written declarations, the date of the board meeting, the period, the content of the proposal, the results of the resolutions of the Board of Directors and the Company's response to the opinions of the Compensation Committee shall be state: None.</td></tr>
</table>

Note: (1) If a member of the Compensation Committee resigns before the end of the year, the resignation date shall be indicated in the remarks column. Attendance Rate (%) is calculated based on the number of Compensation Committee meetings called and the actual number of meetings the members of the Compensation Committee attended during their term of office.

(2) If, before the end of the year, there is a re-election of members of the Compensation Committee, both the new and old members of the Compensation Committee should be listed, and the remarks column should indicate whether the members are old, new or re-elected and the date of re-election. Attendance Rate (%) is calculated based on the number of Compensation Committee meetings called and the actual number of meetings the members of the Compensation Committee attended during their term of office.

3. Discussions and resolutions of the Compensation Committee:

Remuneration Committee Meeting Date (session)	Subject of Discussion	Result of the Resolution
March 25, 2020 (1st in 2020)	Reviewed the Company's current director and manager performance appraisal and remuneration evaluation standards. Considered the proposal of distribution of 2019 compensation of directors and managerial officers of the Company.	After all the members present agreed with the proposal without dissenting opinions, the proposal was submitted to the Board of Directors for discussion and adopted without objection by all the directors present.
December 14, 2020 (2nd in 2020)	Reviewed the Company's current director and manager performance evaluation, performance appraisal and remuneration standards. Considered the amount of 2019 compensation of managerial officers of the Company. Considered the year-end bonuses of managerial officers of the Company in 2020. Proposed the 2021 Working Plan of the Compensation Committee.	

(V) Performance in Corporate Social Responsibility and Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons Thereof:

Assessment item	Implementation Status (Note 1)			Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description (Note 2)	
I. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies? (Note 3)	V		The Company conducts risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and establishes relevant risk management policies or strategies.	No major difference
II. Does the company establish exclusively (or concurrently) dedicated units to implement CSR, and does the Board of Directors appoint executive level positions with responsibility for CSR to report the status of the implementation to the Board of Directors?	V		All relevant departments of the Company cooperate in the implementation of social responsibility tasks, including employee communication, supplier relations, customer relations, investor relations, financial, tax and securities institutions relations, and plant environmental safety and health.The situation has not been reported to the Board of Directors on a regular basis, and cooperation in adjustment will be conducted according to the actual situation in the future.	No major difference
III. Environmental Issues (I) Does the company establish a suitable environment management system in reference to the nature of its industry?	V		(I) The Company has established appropriate environmental management measures in accordance with the needs of the industry and is committed to environmental protection. Its products are bicycle parts, which belong to the green energy industry. Through use by consumers, they can effectively reduce environmental pollution and contribute to environmental conservation.	(I) No major difference

Assessment item	Implementation Status (Note 1)			Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description (Note 2)	
(II) Is the company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?	V		(II) Belonging to the metal processing industry, the Company has been investing a lot of resources for a long time, purchasing high-efficiency and low-energy-consuming machines, and seeking to improve the production process to meet the requirements of national environmental protection laws. The Company has entrusted the Management Department to deal exclusively with the regeneration and recycling of various production materials and wastes.	(II) No major difference
(III) Does the company assess the potential risks and opportunities arising from climate change at present and in the future and take related countermeasures?	V		(III) The Company has established a safety and health office and created an environmental safety and health promotion committee, paying attention to the impact of climate change on operational activities, and actively controlling the utilization of various water, electricity, gas and other energy sources. In the new product development process, it strives to increase the utilization rate of materials, reduce the generation of waste and decrease the impact on the environment, and promote various energy-saving and carbon-reduction measures. It has also been certified to ISO14001: 2015 and ISO45001: 2018, CNS45001: 2018.	(III) No major difference
(IV) Does the company calculate the greenhouse gas emissions, water consumption, and total weight of waste over the past two years as well as establish policies on energy conservation, reductions in carbon and greenhouse gas	V		(IV) The Company's Changhua Plant has kept track of its greenhouse gas emissions, water consumption, and total waste weight in the past two years. According to the inventory results, they were 4,232TCO2, 388T and 45.17T respectively in 2019; 4,370TCO2, 637T and	(IV) No major difference

Assessment item	Implementation Status (Note 1)			Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description (Note 2)	
emission, water conservation, and waste management?			52.13T respectively in 2020; since the second half of 2020, revenue growth and production have increased sharply, the relative emissions and consumption have also increased, but the rate of increase is lower than that of output value. On the whole, the Company is committed to achieving environmental energy conservation and carbon reduction management goals. The Company's safety and health office and the environmental safety and health promotion committee actively control the utilization of various water, electricity, and gas energies, and promote various energy-saving and carbon-reduction measures, trying hard to implement the policies for energy-saving and carbon reduction, greenhouse gas reduction, water reduction, and other waste management. Every half a year, it cooperates with the carbon dioxide concentration monitoring by the Environmental Protection Agency of the Ministry of Labor, and the results are qualified; the target energy-saving effect is set at an annual average energy saving of 2.27%, and the annual average of over 1% stipulated by the Energy Bureau of the Ministry of Economic Affairs has been reached.	

Assessment item	Implementation Status (Note 1)			Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Description (Note 2)	
IV. Social Issues (I) Does the company establish appropriate management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	V		(I) The Company respects and protects labor rights. All personnel rules are formulated in accordance with relevant government labor laws. All employees are treated equally within the Company. The Company is also committed to ensuring the right to work of every employee and focusing on talent cultivation, so that employees have the opportunity to give full play to their abilities.	(I) No major difference
(II) Does the company establish and offer proper employee benefits (including compensation, leave, and other benefits) and reflect the business performance results in employee compensation appropriately?	V		(II) The Company's relevant employee welfare measures (including salary, vacation and other benefits) are all in compliance with laws and regulations. The Company allocates employee remuneration using the current year's profit in accordance with the Company's Articles of Association, and issues employee performance appraisal management regulations in conjunction with employee performance.	(II) No major difference
(III) Does the company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	V		(III) In order to strengthen safety and health, the Company has set up a labor safety and health office, which is responsible for safety and health matters. It routinely strengthens employee education, drills, and occupational disaster training, so that employees have safety and health knowledge and skilled work skills, so as to avoid public security accidents and ensure safety of personnel and property.	(III) No major difference
(IV) Does the company provide effective career development and training plans for its	V		(IV) To enhance the overall competitiveness of the Company and increase the work skills of employees, the Company	(IV) No major difference

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description (Note 2)</th></tr>
<tr><td>employees?</td><td></td><td></td><td>achieves systematic improvement and growth in cooperation with relevant education and training plans.</td><td></td></tr>
<tr><td>(V) Does the company comply with relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services, and does the company establish related consumer protection policies and grievance procedures?</td><td>V</td><td></td><td>(V) The Company provides transparent and effective consumer complaint procedures for products and services, and lists them as key internal quality indicators to protect the rights and interests of consumers. It has also been certified to AS9100D and ISO9001:2015.</td><td>(V) No major difference</td></tr>
<tr><td>(VI) Does the company formulate a vendor management policy requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health, labor rights, and supervised the compliance?</td><td>V</td><td></td><td>(VI) The Company trades with hundreds of suppliers to promote local economic development and has made significant contributions to social development for a long time. The Company has invested long-term resources to conduct various audits of suppliers.</td><td>(VI) No major difference</td></tr>
<tr><td>V. Does the company prepare and publish non-financial reports such as the CSR report in reference to internationally recognized reporting principles or guidelines? Are such reports verified or assured by a third party accreditation institution?</td><td></td><td>V</td><td>The Company has not yet prepared a corporate social responsibility report.</td><td>In the future, it will discuss and compile a corporate social responsibility report</td></tr>
<tr><td colspan="5">VI. Where the company has adopted its own best practices on CSR according to the Corporate Social Responsibility Best Practice Principles for TWSE/TPExListed Companies, please describe any deviations between the prescribed best practices and actual activities undertaken by the company:
Currently, the Company has not formulated Corporate Social Responsibility Best Practice Principles, but actively implements various social responsibility measures according to the actual needs of the Company.</td></tr>
<tr><td colspan="5">VII. Any important information useful for understanding the state of CSR operations:
1. The Company pays much attention to the maintenance of community relations, and has long-term good contacts with Shipai and Kuaiguan</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Differences with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description (Note 2)</th></tr>
<tr><td colspan="5">communities, where it is located. In addition to donating to community activities, in recent years, it has adopted road cleaning and Shipai Park in the community, and has invested in manpower fpr cleaning and maintenance to provide the community residents with a good recreational environment.
2. It cooperates with Taichung Blood Donation Center in organizing blood donation charity activities and organizing employee health promotion seminars.</td></tr>
</table>

Note 1: If you check "Yes" in the operation situation, please describe the important policies, strategies and measures taken and implementation conditions; if you check "No" in the operation situation, please explain the reasons and describe the relevant policies, strategies and plans or measures to be taken in the future.

Note 2: If the Company has prepared a CSR report, the operation situation may indicate the method of consulting the CSR report and the index page to replace it.

Note 3: The materiality principle refers to a significant impact of relevant environmental, social and corporate governance issues on the Company's investors and other interested parties.

(VI) Performance in Ethical Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons Thereof:

Assessment item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
I.Formulate ethical corporate management best practice policies and plans				
(I) Does the company establish the ethical corporate management policies approved by the board of director and specify rules and activities related to ethical corporate management in its bylaws and external documents? Do the company's Directors and management actively fulfill their commitment to corporate policies?	V		(I) The Company's Board of Directors has formulated the Ethical Corporate Management Best Practice Principles and announced it on the MOPS and its official website, and actively implemented the policy related to ethical corporate management to prevent the occurrence of dishonest behaviors in order to create a good and sustainable business environment.	(I) No major difference
(II) Does the company establish a risk assessment mechanism against unethical conduct? Does the company, on a regular basis, analyze and assess business activities within its business scope which are at a higher risk of being involved in unethical conduct? Does the company put in place preventive programs for the items prescribed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPExListed Companies?	V		(II) The Company clearly stipulates in the work rules and personnel management regulations related to employee rewards and punishments that all employees should promptly notify the management when they discover violations of policies and ethics.	(II) No major difference
(III) Does the Company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system? Does the Company implement such programs and review the prevention programs on a regular basis?	V		(III) In the Company, the legal affairs department organizes the signing of contracts to prevent the signed content from being illegal, and the audit office conducts inspections from time to time.	(III) No major difference

Assessment item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
II. Implementing ethical corporate management (I) Does the company evaluate ethical records of its counterparty? Do the contracts signed by the Company and its trading counterparties clearly provide terms on ethical conduct?	V		(I) For commercial activities, the Business Department conducts customer review and evaluation, the Procurement Department and the Quality Assurance Department are responsible for supplier evaluation, and the Legal Affairs Department reviews the terms of the signed contract to avoid making transactions with people with records of dishonest behaviors. In addition, the Company clearly stipulates in the work rules and personnel management regulations related to employee rewards and punishments that, when performing business, employees shall not provide, accept or require valuable gifts, and that no suppliers shall accept gifts or receive kickbacks and are not allowed to carry out transactions with related parties. If there is a violation, the transaction will be suspended in order to seek the most reasonable price, the best quality and the best service.	(I) No major difference
(II) Does the company establish an exclusively (or concurrently) dedicated unit to promote ethical corporate management and to answer to the Board of Directors? Does the such unit regularly (at least once a year) report to the Board of Directors on the monitoring and implementation of its ethical corporate management policies and prevention measures of unethical behaviors?	V		(II) The Company has always operated in good faith, established a good corporate governance system for the Board of Directors, improved supervision functions and strengthened management functions, and formulated the Rules of Procedure for Board of Directors Meetings in accordance with regulations to facilitate compliance. The Company has not set up a full-time unit to promote ethical corporate management, and the relevant departments will implement the policy related to ethical	(II) No major difference

Assessment item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			corporate management in the course of their operations.	
(III) Does the company establish policies preventing conflict of interest, provide proper channels of appeal, and enforce these policies accordingly?	V		(III) The relevant internal management regulations of the Company are published on the Company's internal website, and colleagues will be notified when they are revised. In addition, the Company's Rules of Procedure for Board of Directors Meetings has a system for avoiding the interests of directors. If the meeting matters have an interest with directors themselves or the legal person they represent and this is likely to be harmful to the interests of the Company, they must state their opinions and answer inquiries, shall not participate in discussion and voting, shall evade during discussion and voting, and may not act for other directors to exercise their voting rights. The Company has set up the "Management Procedures for the Processing of Internal Significant Information and Prevention of Insider Transactions", which stipulate that the directors, supervisors, managerial officers and employees of the Company shall not disclose material internal information that they are aware of to others, and shall not inquire or collect undisclosed major internal information of the Company that is not related to personal duties from persons who are aware of major internal information of the Company.	(III) No major difference
(IV) Does the company establish effective accounting systems and internal control systems to enforce ethical corporate management? Does its internal	V		The Company has established an effective accounting system and internal control system, and formulated relevant	(IV) No major difference

Assessment item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
audit department, based on the results of risk assessment on unethical conducts, devise relevant audit plans and audit the compliance with the prevention programs accordingly or commissioned a CPA to conduct the audit?			operating methods. It can review and revise them at any time according to laws and regulations or actual operating requirements. The Company's managerial officers, internal units, subsidiaries and audit departments shall conduct self-inspection of the internal control system at least once a year and prepare a report to ensure that the self-inspection of the internal control system is carried out. According to the annual audit plan approved by the Board of Directors, the audit department actually performs the audit work. The audit supervisor sends a report to be reviewed by the audit committee in the month following the completion of the audit project (or tracking project), attends the Board of Directors to report the audit business, and regularly reports to the audit committee the annual audit business and annual self-inspection and internal control operations.	
(V) Does the company regularly organize internal and external trainings for ethical corporate management?	V		(IV) The Company cooperates with internal and external training held from time to time to promote and implement relevant laws and regulations on ethical corporate management.	(V) No major difference
III. Operation status of a whistleblowing system (I) Does the company adopt concrete a whistleblowing and reward system and accessible whistleblowing channels, and does the company assign a suitable and dedicated personnel for the cases exposed by the whistleblowers?			(I) There are multiple reporting and appeal channels, such as emails, employee suggestion boxes, appeal channels, etc. and related disciplinary measures. They are reviewed and revised from time to time to create an effective and sufficient channel for communication of opinions, so that any problems can be communicated quickly and solved	(I) No major difference

<table>
<tr><th rowspan="2">Assessment item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>effectively.</td><td></td></tr>
<tr><td>(II) Has the Company established standard operating procedures for investigating the complaints received, actions to be taken upon the completion of investigation, and mechanisms for confidentiality?</td><td>V</td><td></td><td>(II) The Company accepts the investigation of complaints received and cooperates with relevant mechanisms for confidentiality.</td><td>(II) No major difference</td></tr>
<tr><td>(III) Does the Company adopt protection measures against inappropriate disciplinary action on the whistleblowers?</td><td>V</td><td></td><td>(III) The Company takes protection measures against inappropriate disciplinary action on whistleblowers.</td><td>(III) No major difference</td></tr>
<tr><td>IV. Enhance information disclosure
Does the company disclose the content of its best practices on ethical corporate management and the effectiveness of its activities on its official website or MOPS?</td><td>V</td><td></td><td>The Company announces various financial and business information on the public information observatories and the Company's website to improve the transparency of the Company's operations. The departments of rights and liabilities are responsible for collecting, revealing and updating regularly relevant content and promoting effectiveness, to facilitate the accuracy of information disclosure.</td><td>No major difference</td></tr>
<tr><td colspan="5">V. Where the company has formulated its own best practices on ethical corporate management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the prescribed best practices and actual action taken by the company:
The Company has formulated the Ethical Corporate Management Best Practice Principles, complies with domestic laws and regulations, requires employees to abide by relevant audit, internal control and related internal management regulations, and strengthens implementation in accordance with the company's current situation and laws and regulations.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate better understanding of the Company’s ethical corporate management: (e.g., review of and amendments to ethical corporate management policies)
The Company always pays attention to the development of relevant standards for ethical corporate management at home and abroad, and reviews and improves the Company's ethical corporate management policies to enhance the effectiveness of the Company's ethical corporate management.</td></tr>
</table>

Note 1: No matter whether "Yes" or "No" for operation status is checked, it should be stated in the summary description column.

(VII) If the Company has established the Corporate Governance Best Practice Principles and relevant regulations, it should disclose the inquiry method:

1. The Company has established the Corporate Governance Best Practice Principles and related regulations below and disclosed them on the Market Observation Post System and the Company's website:

    (1) Organizational structure for corporate governance

    (2) Articles of Incorporation

    (3) Code of Ethical Conduct

    (4) Ethical Corporate Management Best Practice Principles

    (5) Procedures for Acquisition or Disposal of Assets

    (6) Operating Procedures of Funds Lending to Others

    (7) Operating Procedures for Endorsement and Guarantee

    (8) Rules of Procedure for Shareholders Meetings

    (9) Rules of Procedure for Board of Directors Meetings

    (10) Remuneration Committee Charter

    (11) Rules for Election of Directors

    (12) Procedures for Handling Material Inside Information and Preventing Insider Trading

    (13) Board performance evaluation procedures

    (14) Standard Operating Procedure for Handling Directors' Requests

    (15) Procedural Rules for Any Unethical Acts Including Breach of Ethics, Illegal Acts, or Breach of Fiduciary Duty

(VIII) Other information enabling better understanding of the Company's corporate governance:

These principles have been disclosed through the Company's website and the Market Observation Post System (MOPS).

1. Operating Procedures for Handling Internal Material Information of the Company:

    (1)The Company has established the Operating Procedures for Handling Internal Material Information, which specifies the handling and disclosure mechanism for the internal material information of the Company and serves as the basis for observation, implementation and cooperation by all employees, managers, directors and supervisors of the Company.

(2)The Company annually forwards the promotional manual of the Insiders' Equity Trading by Listed Company issued by Taiwan Stock Exchange to insiders and reiterates relevant laws they should cooperate to obey.

2. Status of licenses required by competent authorities held by personnel of the Company involved in the transparency of financial information:

   CPA, Republic of China: 1

3. Education and Training for Managers Involved in Corporate Governance

Continuing Studies of Directors and Managerial Officers in 2020

Title & Name	Date	Training Institution	Course Name	Date
Chairman Lin, Yu-Hsin	2020.07.24	Taiwan Academy of Banking and Finance	Corporate governance and perpetual operation Workshop	3 hours
	2020.09.04	Securities & Futures Institute	2020 Communicative & Explanatory Workshop on Preventing Insider Trading and Insiders' Equity Trading	3 hours
Vice President & Director Lin, Yi-Hsien	2020.07.24	Taiwan Academy of Banking and Finance	Corporate governance and perpetual operation Workshop	3 hours
	2020.08.16	Taiwan Institute of Directors	Perpetual Corporate Physical Examination	3 hours
	2020.09.10	Taiwan Accounting Research and Development Foundation	Analysis of Examples of IFRS 16 - Leases	3 hours
	2020.09.10	Taiwan Accounting Research and Development Foundation	Impact of International Implementation of the "Economic Substance Law for Offshore Companies" on Corporate Finance and Taxes and Related Responses	3 hours
	2020.09.11	Taiwan Accounting Research and Development Foundation	The Key Role and Legal Responsibility of "Prejury" in Economic Crimes	3 hours
	2020.09.11	Taiwan Accounting Research and Development Foundation	Role and Functions of Independent Directors in Corporate Governance	3 hours

Title & Name	Date	Training Institution	Course Name	Date
Director Representative of Ko Fu Investment Co., Ltd.: Lin, Chung-Ying	2020.07.24	Taiwan Academy of Banking and Finance	Corporate governance and perpetual operation Workshop	3 hours
	2020.09.04	Securities & Futures Institute	2020 Communicative & Explanatory Workshop on Preventing Insider Trading and Insiders' Equity Trading	3 hours
Director Representative of Ko Fu Investment Co., Ltd.: Chu, Ming-Yang	2020.07.24	Taiwan Academy of Banking and Finance	Corporate governance and perpetual operation Workshop	3 hours
	2020.09.04	Securities & Futures Institute	2020 Communicative & Explanatory Workshop on Preventing Insider Trading and Insiders' Equity Trading	3 hours
Independent Director: Chen, Kuei-Tuan	2020.08.05	Taiwan Corporate Governance Association	Corporate M&A Practices and Cases Analysis	3 hours
	2020.08.06	Taiwan Corporate Governance Association	Human Resources Strategy of Corporate M&A from the Perspective of Directors and Supervisors	3 hours
	2020.08.06	Taiwan Corporate Governance Association	Board Supervision on the Company's Corporate Risk Management and Crisis Management	3 hours
Independent Director: Chen, Yung-Hsueh	2020.07.24	Taiwan Academy of Banking and Finance	Corporate governance and perpetual operation Workshop	3 hours
	2020.09.04	Securities & Futures Institute	2020 Communicative & Explanatory Workshop on Preventing Insider Trading and Insiders' Equity Trading	3 hours
Independent Director: Ma, Hui-Chen	2020.07.24	Taiwan Academy of Banking and Finance	Corporate governance and perpetual operation Workshop	3 hours
	2020.12.01	Taipei Exchange (TPEx)	2020 Promotions of Board Supervision on Corporate Governance and Ethical Corporate Management	3 hours

(IX) Internal Control System Execution Status:

1. Statement on Internal Control: (see next page)
2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

Lee Chi Enterprises Co., Ltd.

Statement on Internal Control

Date: March 22, 2021

The Company hereby states the results of the self-evaluation of the internal control system for 2020 as follows:

I. The Company understands that the Board and management of the Company are responsible for establishing, implementing and maintaining an adequate internal control system, and has already established such system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2020, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on March 22, 2021, and none of the seven Directors in attendance objected to it and all consented to the content expressed in this statement.

Lee Chi Enterprises Co., Ltd.

Chairman: Signature

President: Signature

(X) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as at the date of the Annual Report, exerting a potential significant impact on shareholders' equity or the price of securities as a result, as well as details of the sanctions, major deficiencies and subsequent improvements: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report:

1. Important resolutions made by shareholders' meeting

Date	Resolution Content and Implementation Status
2020.06.24	Resolution Items of the 2020 Annual General Meeting and Implementation Status 1. Approval of 2019 Business Report and Financial Statements 2. Approval of 2019 Earnings Distribution. The cash dividend was distributed on September 26, 2020. 3. Election of Directors of the Company (including Independent Directors)

2. Important Reports or Resolutions of the Board of Directors

Date	The 13th/14th term of the Board of Directors - Important Reports or Resolutions
2020.03.25	1st Board Meeting for 2020 1. Ratification of purchase of liability insurance for directors. 2. Ratification of the report on the results of the performance evaluation for the Board of Directors for 2019 (including the Board of Directors, individual directors and functional committees). 3. Ratification of notes on the progress of enhancing the ability to compile financial statements in-house. 4. Proposal to accept the adjustment to the organizational structure of the Group, whereas the Board of Directors made the resolution to liquidate the Company's external invested ASIA and X-Nine in October 2019, and such liquidations were completed in December 2019 and January 2020 respectively. 5. Adopted the resolution on the short-term general credit line as well as derivative financial commodity trading credit granted by financial institutions.

Date	The 13th/14th term of the Board of Directors - Important Reports or Resolutions
	6. Adopted the proposal to increase the line of credit for the Company's funds lending to its reinvested American subsidiary CGI. 7. Adopted the proposal that under the sales of the Company to the American subsidiary CGI and the American company XEEK, if the accounts receivable from them fall overdue after the normal credit term expires, the accounts shall be considered as financing. 8. Adopted the proposal to discuss and assess the independence and competency of the certifying CPAs appointed by the Company. 9. Adopted the proposal of distribution of 2019 compensation of directors and employees of the Company. 10. Adopted the proposal to accept the 2019 Consolidated and Parent Company Only Financial Statements and Business Report. 11. Adopted the Company's 2019 Statement on Internal Control System of the Company. 12. Adopted the proposal of 2019 Earnings Distribution. 13. Adopted the Company's 2020 Business Plan. 14. Adopted the proposal to repurchase shares of the Company. 15. Adopted the proposal to formulate plans associated with the 2020 Annual Shareholders' Meeting. 16. Adopted the proposal on overall re-election of the Company's directors. 17. Adopted the proposal to release the newly elected directors of the Company from non-competition restrictions.
2020.05.07	2nd Board Meeting for 2020 1. Ratification of the Company's Q1 2020 Consolidated Financial Statements. 2. Adopted the proposal to increase the line of credit for the Company's funds lending to its reinvested American subsidiary CGI. 3. Approved the amendments to the Regulations for the Third Repurchase of Company Stock of Lee Chi Enterprises Co., Ltd. and Transfer to Employees.
2020.06.24	3rd Board Meeting for 2020 1. Election of new chairperson of the Board. 2. Appointment of the fourth Remuneration Committee.
2020.08.10	4th Board Meeting for 2020. 1. Ratification of the Company's Q2 2020 Consolidated Financial Statements. 2. Ratification of the resolution of the Board of Directors of the subsidiary Lee Chi International Holding Limited (B.V.I.) on earnings distribution on July 21, 2020, with cash dividend distributed to the parent company Lee Chi Enterprises Co., Ltd., to respond to the overall funding plan of the Group

Date	The 13th/14th term of the Board of Directors - Important Reports or Resolutions
	and effectively apply the Group’s funds. 3. Adopted the proposal to increase the line of credit for the Company's funds loading to the reinvested American subsidiary CGI. 4. Adopted the proposal that under the sales of the Company to the American subsidiary CGI and the American company XEEK, if the accounts receivable from them fall overdue after the normal credit term expires, the accounts shall be considered as financing. 5. Adopted the proposal to increase the line of credit for the Company's funds loading to the British company Cycle Origins LTD.
2020.11.09	5th Board Meeting for 2020. 1.Ratification of the Company's Q3 2020 Consolidated Financial Statements. 2.Ratification of the proposal that, to effectively utilize funds of the Company and reinforce the investment architecture, the Company is to increase the shareholding in the subsidiary Chief Venture Capital Corporation, and after the increase in capital, the equity ratio will be increased by 15%, leading to the shareholding ratio in the subsidiary Chief Venture Capital Corporation to increase from the previous 40% to 55%. 3.Adopted the proposal on the line of credit for the Company's funds loading to the grandson company PROMAX (Kunshan) Co., Ltd. . 4.Adopted the proposal on the line of credit for the Company's funds loading to the subsidiary Lee Chi International Holding Limited (B.V.I.). 5.Adopted the proposal to increase the line of credit for the Company's funds loading to the reinvested American subsidiary CGI. 6.Adopted the proposal that under the sales of the Company to the American subsidiary CGI and the American company XEEK, if the accounts receivable from them fall overdue after the normal credit term expires, the accounts shall be considered as financing. 7.Passed the proposal on the Internal Audit Plan for the year 2021.
2020.12.14	6th Board Meeting for 2020. 1. Ratification of the 2020 report on Implementation of Ethical Corporate Management. 2. Ratification of the 2020 Information Security Governance Report. 3. Adopted the 2019 remunerations to the managers and employees and 2020 end-of-year bonus plan for the managers proposed by the Remuneration Committee and the Audit Committee. 4. Adopted the proposal to increase the line of credit for the Company's funds loading to the American subsidiary CGI .

Date	The 13th/14th term of the Board of Directors - Important Reports or Resolutions
2021.03.22	1st Board Meeting for 2021 1. Approved the notes on the Company's ability regarding the in-house preparation for financial reports. 2. Ratification of the resolution of the Board of Directors of the subsidiary Lee Chi International Holding Limited (B.V.I.) on earnings distribution on December 21, 2020, with cash dividend distributed to the parent company Lee Chi Enterprises Co., Ltd. on December 23, 2020, to respond to the overall funding plan of the Group and effectively apply the Group’s funds. 3. Ratification of purchase of liability insurance for directors. 4. Ratification of the report on the results of the performance evaluation for the Board for 2020 (including the Board of Directors, individual directors and functional committees). 5. Ratification of the report on communication between the Company and its stakeholders for 2020. 6. Ratification of the report on the implementation of the intelligent property management for 2020. 7. Adopted the resolution on the short-term general credit line as well as derivative financial commodity trading credit granted by financial institutions. 8. Adopted the proposal to increase the line of credit for the Company's funds lending to its reinvested American subsidiary CGI. 9. Adopted the proposal that under the sales of the Company to the American subsidiary CGI and the American company XEEK, if the accounts receivable from them fall overdue after the normal credit term expires, the accounts shall be considered as financing. 10. Adopted the proposal to discuss and assess the independence and competency of the certifying CPAs appointed by the Company. 11. Adopted the proposal to appoint the certifying CPAs of the Company. 12. Adopted the 2020 compensation of directors and employees of the Company. 13. Adopted the proposal to accept the 2020 Consolidated and Parent Company Only Financial Statements and Business Report. 14. Adopted the Company’s 2020 Statement on Internal Control System of the Company. 15. Adopted the 2020 Earnings Distribution Plan. 16. Adopted the 2021 Operating Plan. 17. Adopted the proposal to appoint the Company's corporate governance

Date	The 13th/14th term of the Board of Directors - Important Reports or Resolutions
	officer. 18. 18. Adopted the proposal to formulate plans associated with the 2021 Annual Shareholders' Meeting.
2021.05.07	2nd Board Meeting for 2021 1.Ratification of the Company's Q1 2021 Consolidated Financial Statements. 2.Adopted the proposal to increase the line of credit for the Company's funds lending to its reinvested American subsidiary CGI. 3.Adopted the proposal that under the sales of the Company to the American subsidiary CGI and the American company XEEK, if the accounts receivable from them fall overdue after the normal credit term expires, the accounts shall be considered as financing.

(XII) Recorded or written statements made by any director or supervisor which specified dissent to important resolutions passed by the board of directors during the most recent year and up to the date of publication of this annual report: None

(XIII) Resignation or dismissal of the Company's key individuals, including the chairman, general manager, heads of accounting, finance, internal audit, and R&D during the most recent year and up to the date of publication of this annual report: none

V. Information on CPA Professional Fees

Range of CPA Professional Fees

Name of CPA Firm	Name of certified public accountants		Audit Period	Note
Deloitte Taiwan	Su, Ting-Chien	Tseng, Done-Yuin	2020	

Unit: NT$1,000

Range \ Category of Fees		Audit Fees	Non-audit Fees	Total
1	Less than NT$2,000 thousand		V	
2	NT$2,000 thousand (inclusive) - NT$4,000 thousand	V		V
3	NT$4,000 thousand (inclusive) - NT$6,000 thousand			
4	NT$6,000 thousand (inclusive) - NT$8,000 thousand			
5	NT$8,000 thousand (inclusive) - NT$10,000 thousand			
6	NT$10,000 thousand (inclusive) and more			

(I) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed:

In 2020, the non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm regarding the items such as supplementary description and analysis of the transfer pricing report totaled NT$138 thousand, which didn't reach one quarter of the audit fees.

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed:

(III) Disclosure of the amount, percentage and reasons of decrease where the audit fees are lower than the previous fiscal year by 10% or more before change: N/A.

VI. Information on Replacement of CPAs: N/A.

VII. The evaluation of the independence of CPA

The Company has performed the evaluation on the independence of the Company's certifing CPAs pursuant to Article 29 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies as follows and submitted the evaluation report to the first meeting of the Board of Directors in 2021 for approval:

Evaluation on the Independence of the certifying CPAs by Lee Chi Enterprises Co., Ltd.

Evaluation Date: March 01, 2021

I. Handling as per Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

II. Evaluation items are as follows:

Determined in accordance with Article 47 of the CPAs' Act and the Code of Occupational Ethics for CPAs Bulletin 10:

Item	Rating	Independence of the CPAs
1. Do the CPAs have direct or significant indirect financial interest with the Company?	No	Yes
2. Have the CPAs incurred financing or guarantee activities with the Company or its directors?	No	Yes
3. Do the appointed CPAs have close business relationships or potential employment with the Company?	No	Yes
4. The CPAs and members of the audit team serving as directors or managerial officers or holding positions with significant influence on the audit work of the Company at present or in the past 2 years	No	Yes
5. Do the appointed CPAs provide non-audit services for the Company that would have a direct impact on the audits?	No	Yes
6. Do the CPAs serve as an intermediary of the shares or other securities issued by the Company?	No	Yes
7. Do the CPAs serve as a defense counsel of the Company or represent the Company in mediating conflicts with third parties?	No	Yes
8. Are the CPAs a family member or relative of a director or managerial officer or person holding a position that has a significant impact on the audit work of the Company?	No	Yes
9. As of now, have the CPAs engaged in any matter that may result in disciplinary actions taken against him/her or damage to the principle of independence?	No	Yes
10. Do the CPAs and members of the audit team follow the principle of integrity, honesty, fairness, objectivity and independence?	Yes	Yes

VIII. The Company's Chairman, General Manager, manager in charge of financial or accounting affairs who have been employed in the Firm that the certifying CPAs work for or its affiliated enterprises in the most recent year: None.

IX. In the most recent year and as of the date of publication of the annual report, the status of the transfer of shares of directors, supervisors, managers and shareholders whose shareholding ratio exceeds 10% and changes in share pledge:

Changes in Shareholding of Directors, Supervisors, Managers and Principal Shareholders

Title	Name	2020		For the Current Fiscal Year as of April 30, 2021	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Shares Pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Chairman General Manager	Lin, Yu-Hsin	421,000	0	84,000	0
Director Vice President	Lin, Yi-Hsien	0	0	0	0
Director	Ko Fu Investment Co., Ltd.	782,000	0	0	0
	Representative: Lin, Chung-Ying	0	0	0	0
Director Senior Manager	Ko Fu Investment Co., Ltd.	782,000	0	0	0
	Representative: Chu, Ming-Yang		0	0	0
Independent Director	Chen, Kuei-Tuan	0	0	0	0
Independent Director	Chen, Yung-Hsueh	0	0	0	0
Independent Director	Ma, Hui-Chen	0	0	0	0

(I) Stock transfers with related parties: None

(II) Stock pledges with related parties: None.

X. Relationship information, if among the Company's 10 largest shareholders any one is a related party, a spouse, or a relative within the second degree of kinship of another

Name (Note 1)	Shareholding in person		Spouse & Minor Shareholding		Shareholding in Nominee		Designation or name and relationship, if anyone among the Company's 10 largest shareholders is a related party, a spouse, or a relative within the second degree of kinship of another. (Note 3)		Note
	Shares	%	Shares	%	Shares	%	Designation (or name)	Relationship	
Special property account of Ye-Jung Lee trusted with UBS Taipei Branch	22,274,684	9.78%	0	0	0	0	–	–	
Lee Wong Investment Co., Ltd. Representative: Lin, Yu-Sheng	22,132,000	9.71%	0	0	0	0	Lin, Yi-Hsien Lin, Chung-Ying Lin, Yu-Hsin	Sister and brother Sister and brother Brother	
Lin, Yu-Hsin	13,159,760	5.78%	0	0	1,407,000	0.62%	Lin, Yi-Hsien Lin, Chung-Ying Lin, Yu-Sheng	Sister and brother Sister and brother Brother	
Lin, Yu-Sheng	9,561,375	4.20%	0	0	0	0	Lin, Yi-Hsien Lin, Chung-Ying Lin, Yu-Hsin	Sister and brother Sister and brother Brother	
Lin, Yi-Hsien	9,190,036	4.03%	0	0	0	0	Lin, Chung-Ying Lin, Yu-Sheng Lin, Yu-Hsin	Sisters Sister and brother Sister and brother	
Lin, Chung-Ying	9,009,127	3.95%	0	0	0	0	Lin, Yi-Hsien Lin, Yu-Sheng Lin, Yu-Hsin	Sisters Sister and brother Sister and brother	
Chang, Tung-Chen	3,150,000	1.38%	0	0	0	0	–	–	
Deutsche Bank	2,743,000	1.20%	0	0	0	0	–	–	
Citi in custody for UBS Europe SE Investment Account	1,733,000	0.76%	0	0	0	0	–	–	
Ko Fu Investment Co., Ltd. Representative: Lin, Yu-Hsin	1,407,000	0.62%	0	0	0	0	Lin, Yi-Hsien Lin, Chung-Ying Lin, Yu-Sheng	Sister and brother Sister and brother Brother	

Note 1: All the top ten shareholders should be listed. If they are legal person shareholders, the names of the legal person shareholders and the names of their representatives shall be disclosed separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in their own name, spouse, minor children, or in the name of others.

Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship in accordance with the issuer's financial report preparation standards.

XI. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company

Unit: Thousand shares; %

Investee	Held by The Company		Directors, supervisors, managerial officers and investment of direct or indirect control of companies		Comprehensive investment	
	Shares	%	Shares	%	Shares	%
Lee Chi International Holding Limited(B.V.I) (Note 1)	23,500	100%	0	0	23,500	100%
Chief Venture Capital Corporation (Note 1)(Note 2)	11,000	55%	2,000	10%	13,000	65%
Asia Noble Co.,Ltd. (Note 1)(Note 3)	8,500	100%	0	0	8,500	100%
THE Cycle Group. (Note 1)	4,000	100%	0	0	4,000	100%
Cycle Origins Limited (Note 1)	143	60%	0	0	143	60%

Note 1: It is a long-term investment of the Company under the equity method.

Note 2: In October 2020, purchased 3,000 thousand shares of Chief Venture Capital Corporation, increasing its shareholding from 40% to 55%.

Note 3: Asia Noble Co., Ltd. was liquidated in January 2020.

Chapter IV. Information on capital raising activities

I. Company's capital and shares

(I) Sources of capital

(Unit: NT$; Thousand shares)

Year	Issue price per share (NTD)	Authorized Capital		Paidin Capital		Note		
		Shares	Amount	Shares	Amount	Source of equity	Those who use property other than cash to take out the share price	Other
62.05	1000	0.4	400	0.4	400	Cash creation share capital	N/A	N/A
68.06	1000	1	1,000	1	1,000	Cash increase	N/A	N/A
70.07	1000	5	5,000	5	5,000	Cash increase	N/A	N/A
75.03	1000	35	35,000	35	35000	Cash increase	N/A	N/A
78.12	10	10,000	100,000	10,000	100,000	Cash increase	N/A	N/A
80.01	10	19,900	199,000	19,900	199,000	Cash increase	N/A	N/A
81.12	10	42,000	420,000	40,049	400,490	NT$101,490 thousand capital increase by retained earnings and NT$100,000 thousand cash increase	N/A	N/A
84.02	10	50,000	500,000	44,454	444,544	NT$44,053,900 capital increase by retained earnings	N/A	N/A
84.11	10	51,123	511,225	51,123	511,225	NT$66,681,590 capital increase by retained earnings	N/A	N/A
85.09	10	110,000	1,100,000	66,459	664,593	NT$153,368 thousand capital increase by retained earnings	N/A	N/A
86.01	10	110,000	1,100,000	80,000	800,000	New shares issued for cash NT$135,407 thousands	N/A	N/A
86.09	10	110,000	1,100,000	100,800	1,008,000	NT$208,000 capital increase by retained earnings	N/A	N/A
87.02	10	110,000	1,100,000	110,000	1,100,000	Cash increase NT$92,000 thousand	N/A	N/A
87.09	10	219,000	2,190,000	152,350	1,523,500	NT$313,500 thousand capital increase by retained earnings and NT$110,000 thousand capital increase by capital reserve	N/A	N/A
88.08	10	219,000	2,190,000	210,243	2,102,430	NT$396,110 thousand capital increase by retained earnings and NT$182,820 thousand capital increase by capital reserve	N/A	N/A
89.08	10	231,267	2,312,673	231,267	2,312,673	NT$210,243 thousand capital increase by retained earnings	N/A	N/A
94.09	10	236,824	2,368,240	236,824	2,368,240	NT$55,567 thousand capital increase by retained earnings	N/A	N/A
96.10	10	236,824	2,368,240	227,825	2,278,250	Cancellation of treasury shares NT$89,990 thousand	N/A	N/A

April 30, 2021 Unit: Thousand shares

Share type	Authorized Capital			Note
	Shares outstanding (listed)	Unissued Shareholding	Total	
Registered common shares	227,825	8,999	236,824	N/A

Information on shelf registration: None.

(II) Composition of Shareholders

April 30, 2021

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other legal persons	Foreign Institutions and Natural Persons	Domestic Individuals	Total
Number of Shareholders	0	4	115	53	31,847	32,019
Total Shares Owned	0	22,281,876	30,367,160	11,313,199	163,862,772	227,825,007
%	0.00%	9.78%	13.33%	4.97%	71.92%	100.00%

(III) Shareholding distribution status

Ordinary shares
April 30, 2021

Shareholding Range	Number of Shareholders	Total Shares Owned	%
1 - 999	15,037	1,296,683	0.57%
1,000 - 5,000	13,348	28,255,183	12.40%
5,001 - 10,000	1,944	16,057,981	7.05%
10,001 - 15,000	509	6,529,048	2.87%
15,001 - 20,000	368	7,021,963	3.08%
20,001 - 30,000	284	7,450,849	3.27%
30,001 - 40,000	132	4,763,866	2.09%
40,001 - 50,000	89	4,237,213	1.86%
50,001 - 100,000	165	11,678,612	5.13%
100,001 - 200,000	64	8,900,654	3.91%
200,001 - 400,000	41	11,748,230	5.16%

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Ordinary shares
April 30, 2021

Shareholding Range	Number of Shareholders	Total Shares Owned	%
400,001 - 600,000	10	4,629,064	2.03%
600,001 - 800,000	5	3,317,000	1.45%
800,001 - 1,000,000	5	4,378,845	1.92%
1,000,001 or more	18	107,559,816	47.21%
Total	32,019	227,825,007	100.00%

Shareholding distribution status of special stock: None

(IV) List of Principal Shareholders

April 30, 2021

Shareholding / Name of major shareholder	Total Shares Owned	%
Special property account of Yi-Rong Lee trusted with UBS Taipei Branch	22,274,684	9.78%
Lee and Wong Investment Co., Ltd.	22,132,000	9.71%
Lin, Yu-Hsin	13,159,760	5.78%
Lin, Yu-Sheng	9,561,375	4.20%
Lin, Yi-Hsien	9,190,036	4.03%
Lin, Chung-Ying	9,009,127	3.95%
Chang, Tung-Chen	3,150,000	1.38%
Deutsche Bank	2,743,000	1.20%
Citi in custody for UBS Europe SE Investment Account	1,733,000	0.76%
Ko Fu Investment Co., Ltd.	1,407,000	0.62%

(V) Information on market price, net worth, surplus and dividends of each share

Unit: NT$ Thousand/Thousand Shares

Item		Year	2019	2020	For the Current Fiscal Year as of May 7, 2021 (Note 5)
Market price per share (Note 1)	The highest		10.9	16.55	35.5
	The lowest		9.00	5.39	12.3
	Average		9.84	12.83	21.57
Net value per share	Before distribution		13.84	14.55	15.07
	After distribution		13.64	Note 6	—
Earnings per share	Weighted average number of shares		225,693	224,110	223,300
	Earnings per share		0.06	0.76	0.47
Dividend per share	Cash dividend		0.20	0.35 (Note 6)	—
	Stock dividends	From earnings	0	0	—
		From capital surplus	0	0	—
	Accumulated unpaid dividends		0	Note 6	—
Return on investment analysis	Price/earnings ratio (Note 2)		160.17	13.57	—
	Price/dividend ratio (Note 3)		48.05	29.46 (Note 6)	—
	Cash dividend yield rate (Note 4)		2.08%	3.39% (Note 6)	—

*In the event that earnings or capital surplus is used for capital increase and allotment, the market price and cash dividend information adjusted retrospectively according to the number of shares issued should be disclosed.

Note 1: Please identify the highest and the lowest market prices of the common shares in various years, and calculate the average market price of each year based on the trading value and turnover of each year.

Note 2: Price/earnings ratio = Average closing price per share for the year/Earnings per share

Note 3: Price to dividend ratio = Average closing price per share for the year / cash dividend per share

Note 4: Cash Dividend Yield = cash dividends per share/average price per share for the year.

Note 5: Please identify the net worth per share and earnings per share available in the latest quarterly financial information reviewed by the independent auditors before the date of publication of the annual report, and the information available until the date of publication of the annual report in the other sections.

Note 6: Earnings distribution proposal for 2020 has yet to be approved by the shareholders meeting.

(VI) Dividend Policy and Implementation Status

1. The Company's dividend policy:

（1） If earnings are found after closing the fiscal year, the Company shall first pay income taxes and make up for any accumulated losses and then report 10% as statutory surplus reserve. However, when the statutory surplus reserve has reached the level of paid-in capital of the Company, the Company no longer has to report such reserve, and the rest could be reported or reversed into special surplus reserve. If undistributed earnings is still exist, it will be combined with accumulated undistributed earnings and the board will propose an earnings distribution motion and ask the shareholders meeting to resolve the shareholders dividend proposal.

（2） The Company's dividend policy shall be in line with its current and future development plan, take into consideration the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders. 6%-30% of distributable earnings may be distributed as dividend and bonus per year, in the form of cash or shares, and the cash dividend shall not be less than 10% of total dividend. However, stock dividend shall be distributed instead if cash dividend is less than NT$0.5 per share.

（3） However, the type and ratio of earnings distribution shall be adjusted based on the resolution adopted at the shareholders' meeting according to the actual profit and capital status of the Company for the current year.

2. Implementation status:

The Company's income distribution for the year 2019 was determined by the shareholders' meeting on June 24, 2020 The dividend per share was NT$ 0.20, totaling NT$45,137 thousand, and the distribution was completed on September 26, 2020.

The Company's surplus distribution for 2020 was proposed by the Board of Directors on March 22, 2021. The surplus will be available for distribution from 2020. Based on the 223,300,007 shares outstanding on the date of the board meeting, the dividend per share NT$ 0.35, totaling NT$78,155 thousand. It will be finalized after the resolution of the shareholders meeting. If the outstanding shares are affected by subsequent buy back of the Company's shares, transfer of treasury stock, or exercising of stock options by employees, etc., resulting in changes in dividend distribution and the need to make adjustments, the Board Chairman may be authorized to handle the relevant adjustment matters.

3. Explanation on expected major changes in the dividend policy: None.

Lee Chi Enterprises Co., Ltd.
Earning Distribution Table
2020

Unit: NT$

Unappropriated retained earnings, beginning balance	$496,059,422
Add: Net profit after tax	169,303,387
Add: Reversal of special reserve arising from first-time adoption of TIFRS	25,668,594
Less: Remeasurement of defined benefit plans recognized in retained earnings	(4,342,071)
Less: Disposal of investments in equity instruments designated at fair value through other comprehensive income, cumulative gains or losses directly transferred to retained earnings	(6,247,655)
Less: Appropriation of legal reserve (10%)	(18,438,226)
Add: Reversal of special reserve	11,965,077
Distributable earning	673,968,528
Less: Distribution items	
Cash dividends to shareholders (NT$0.35/share)(*223,300,007 shares)	(78,155,002)
Unappropriated retained earnings, ending balance	$595,813,526

Note:
1. Number of shares issued is 227,825,007. After deducting 4,525,000 of treasury stock repurchased, the number of outstanding shares is 223,300,007 shares.
2. If the outstanding shares are affected by subsequent buy back of the Company's shares, transfer of treasury stock, or exercising of stock options by employees, etc., resulting in changes in dividend distribution and the need to make adjustments, the Board of Directors may be authorized to handle the relevant adjustment matters.
3. Profit from the most recent year shall first be distributed for the above profit distribution.
4. The Company's cash dividend is rounded down to the nearest NT$; and the total decimals dropped are accounted as the Company's other income.

Chairman: Lin, Yu-Hsin   General Manager: Lin, Yu-Hsin   Accounting Manager: Lin,Yi-Hsien

(VII) Impact of the Proposed Bonus Shares on the Company's Operating Performance and Earnings per Share: N/A

(VIII) Remuneration to employees, directors and supervisors:

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

   In case of accumulated loss, the Company shall reserve a specific amount to make up for losses before distributing employees and directors compensation according to aforementioned ratios.
2. The estimation basis of the estimated amount of compensation for employees and directors in the current period, the calculation basis of the number of shares for the allotment of stock dividends, and the accounting treatment when the actual allotment amount is different from the estimated amount:
   (1) The Company distributes employees and directors' remuneration in accordance with the current year's pre-tax benefits before deduction and the provisions of the articles of association. In 2020, the estimated employee compensation was NT$8,343,654 and directors' compensation was NT$1,191,951. Estimation was made based on the aforementioned pre-tax benefits, and these amounts were allotted in cash at the resolution of the Board of Directors on March 22, 2021.
   (2) The Company did not estimate the allotted stock remuneration in 2020.
   (3) Accounting treatment when there is a discrepancy between the actual allotment amount and the estimated amount:

   If the amount of the annual consolidated financial report is still changed after the date of publication, it shall be treated according to the change in accounting estimates and adjusted and recorded in the next year.

3. Proposed employee compensation and other information approved by the Board of Directors:

The Company's employee remuneration and directors' remuneration for the year 2020 were approved by the Board of Directors on March 22, 2021.

(1) Allotment of employee cash compensation, stock compensation and directors' compensation amount:

The estimated employee compensation was NT$8,343,654 and directors' compensation was NT$1,191,951.

(2) The differences between the amount of allotted employee cash remuneration and the remuneration for directors and supervisors and the estimated amount of recognized expenses in 2020, the reason and the handling situation: No difference.

4. The actual distribution of remunerations to employees, directors and supervisors (including the number, amount, and share price of distributed shares) for the previous fiscal year, and any discrepancy from the recognized amount for these remunerations should be disclosed along with the differences, reasons and status:

In the year 2019, the employee cash compensation was NT$ 430,621, and directors' compensation was not distributed.

There is no difference between the actual distribution and the recognized number.

(IX) Share repurchases:

Share repurchases by the Company (implemented)

Batch Number	Third time
Purpose of Buyback	Transfer of shares to employees
Repurchase period	March 26, 2020 – May 25, 2020
Buyback interval price.	$4.61–$12.27
Type and quantity of shares estimated to be repurchased	Ordinary shares, 3,000,000 shares
Type and quantity of shares repurchased	Ordinary shares, 2,385,000 shares
Amount of shares repurchased	$17,991,000
Ratio of quantity repurchased to scheduled quantity of repurchase (%)	79.5%
Number of shares cancelled and transferred	0 share
Cumulative number of company shares held	Ordinary shares, 4,525,000 shares
Ratio of cumulative number of company shares held to total number of issued shares (%)	1.99%

II. Issuance of corporate bonds, preferred shares, global depository receipts, and employee stock warrants, new restricted employee shares, any merger and acquisition activities (including mergers, acquisitions, and demergers) and handling of shares transferred from other companies: None.

III. Status of implementation of capital allocation plans

(I) Contents of the plans: The previous issuances or private placement of securities have not been completed or have been completed in the last three years and the benefits of the plans have not yet appeared: None.

(II) Implementation status: Not applicable.

Chapter V. Operational Overview

I. Business Activities:

(I) Business Scope:

1. Principal Businesses Activities:

(1) Manufacturing, processing and trading of parts for automobiles, motorcycles and bicycles.

(2) Manufacturing, processing, and trading of general machinery.

(3) Surface treatment, manufacturing, processing and trading of metal products such as blasting and grinding (sandblasting treatment), surface polishing, electroplating, electrophoresis, anodizing, chemical conversion coating, anti-rust treatment, gloss finishing and surface coating, baking varnish, etc.

(4) Intermediate service, mold wholesale, machinery wholesale, etc.

(5) All business not prohibited or restricted by law, except for those subject to special approval.

2. Major products and proportions in business (consolidated):

Main product categories	Proportion in business %
Braking system	17.96
Seat post	14.30
Stem	22.52
Hub	3.37
Others	41.85
Total	100.00

3. New Products in Development: By cooperating with their own product development and aluminum alloy production technology, continue to develop products such as brakes, handles/seat risers, hubs/rims and various forged parts for bicycles, and expand the application to processing of related metal parts for automobiles and aerospace and carbon fiber products..

(II) Industry Overview:

1. Industry Situation and Development:

Our country has always been known as the "kingdom of bicycles". The quality of exported bicycle products has been recognized internationally. Although in 2000, the pressure of rising production costs in Taiwan caused the supply chain to move out to the mainland, Southeast Asia and other emerging countries, significant results have been achieved in mastering key technologies and achieving independent supply of key components through the promotion of A-team and collaborative development with customers, the improvement of production technology, the division of labor between operations and production bases and other measures between industries, enabling the industry cluster formed in Taiwan to play an important role in the global bicycle supply. How to continue to promote the upgrading of bicycle industry of our country and expand the market share of new products such as key parts of electric vehicles is the most important issue of the current industry.

Moreover, the bicycle industry in our country has always been export-oriented. Therefore, the prosperity and decline of the industry is deeply affected by the global economic cycle. After the financial turmoil in 2008, the recovery of the economic stimulus created the prosperity of the bicycle demand industry. From 2015, factors such as the impact of shared bicycles, tariff barriers in various countries, Sino-US trade disputes, and the loss of cost advantages of production bases in the mainland have caused the entire industry to suffer a greater impact. The solid operating structure accumulated by the bicycle industry for many years has ensured the stable operation. Despite the huge impact to the global economy by COVID-19 epidemic in early 2020, governments of various countries have introduced various subsidies and encouragement measures to promote epidemic prevention. Bicycles have become the best solution for commuting and fitness exercise during the epidemic. After the epidemic, the demand in the consumer market has skyrocketed, creating a new normal for bicycle demand. In addition, the introduction of E-BIKE electric vehicles in recent years has brought a new wave of growth. As demand continues to grow in the future, the overall bicycle industry is expected to create prosperity successively.

2. The Relationship Between Up-, Mid-, and Down-stream Supply Chain Services:

Every bicycle needs to be assembled from the main and secondary parts such as the frame, front fork, transmission/shift, brake, handle/seat riser, etc. Each part is indispensable, and the bicycle industry can therefore be divided into finished bicycle industry and part industry. Because of the large number of parts, the characteristics of shall be collaborated between the industries so that a close supply relationship is established between upstream and downstream.

The bicycle part manufacturing industry covers metal, rubber, carbon fiber, electric control and other materials. Therefore, the technical development, market supply and market demand of the industry can drive the development of related fundamental industries and peripheral industries but are also interactively influenced by international material market, exchange rate, transportation and other factors.

3. Product Development Trends and Competition Landscape:

Product development trend: The use of bicycles will have different applications and different consumer preferences due to differences in regional, national and economic development. Therefore, consumers show a differentiated preference for the use of bicycle products. The differences in bicycle type demand and finished product unit price also affect the trend of product development and manufacturing. Currently, the design of bicycle products brings about corresponding bicycle types according to the needs of commuting, sports and leisure, competition and other functions. Furthermore, in response to the versatility and diversification, materials for the main parts shall be so used to satisfy the demand for robustness, durability, safety and light weight. The design also develops towards light weight, improved user experience, differentiation and personalization of the overall product.

In addition, energy conservation, carbon reduction, and environmental protection have become a global trend. Regulations have been formulated successively in various countries to limit carbon emissions, encouraging bicycle riding and the establishment of special lanes for bicycles. Non-polluting and zero-carbon-emission bicycles have also become the best solution for urban commuting and tourism. A large number of riders have been cultivated, driving the continuous growth of bicycle demand. In recent years, under the policy to encourage the substitution of driving with bicycle commuting, electric bicycles equipped with power assistance are also sold well and have become the main products with the highest added value. As the industry pays more and more attention to the development and application of electric bicycles, and continues to launch new products, a new wave of buying demand has been also created.

As for the status of industrial competition: the bicycle industry in Taiwan has always focused on export sales. With the efforts of the entire industry, it has a leading international position in product design, quality and price competition, and enjoys a high market share. However, in terms of industrial competition, it needs the following breakthroughs: with regard to product sales, Taiwan has been unable to reach reciprocal tariff agreements due to delays in the negotiation of various bilateral or transnational free trade agreements, and the prevalence of trade protectionism in various countries, emphasizing local manufacturing, has caused Taiwan to be in an unfavorable situation in international industry competition in recent years, affecting the development of the future industry; in terms of product manufacturing, the layout of production bases was based on the model of taking orders in Taiwan and production in mainland in the past. Due to the rise of the red supply chain, mainland-owned factories have greatly increased investment in production capacity through national support and local competitive advantages, and overcapacity has made the industry increasingly competitive and affected the market layout. This makes Taiwan's bicycle industry, with most factories in the mainland, face many challenges. In addition, due to the impact of high tariffs under trade barriers, major customers have successively transferred the orders of export to the United States and the Europe to Taiwan or required the production in other Southeast Asian countries. In the follow-up industrial development, the first step is to adjust the constitution and upgrade the industry. In addition to increasing the expansion of the domestic market, the added value of the product itself must also be increased to open the competition gap through differentiation.

(III) Overview of Technologies and R&D Work:

1. R&D Expense

Period	Consolidated R&D Expense
2020	NT$68,817 thousand
As of May 7, 2021	NT$21,486 thousand

2. Technology and Products Successfully Developed

From January 2020 to the end of December 2020, the Company submitted a total of 16 patent applications and was awarded a total of 8 patent licenses (including 3 utility model licenses in Taiwan, 4 utility model licenses in China and 1 invention license in Italy. If one patent case involves different countries, it will be counted as one case) and 2 trademark licenses. In 2020, the Company completed the development of a total of 128 products (including 7 seat post products, 22 seat tube products, 11 seat clamp and quick release products, 13 frame products, 27 rim products, 5 disc brake products, 37 hub products and 8 other products).

In view of the increasing demand for electric bicycles, the Company has invested in the research and development of parts related electric bicycles this year, including power-off handles, power-off hydraulic disc brakes, adjustable quick-release risers, etc., which have been adopted by customers. The promotion of its own PROMAX brand has also facilitated the launch of its own brand series products, including handles, risers, single-speed hubs, rims and other items.

In response to the evolution of light-weight materials used for bicycles, the Company will actively develop various light-weight products and accelerate the development of this product with the computer-aided FEA simulation in addition to the continuous investment in the use of new metals and composite materials.

3. Future research and development plan

(1) In 2021, the Company expects to develop 1 caliper product, 1 handlebar product, 6 seat post products, 25 seat tube products, 5 disc brake products, 40 hub products, 7 seat clamp and quick release products, 30 rim products, 15 frame products and 10 other types of products, a total of 140 products. It is estimated that R&D expenses will be around NT$80 million in 2021.

(2) The Company The Company will be actively dedicated to the research and development of relevant parts for hi-end electric bicycles such as serial oil pressure brake products with interruptible power supply that can increase the factor of brake safety, seat tube that allows the rider to adjust the handle bar height without using a tool and other relevant innovation products.

(3) Due to the high demand for adjustable shock-absorbing seat risers in the market, the Company has actively launched the adjustable seat riser products of its own brand, and has also developed and set up special production lines in cooperation with customers.

(4) By means of the accumulated solid forging and manufacturing capabilities, Company actively improves the technology of pipe extrusion forging, and develops special production equipment to improve product yield.

(5) Continuous cooperation with major customers and collaborative research and

development of new product plans have diversified the Company's ability to develop products and also accumulated the innovative research and development capabilities of its own products.

(6) To support the application of aluminum alloy and electronic products to bicycle parts, the Company will seek the opportunity to conduct diversified operation and gradually step into different product fields.

(7) Following the accumulated R&D and manufacturing technology for hub products, the Company will invest in hubs and rims that can be matched with various types of bicycles.

(8) The Company will develop new hydraulic brake products and high-performance brake rubber so that brake products can attack higher-end markets.

(9) The Company will continuously carry out technical cooperation projects with research institutions acknowledged by the Industrial Development Bureau of the Ministry of Economic Affairs, and reinforce the basic product design capacity.

(10) The Company will continue to conduct product R&D and technical cooperation projects with various research institutions and universities to strengthen the basic energy of product design.

(IV) Long Term and Short Term Business Development Plans:

1. Short-term Business Development Plans:

With the trend of globalization, competition among industries has intensified, and market expansion is required to maintain flexibility and be able to adjust strategies immediately. The Company's short-term plan is as follows:

(1) On the basis of existing business and production technology, the Company continuously develops products for all series and develops sales models which are suitable to different local markets.

(2) Promoting production process rationalization and flexibility to harmonize the production and distribution and to reach the most profitable business scale; implementing the quality policy of “Continuous Innovation, Quality First” to achieve the goal of delivering top-quality products.

(3) The Company will enlarge various material and service options and satisfy hi-end customary product demands of customers.

2. Long-term Business Development Plans:

(1) Continuous double engine (brand + OEM) growth strategy: The Company will continuously improve its forging technology and high-quality productivity, focus on the design and manufacturing of high-price products under its own brand and enlarge the opportunity to manufacture hi-end precise products as the OEM.

(2) The Company will actively invest in the development of new products, new materials and new processes, and in addition to the introduction of application of bicycle parts, expand their application to related products such as electric vehicles and automobiles, gradually expanding the proportion of sales to new businesses and new markets.

(3) The Company will develop emerging markets and attack emerging markets such as India and Southeast Asian countries in response to the growth slowdown, growing maturity of advanced process of local suppliers and hot-white competition over there. The Company will explore the possibility of autonomous manufacturing or cooperation in local markets, localize production and enlarge their vast domestic demand markets to ensure the growth drive.

II. Analysis of Market and Production and Marketing Situation:

(I) Analysis of Market

1. Sales regions of major products

   The Company's main products include bicycle brake sets, seat risers, handlebars, hubs, rims, quick releases and forged parts, etc. The products are sold all over the world, mainly in the United States and Canada, the European Union, Central and South America and Japan. It also cooperates with domestic bicycle manufacturers and traders to expand sales and agency business in various emerging markets.

2. Market Share:

   The Company has long-term cooperation with customers from various bicycle manufacturers and parts factories, and through its own brand marketing, has accumulated a large number of product users. Due to the diversified product categories, the Company can meet customer needs so that customers can carry out one-stop-purchase of most of the products. The Company is in the leading position in the industry in respect of production items and quantity of products.

3. Future Market Supply and Demand and Prospect:

   The bicycle is a mature product that has been developed for more than a hundred years. As a necessity in human civilization, it is used in transportation, commuting, and cargo transportation. In the past, it was an important carrier. The product development over a century has also maintained a certain market demand. In recent years, with the concept of energy conservation and environmental protection, the emphasis on health and leisure, and government policy encouragement, more emerging riding populations have been created. The emphasis on vehicle performance and user experience has increased the added value to the industry and effectively boosted product unit prices and profitability. However, as the development of the industry has promoted successive expansion of production capacity and increased market price competition, the bicycle industry, highly dependent on exports, is currently continuing to work hard to effectively maintain market competitiveness, and further increase market demand and increase product added value. This is a direction for sustained efforts.

   At present, the market is in a situation of insufficient inventory and short supply. With the strong purchase demand for electric bicycles and the explosive order growth due to the development of the pneumonia epidemic in 2020, the demand for mid-low end bicycle parts is also growing, and the growth of sales of high-profit electric bicycle parts has boosted the Company's operations and production capacity. At present, the Company is doing its best to respond by expanding production capacity to increase the satisfaction of customer orders.

4. Competitive Niches:

(1) Integral research and development capacity: In addition to proprietary patent development, the Company also stands in a position to complete the integrated operation from mass production design, smooth production and delivery, thereby satisfying the customer demand.

(2) Integral product lines: The Company provides customers with bicycle design recommendations and matches so that customers can leverage our integral product lines to complete consistent specification settings for finished bicycles.

(3) Flexible production arrangement: The Company can support customers to complete mass production or low-volume production of multiple types worldwide.

(4) Sound financial position: The Company provides customers with the delivery guarantee and complete product liability insurance so as to totally release customers from concerns on production line arrangement and product sales.

(5) Quality assurance system: The Company can connect the quality system of customers at any time in addition to passing the ISO9001 certification. Besides, the Company provides the first-class service for customers visiting the plant. The Company achieves the task of quality assurance.

5. Positive and Negative Factors Relating to Future Development and Response Measures:

(1) Advantages:

A. Global residents pay growing attention to environmental protection and the recreational sport style thrives, and many countries take such award measures as paving the exclusive bicycle lane and providing purchase subsidies. These factors have promoted a continuous increase in the population that use bicycles. Therefore, the bicycle component market will also embrace an optimistic prospect with the continuous growth of the global bicycle market demand.

B. New technology and new product represent the prime driving force for an enterprise's development. Ever since the outset, the Company has dedicated itself to research and development. The Company has continuously devoted itself to the research and innovation of new materials, new products and new technologies, continuously improved the technical level and significantly increased added values of products. In recent years, the Company has been awarded the Foreign Trade Association Award and the Excellent Innovative Product Award repeatedly. Due to its excellent product quality, it has also won the cooperation and procurement of well-known leading manufacturers at home and abroad

C. In recent years, many world-renowned leading manufacturers have banded up with the Company to develop exclusive new products with high technical level and established exclusive product lines. This will further consolidate the Company's customer resources and our stable profitability and reinforce the reputation score and the marketing niche. Moreover, the private brand has gradually built an international brand image after years-long efforts.

D. With the management reform and upgrade, the Company's subsidiaries with investment in China Mainland focusing on manufacturing have experienced transformation and achieved success in domestic and foreign sales, which has also positively improved the Company's profits.

(2) Responsive action for unfavorable factors:

A. In recent years, the bicycle market has attracted much attention to its quick growth from different countries, more investing manufacturers in the China Mainland, India and the emerging Southeast Asian countries have leveraged their cheap cost to attack the market, and the market competition tends to grow fiercer and fiercer.

B. The soaring raw material prices in the international market and the continuous increase in various production costs have posed a pressure on the control of operating costs.

C. European and American countries adopt dumping protection strategies for imported products, which in turn affect significant price fluctuations, delivering an unclear impact on the world economic situation and representing an indirect uncertain factor that can't be ignored. This will also affect the operating revenue of the Company to some extent.

To alleviate the impact from the aforesaid unfavorable factors, the Company will continuously promote automatic equipment to maintain the competitive edges. Moreover, the Company will actively develop new products with high added values to avoid the price competition and earn a bigger profit. In response to the cost impact from raw material prices, the Company has made moderate adjustment to prices to reduce the impact on profitability.

(II) Application and Manufacturing Processes for Main Products

1. Main product application:

Brake: Bicycle brake system

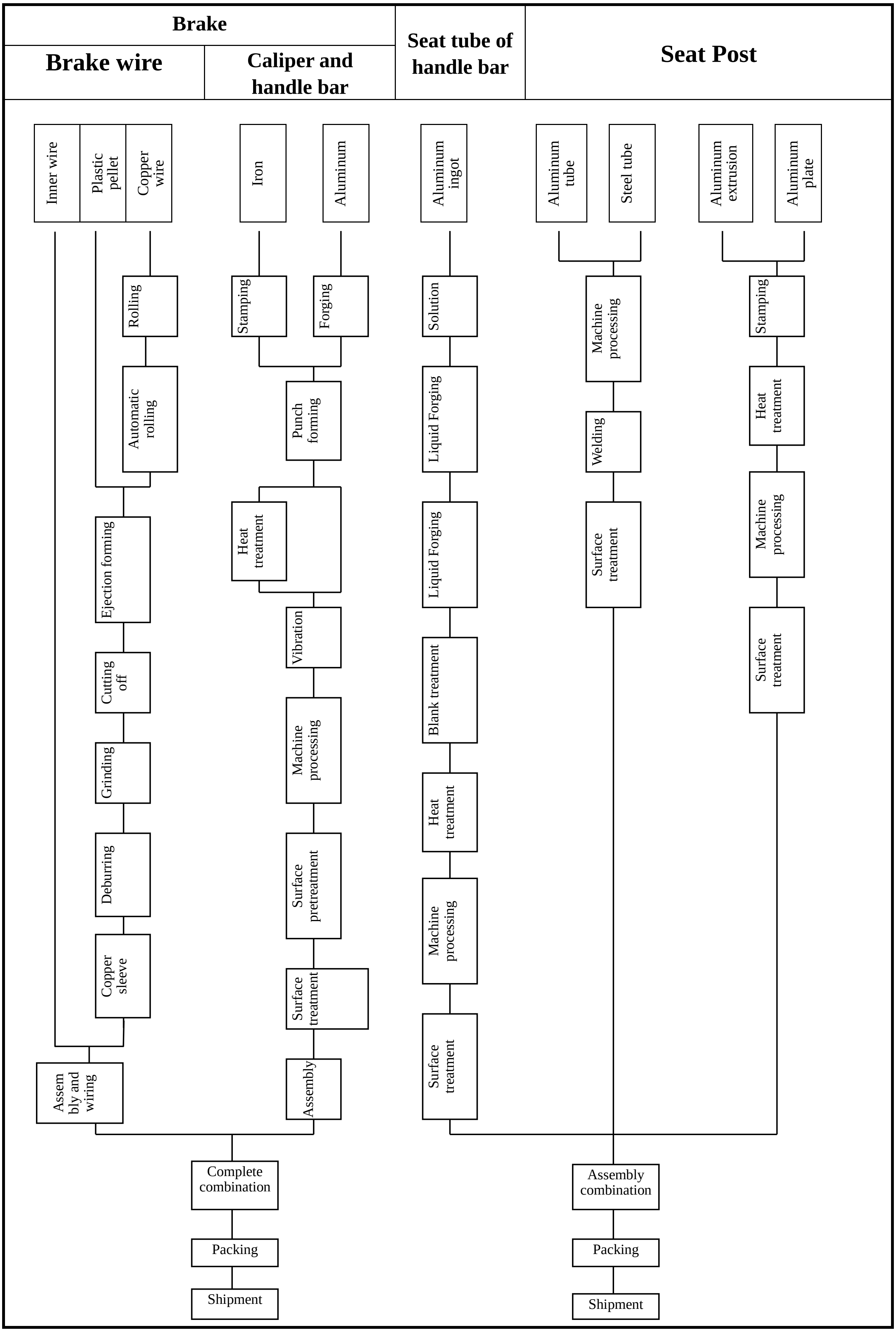
Seat post: A component supporting the seat cushion

Stem: A component connecting the handle bar and the front fork

2. Manufacturing Process: See next page

(III) Supply Situation for the Major Raw Materials

Major Raw Material	Source of Supply	Supply Situation
Iron	Supply from local manufacturers	Sufficient source of supply
Aluminum	Supply from local manufacturers	Sufficient source of supply
Aluminum ingot	America, Britain, France and South Africa	Sufficient source of supply
Steel tube	Japanese and local manufacturers	Sufficient source of supply
Plastic pellet	Supply from local manufacturers	Sufficient source of supply



Brake
Brake wire
Caliper and handle bar
Seat tube of handle bar
Seat Post
Inner wire
Plastic pellet
Copper wire
Rolling
Automatic rolling
Ejection forming
Cutting off
Grinding
Deburring
Copper sleeve
Assembly and wiring
Iron
Aluminum
Stamping
Forging
Punch forming
Heat treatment
Vibration
Machine processing
Surface pretreatment
Surface treatment
Assembly
Aluminum ingot
Solution
Liquid Forging
Liquid Forging
Blank treatment
Heat treatment
Machine processing
Surface treatment
Aluminum tube
Steel tube
Machine processing
Welding
Surface treatment
Aluminum extrusion
Aluminum plate
Stamping
Heat treatment
Machine processing
Surface treatment
Complete combination
Packing
Shipment
Assembly combination
Packing
Shipment

(IV) A list of suppliers (customers) that have accounted for more than 10% of the total purchases (sales) in any one of the last two years

1. Information of major suppliers in the last two years:

Consolidated data

	2019				2020				As of the first quarter of 2021 (Note 2)			
Item	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Issuer	Name	Amount	Percentage of net purchases in the current year as of the previous quarter (%)	Relationship with the Issuer
1	Other	1,292,439	100%	—	Other	1,655,517	100%	—	Other	605,220	100%	—
2	Net purchase	1,292,439	100%	—	Net purchase	1,655,517	100%	—	Net purchase	605,220	100%	—

Note 1: List the names of suppliers with more than 10% of the total purchases in the last two years and their purchase amounts and proportions. However, a code can be used if the name of the supplier cannot be disclosed due to contractual agreement or if the transaction object is an individual and non-related person.

Note 2: As of the date of publication of the annual report, if companies that are listed or whose stocks have been traded in the stock exchange have the latest financial information that has been verified or reviewed by a CPA, they should be disclosed.

2. Information of major sales customers in the last two years:

Consolidated data

	2019				2020				As of the first quarter of 2021 (Note 2)			
Item	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Issuer	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Issuer	Name	Amount	Percentage of net sales of the current year to the previous quarter (%)	Relationship with the Issuer
1	Group A	417,525	14%	Non-related parties	Group A	404,746	12%	Non-related parties	Group A	100,964	10%	Non-related parties
1	Group B	289,465	10%	Non-related parties	Group B	390,391	12%	Non-related parties	Group B	108,071	11%	Non-related parties
1	Other	2,292,017	76%	—	Other	2,588,782	76%	—	Other	800,826	79%	
2	Net sales	2,999,007	100%	—	Net sales	3,383,919	100%	—	Net sales	1,009,861	100%	—

Note 1: List the names of customers with more than 10% of the total sales in the last two years and their sales amounts and proportions. However, a code can be used if the name of the customer cannot be disclosed due to contractual agreement or if the transaction object is an individual and non-related person.

Note 2: As of the date of publication of the annual report, if companies that are listed or whose stocks have been traded in the stock exchange have the latest financial information that has been verified or reviewed by a CPA, they should be disclosed.

(V) Production value table for the last two years

Consolidated data

Unit: NT$ Thousand; Thousand pieces

Year / Production Value / Main Product	2019			2020		
	Production capacity	Yield	Output value	Production capacity	Yield	Output value
Braking system	55,000	25,893	566,377	56,000	33,344	530,557
Seat Post	13,000	4,722	396,365	14,000	5,294	418,376
Stem	14,000	5,364	590,028	15,000	6,398	673,880
Hub	700	405	154,821	700	267	88,372
Other (Note 3)	—	—	984,427	—	—	1,159,766
Total	82,700	36,384	2,692,018	85,700	45,303	2,870,951

Note 1: Production capacity refers to the quantity that the company can produce under normal operation using existing production equipment after measurement of necessary shutdowns, holidays and other factors.

Note 2: If the production of each product is substitutable, the production capacity may be calculated together, and an explanation shall be attached.

Note 3: Others include the production/sale of other parts, semi-finished products, machinery and equipment, etc. Because the unit calculations are different, the production, sales and production capacity are not listed.

(IV) Sales value table for the last two years

Consolidated data

Unit: NT$ Thousand; Thousand pieces

Year / Sales Value / Main Product	2019				2020			
	Domestic sales		Export		Domestic sales		Export	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Braking system	11,867	255,415	6,815	343,363	13,593	327,628	10,026	280,091
Seat Post	2,351	210,376	2,366	211,046	3,012	265,657	2,274	218,380
Stem	3,303	358,950	2,038	251,629	4,212	487,906	2,173	274,179
Hub	6	2,790	400	191,612	4	1,969	264	112,035
Other (Note)	—	482,828	—	690,998	—	572,395	—	843,679
Total	17,527	1,310,359	11,619	1,688,648	20,821	1,655,555	14,373	1,728,364

Note: Others include the production/sale of other parts, semi-finished products, machinery and equipment, etc. Because the unit calculations are different, the production, sales and production capacity are not listed.

III. Information of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report:

Consolidated data

Year		2019	2020	For the Current Fiscal Year as of May 7, 2021
Number of employees	Management	401	375	371
	R&D (technical) personnel	125	156	154
	Operator	1,091	1,057	1,084
	Total	1,617	1,588	1,609
Average age		41.2	41.35	41.56
Average year of services		10.1 years	10.3 years	10.5 years
Educational level (%)	Ph.D.	0	0	0
	Master	1.36	1.64	1.49
	University	16.33	17.51	17.34
	High school	28.20	28.97	29.33
	Below high school	54.11	51.88	51.84

IV. Disbursements for environmental protection:

(I) For losses incurred due to environmental pollution in the most recent year and up to the publication date of the annual report (including compensation and environmental protection audit results that violate environmental protection laws and regulations. The date and number of punishment, , the violation of laws and regulations, the content of violations, and the content of punishment should be listed), disclose the estimated amount and corresponding measures that may occur at present and in the future: None.

(II) Future countermeasures and possible expenditures: Not applicable.

(III) Implementation in response to the EU Restriction of Hazardous Substances (RoHS):

The products of the Company sold to Europe are in compliance with RoHS regulations.

(IV) The Company cooperates with the energy saving target and implements the green energy plan. The annual average energy saving effect is 2.27%, reaching the annual average of 1% or more stipulated by the Energy Bureau of the Ministry of Economic Affairs. The Company passed the on-site inspection on May 29, 2020. Related implementation measures include:

1.Air compressor:

(1) The loading and unloading fixed frequency air compressor is updated to a variable frequency air compressor.

(2) Improvement of pipeline leakage.

2.Air conditioning equipment:

(1) The fixed frequency of separate air-conditioner is changed to frequency conversion.

(2) The temperature control of the box-type air conditioner with a thermostat is 26-28°C, about 2 °C higher than the original temperature, saving electricity by 12%.

(3) The central air conditioner is equipped with a circulating fan to improve the somatosensory effect of the cold room, which can relatively increase the set temperature to achieve energy saving effects.

(4) Plant-wide annual maintenance improves heat dissipation efficiency and saves electricity.

3.Equipment improvement:

(1) High-efficiency and power-saving equipment is selected.

(2) The motor is fully upgraded from E1 and E2 to E3.

(3) The equipment is changed from compressor water cooling to air cooling to reduce electric energy.

4.Lighting equipment:

(1) The old T8 lamps are completely replaced with LED lamps and the number of lamps is reduced according to the brightness requirements to effectively save electricity.

(2) Sensors and timers are installed to effectively reduce lighting waste.

5.Resource reuse:

The heat generated by the equipment is recycled for use in the shower in the dormitory.

6. A large number of newly planted trees are added to green the environment, save energy, reduce carbon, and promote environment sustainability.

V. Labor relations:

(I) Employee's benefit programs, continuous education and training:

1. Employees' benefit programs:

(1) Since the establishment of the Employee Benefit Committee in October 1989, the Company has comprehensively managed various benefit services. All employees have enjoyed annual gifts, birthday gifts, wedding and funeral benefits, scholarships, service gifts, maternity subsidies, emergency relief, and hospitalization consolation payment, severance payment and other benefits, and regular domestic and foreign travel and leisure self-improvement activities for employees are held every year to share the Company's operating profits with employees.

(2) The Company is in an industry where the Labor Standard Law applies. All operations

such as working conditions, personnel, salary, management, etc. are based on the Labor Standard Law, and staff suggestion boxes are set up to receive all employees' suggestions as a reference for various improvement measures of the Company.

(3) The Company has employee dormitories, staff dormitories and dormitories for foreign workers, providing accommodation for remote employees and foreign workers, and setting up nursing (breastfeeding) rooms to optimize the facilities and environment of the breastfeeding room and facilitate female employees to feed their babies; employs doctors in the factory, provides special preschool education institutions for employees, and beautifies the planting of trees and landscapes, providing special hospitals for employees, carrying out the renovation and improvement of staff dormitories and foreign employees' kitchens and restaurants, the renovation and improvement of employee leisure and recreation rooms and employee outdoor parking lots, and effectively improving employees' work morale and centripetal force.

(4) The Company continues to handle the evaluation and improvement of employee catering vendors, employee blood donation public welfare activities, health promotion-handling employee weight loss activities and employee aerobic exercise courses.

(5) The Company usually attaches importance to humane management and two-way communication with employees. Therefore, the labor-management relationship has always been harmonious. In the future, the Company will strengthen the coordination and interaction between labor and management to create a win-win working environment, and fulfill social responsibilities as a business owner for caring for employees.

2. Continuous education and training:

With perfect education and training mechanism, the Company sets up various academic, knowledge, and technical education courses from time to time every year, and selects employees to participate in education courses outside the factory or abroad according to work needs, making employees enjoy learning and growth from work.

3. Employee retirement system and implementation status:

(1) Retirement matters of the Company's employees are handled in accordance with the relevant regulations of the "Working Rules of Lee Chi Enterprises Co., Ltd.", the Labor Standard Law, and the Labor Pension Act.

(2) The retirement pension system of the "Labor Pension Act" applicable to the Company is a government-managed retirement plan. No less than 6% of the monthly salary shall be allocated to the individual account with the Labor Insurance Bureau according to the salary of the employee and in accordance with the monthly salary grading table approved by the Executive Yuan.

(3) If the Company is subject to the provisions of the Labor Standard Law on retirement fund, the reserve for pension shall be distributed on a monthly basis in accordance with the Labor Standard Law. Under the supervision by the Company's Labor Retirement Reserve Supervision Committee, the Company holds regular meetings to report the status of pension withdrawal and expenditure, and in the name of the committee, deposits the reserve for pension in the Bank of Taiwan, which is responsible for handling income and expenditure, custody and utilization. However, in accordance with

the regulations on the safekeeping and utilization of the income and expenditure of the labor pension fund, the minimum income distributed by the labor retirement fund shall not be lower than the income calculated by 2-year fixed deposit interest rate of a local bank.

(4) Before the end of each year, the Company estimates the pension amount of employees who are expected to achieve the retirement conditions of Article 53 or Subparagraph 1, Paragraph 1 of Article 54 of the Labor Standards Law, fully distributes pension amount before the end of March of the following year according to the law, eliminates worries of retired employees in their lives, and promotes all employees to contribute their personal performance at work.

(II) For losses incurred due to labor-management dispute in the most recent year and up to the publication date of the annual report (including labor-management inspection results that violate the Labor Standard Law. The date of punishment, the font size, the violation of laws and regulations, the content of violations, and the content of punishment should be listed), disclose the estimated amount and corresponding measures that may occur at present and in the future: None.

VI. Important contracts: None.

Chapter VI. Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

(I) Financial information using International Financial Reporting Standards

Condensed balance sheet (consolidated financial report)

Unit: NT$ Thousand

Item \ Year		Financial Information of the Most Recent Five Years					Financial Data for the Current Fiscal Year as of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Current assets		2,996,640	2,760,615	2,976,706	2,607,259	3,043,900	3,242,609
Property, plant and equipment		1,430,920	1,332,149	1,242,277	1,249,956	1,216,699	1,189,978
Intangible assets		98,394	98,007	101,054	96,176	90,345	90,196
Other assets		324,354	481,474	362,182	446,318	472,339	491,764
Total assets		4,850,308	4,672,245	4,682,219	4,399,709	4,823,283	5,014,547
Current liabilities	Before distribution	809,236	782,531	856,817	752,037	1,094,290	1,146,925
	After distribution	854,801	828,096	913,238	797,174	(Note 1)	--
Non-current liabilities		583,930	532,398	513,951	424,386	361,614	364,643
Total liabilities	Before distribution	1,393,166	1,314,929	1,370,768	1,176,423	1,455,904	1,511,568
	After distribution	1,438,731	1,360,494	1,427,189	1,221,560	(Note 1)	--
Equity attributable to owners of the parent		3,349,899	3,255,685	3,216,148	3,124,358	3,261,307	3,364,401
Share capital common stock		2,278,250	2,278,250	2,278,250	2,278,250	2,278,250	2,278,250
Capital reserve		60,505	60,505	60,505	60,505	64,235	64,235
Retained earnings	Before distribution	1,054,352	963,248	1,014,156	968,355	1,081,932	1,186,437
	After distribution	1,008,787	917,683	957,735	923,218	(Note 1)	--
Other equity		(43,208)	(46,318)	(122,018)	(161,516)	(123,883)	(125,294)
Treasury stock		--	--	(14,745)	(21,236)	(39,227)	(39,227)
Non-controlling interest		107,243	101,631	95,303	98,928	106,072	138,578
Total equity	Before distribution	3,457,142	3,357,316	3,311,451	3,223,286	3,367,379	3,502,979
	After distribution	3,411,577	3,311,751	3,255,030	3,178,149	(Note 1)	--

Note 1: Earnings distribution proposal for 2020 is yet to be approved by the shareholders meeting.

Note 2: Consolidated Financial Data for the Current Fiscal Year as of March 31, 2021 has been checked and approved by the CPA.

Condensed composite income statement (consolidated financial report)

Unit: NT$ Thousand; except that earnings per share is NT$

Item \ Year	Financial Information of the Most Recent Five Years					Financial Data for the Current Fiscal Year as of March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Operating revenue	2,851,336	2,813,640	2,995,946	2,999,007	3,383,919	1,009,861
Gross profit	338,278	391,410	273,719	329,908	520,849	184,410
Operating profit (loss)	(57,435)	(6,152)	(151,377)	(83,234)	136,845	89,358
Non-operating income and expenses	79,374	68,703	258,764	108,997	125,190	76,346
Net income (loss) before tax	21,939	62,551	107,387	25,763	262,035	165,704
Net income (loss) from continuing operations	10,387	74,936	60,095	15,965	202,305	134,335
Loss of discontinued operating units	--	(124,042)	31,745	--	--	--
Net profit (loss) for the period	10,387	(49,106)	91,840	15,965	202,305	134,335
Other comprehensive income (after tax)	(113,053)	(5,155)	(74,071)	(41,218)	32,802	1,265
Total comprehensive income (loss)	(102,666)	(54,261)	17,769	(25,253)	235,107	135,600
Net income attributable to shareholders of the Company	14,241	(40,841)	92,840	12,421	169,303	103,890
Net income attributable to non-controlling interests	(3,854)	(8,265)	(1,000)	3,544	33,002	30,445
Total comprehensive income attributable to shareholders of the Company	(93,086)	(48,649)	22,201	(28,878)	199,740	103,094
Total comprehensive income attributable to non-controlling interests	(9,580)	(5,612)	(4,432)	3,625	35,367	32,506
Earnings per share	0.06	(0.18)	0.41	0.06	0.76	0.47

Note 1: Consolidated Financial Data for the Current Fiscal Year as of March 31, 2021 has been checked and approved by the CPA.

Condensed balance sheet (individual financial report)

Unit: NT$ Thousand

Item \ Year		Financial Information of the Most Recent Five Years				
		2016	2017	2018	2019	2020
Current assets		1,485,972	1,651,472	1,635,736	1,749,021	2,113,020
Property, plant and equipment		767,640	749,848	701,062	782,856	802,216
Intangible assets		39,553	43,673	42,434	39,394	37,168
Other assets		1,705,491	1,693,995	1,709,608	1,443,309	1,300,775
Total assets		3,998,656	4,138,988	4,088,840	4,014,580	4,253,179
Current liabilities	Before distribution	417,937	493,470	529,369	530,014	635,442
	After distribution	463,502	539,035	585,790	575,151	(Note 1)
Non-current liabilities		230,820	389,833	343,323	360,208	356,430
Total liabilities	Before distribution	648,757	883,303	872,692	890,222	991,872
	After distribution	694,322	928,868	929,113	935,359	(Note 1)
Share capital common stock		2,278,250	2,278,250	2,278,250	2,278,250	2,278,250
Capital reserve		60,505	60,505	60,505	60,505	64,235
Retained earnings	Before distribution	1,054,352	963,248	1,014,156	968,355	1,081,932
	After distribution	1,008,787	917,683	957,735	923,218	(Note 1)
Other equity		(43,208)	(46,318)	(122,018)	(161,516)	(123,883)
Treasury stock		--	--	(14,745)	(21,236)	(39,227)
Total equity	Before distribution	3,349,899	3,255,685	3,216,148	3,124,358	3,261,307
	After distribution	3,304,334	3,210,120	3,159,727	3,079,221	(Note 1)

Note 1: Earnings distribution proposal for 2020 is yet to be approved by the shareholders meeting.

Condensed composite income statement (individual financial report)

Unit: NT$ Thousand; except that earnings per share is NT$

Item \ Year	Financial Information of the Most Recent Five Years				
	2016	2017	2018	2019	2020
Operating revenue	1,709,390	1,762,077	1,875,425	2,017,452	2,176,121
Gross profit	281,741	284,733	298,784	296,097	330,580
Operating profit (loss)	118,236	108,944	107,367	99,767	163,739
Non-operating income and expenses	(100,769)	(162,285)	32,765	(78,665)	65,115
Net income before tax	17,467	(53,341)	140,132	21,102	228,854
Net income from continuing operations	14,241	(40,841)	92,840	12,421	169,303
Loss of discontinued operating units	--	--	--	--	--
Net profit (loss) for the period	14,241	(40,841)	92,840	12,421	169,303
Other comprehensive income (after tax)	(107,327)	(7,808)	(70,639)	(41,299)	30,437
Total comprehensive income (loss)	(93,086)	(48,649)	22,201	(28,878)	199,740
Net income attributable to shareholders of the Company	14,241	(40,841)	92,840	12,421	169,303
Net income attributable to non-controlling interests	--	--	--	--	--
Total comprehensive income attributable to shareholders of the Company	(93,086)	(48,649)	22,201	(28,878)	199,740
Total comprehensive income attributable to non-controlling interests	--	--	--	--	--
Earnings per share	0.06	(0.18)	0.41	0.06	0.76

(II) Names of certified public accountants the past 5 fiscal years and audit opinion:

Year	CPA	Audit Opinion
2016	Cheng, Te-Jun, Wu, Li-Tung	Unqualified opinion
2017	Wu, Li-Tung, Tseng, Done-Yuin,	Unqualified opinion
2018	Su ,Ting-Chien, Tseng, Done-Yuin,	Unqualified opinion
2019	Su ,Ting-Chien, Tseng, Done-Yuin	Unqualified opinion
2020	Su ,Ting-Chien, Tseng, Done-Yuin	Unqualified opinion

II. Financial analyses for the past 5 fiscal years

(1) Financial analysis (consolidated financial report)

Item \ Year		Financial analyses for the past 5 fiscal years					As of March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Financial structure (%)	Liability to asset ratio	28.72	28.14	29.27	26.73	30.18	30.14
	Longterm capital to PP&E ratio	282.41	291.98	307.93	291.82	306.48	325.01
Debt service ability (%)	Current ratio	370.30	352.78	347.41	346.69	278.16	282.72
	Quick ratio	289.20	264.74	263.66	261.17	198.77	188.45
	Interest coverage ratio	—	—	—	—	—	—
Operating efficiency	Receivables turnover rate (times)	3.34	3.55	3.84	3.85	3.5	3.54
	Average collection days	109.28	102.81	95.05	94.8	104.28	103.10
	Inventory turnover rate (times)	3.46	3.43	3.74	3.77	3.63	3.26
	Payables turnover rate (times)	2.54	2.54	2.59	2.57	2.71	3.12
	Average inventory turnover days	105.49	106.41	97.59	96.81	100.55	111.96
	Turnover rate for property, plant and equipment (times)	1.95	2.03	2.32	2.4	2.74	3.30
	Total asset turnover (times)	0.56	0.59	0.64	0.66	0.73	0.82
Profitability	Return on assets (%)	0.20	1.57	1.28	0.35	4.38	10.92
	Ratio of return on stockholders' Equity (%)	0.29	2.19	1.80	0.48	6.13	15.64
	Ratio of income before tax to paidin capital (%)	0.96	2.74	4.71	1.13	11.5	29.09
	Profit margin ratio (%)	0.36	2.66	2.00	0.53	5.97	13.30
	Earnings per share (NT$)	0.06	(0.18)	0.40	0.06	0.76	0.47
Cash flow	Cash Flow Ratio (%)	21.26	3.88	11.39	9.36	1.01	(1.45)
	Allowable cash flow ratio (%)	77.34	74.74	64.18	53.03	34.3	18.78
	Cash reinvestment rate (%)	1.21	(0.32)	1.10	0.3	(0.72)	(0.08)
Leverage	Operating leverage	(1.99)	(26.22)	(0.11)	(1.05)	2.23	1.46
	Financial leverage	1.00	1.00	1.00	0.99	1.00	1.00

Description:
1. Decrease in quick ratio: This is mainly due to the continued boom in bicycle market demand. The Company's business orders surged, and the relative stockpile demand also increased sharply, resulting in a significant increase in the accounts payable of current liabilities in 2020 compared with that in 2019.
2. The profitability ratios and operating leverage have greatly increased: The main reason is that the amount of operating income, operating profit and after-tax net profit in 2020 have increased significantly, resulting in a substantial increase in the ratio.
3. Decrease in cash flow ratios: This is mainly due to the continued boom in bicycle market demand. The Company's business orders surged, and the relative stockpile demand payment also increased sharply, resulting in a decrease in the net cash flow of operating activities in 2020.

Note 1: Consolidated Financial Data for the Current Fiscal Year as of March 31, 2021 has been checked and approved by the CPA.

Note 2: The formula for each financial ratio is as follows:

1. Financial structure
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Non-current Liabilities) / Net Property, Plant and Equipment
2. Debt-paying capability
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick ratio = (current assets-inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense / interest expenditure in the current period.
3. Operating efficiency
   (1) Average Collection Turnover (includes accounts receivable and notes receivable from operations) = Net Revenue / Average Trade Receivables (includes accounts receivable and notes receivable from operations)
   (2) Average number of days for cash collection = 365 / turnover rate of accounts receivable.
   (3) Inventory turnover rate = cost of goods sold /average inventory value.
   (4) Payables (includes accounts payable and notes payable from operations) = Cost of goods sold / Balance of average payables in each period (includes accounts payable and notes payable from operations)
   (5) Average number of sales days = 365 / turnover rate of inventories.
   (6) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Revenue / Average Total Assets
4. Profitability
   (1) Return on assets = [After-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity = After-tax profit and loss / average total equity.
   (3) Net margin ratio = After-tax profit and loss/net sales.
   (4) Earnings Per Share = (Net Income Attributable to Owners of the Parent Company - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 3)
5. Cash flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Net allowable cash flow ratio = Net cash flow from operating activities in the past five years /(capital expenditure + inventory increase + cash dividends) in the past five years .
   (3) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital) (Note 4)

6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 5)

(2) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

Note 3: The formula for calculating the above earnings per share shall pay special attention to the following matters when measuring:

1. It should be based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.
2. For cash capital increase or treasury stock trading, the weighted average number of shares should be calculated in consideration of the circulation period.
3. Where there is a capital increase from earnings or capital increase from capital reserve, when the earnings per share of previous years and half-years are calculated, retrospective adjustments should be made according to the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If the special stock is non-convertible cumulative special stock, the dividends for the current year (regardless of whether they are distributed) should be deducted from the net profit after tax or the net loss after tax should be increased. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 4: The following items should be paid special attention to when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and special stock.
5. Gross property, plant and equipment refer to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, attention must be paid to their reasonableness and consistency shall be maintained.

Note 6: If the Company's stocks have no denomination or the denomination per share is not NT$10, the calculation of the above ratio of paid-in capital shall be made based on the equity ratio attributable to the owner of the parent company on the balance sheet.

Financial analysis (individual financial report)

Item		2016	2017	2018	2019	2020
Year		Financial analyses for the past 5 fiscal years				
Financial structure (%)	Liability to asset ratio	16.22	21.34	21.34	22.17	23.32
	Longterm capital to PP&E ratio	466.45	486.16	507.72	445.1	450.96
Solvency (%)	Current ratio	355.54	334.66	308.99	329.99	332.52
	Quick ratio	272.75	247.87	241.50	262.14	256.29
	Interest coverage ratio	—	—	—	—	—
Operating efficiency	Receivables turnover rate (times)	3.55	3.96	3.98	4.06	3.79
	Average collection days	102.89	92.17	91.70	89.9	96.3
	Inventory turnover rate (times)	4.63	4.63	4.49	4.65	4.22
	Payables turnover rate (times)	3.28	2.96	2.72	2.95	2.9
	Average inventory turnover days	78.90	78.83	81.29	78.49	86.49
	Turnover rate for property, plant and equipment (times)	2.33	2.32	2.58	2.71	2.74
	Total asset turnover (times)	0.41	0.43	0.45	0.49	0.52
Profitability	Return on assets (%)	0.34	(1.00)	2.25	0.3	4.09
	Ratio of return on stockholders' Equity (%)	0.41	(1.23)	2.86	0.39	5.3
	Ratio of income before tax to paidin capital (%)	0.76	(2.34)	6.15	0.92	10.04
	Profit margin ratio (%)	0.83	(2.31)	4.95	0.61	7.78
	Earnings per share (NT$)	0.06	(0.17)	0.40	0.06	0.76
Cash flow	Cash Flow Ratio (%)	30.55	33.30	24.94	28.2	16.98
	Allowable cash flow ratio (%)	64.61	66.17	62.87	66.96	55.47
	Cash reinvestment rate (%)	0.34	2.91	2.14	2.63	1.26
Leverage	Operating leverage	1.65	(0.19)	1.86	1.91	1.57
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Description:

1. The profitability ratios have greatly increased: The main reason is that the amount of operating income, and after-tax net profit in 2020 have increased significantly, resulting in a substantial increase in the ratio.
2. Decrease in cash flow ratios: This is mainly due to the continued boom in bicycle market demand. The Company's business orders surged, and the relative stockpile demand payment also increased sharply, resulting in a decrease in the net cash flow of operating activities in 2020.

III. Audit Committee's report for the most recent year's financial statement

Lee Chi Enterprises Co., Ltd.

Audit Committee's Review Report

It is hereby approved

The Board of Directors has submitted the Company's Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for 2020, and they have been audited by certified public accountants, Ting-Chien, Su and Dong-Yuin, Tseng of Deloitte & Touche Tohmatsu Limited. The aforesaid list, the business report for 2020, and the earnings distribution proposal were reviewed by the Audit Committee and no discrepancies were found. The report was submitted in accordance with Article 219 of the Company Act.

Please check.

Yours faithfully,

The Company's 2021 Annual General Meeting

Lee Chi Enterprises Co., Ltd.

Convener of the Audit Committee:

Chen, Kuei-Tuan

March 22, 2021

IV. Auditor's Report and 2020 Financial Statements

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Lee Chi Enterprises Company Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2020 is stated as follows.

<u>Revenue Recognition</u>

The Company's operating revenue mainly comes from the manufacturing and sale of bike components. The operating revenue increased in 2020 due to the changes in market demand, and revenue from specific customers was significant to the overall operating revenue. Thus, we identified the validity of recognition of the sales revenue from specific customers as a key audit matter. For the policy on revenue recognition, refer to Note 4 to the financial statements.

The audit procedures that we performed in respect of revenue recognition included the following:

1. We understood the internal control and evaluated the design of key control. Besides, we determined whether the key control has been implemented and tested the operating effectiveness of key control.

2. We performed substantive procedures by sample-testing the specific customers' subsidiary ledger, checking the related documents such as invoice, shipping documents and receiving records to confirm the validity of recognition of the sales revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 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 Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

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

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

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

LEE CHI ENTERPRISES COMPANY LTD.

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 330,262	8	$ 322,414	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	262,953	6	125,487	3
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	49,307	1	52,765	1
Financial assets at amortized cost - current (Notes 4, 9 and 28)	24,804	1	83,041	2
Notes receivable (Notes 4, 10 and 21)	41,268	1	26,613	1
Trade receivables from non-related parties (Notes 4, 5, 10 and 21)	591,636	14	473,465	12
Trade receivables from related parties (Notes 4, 5, 21 and 27)	37,265	1	28,045	1
Other receivables (Note 27)	291,129	7	277,577	7
Inventories (Notes 4 and 11)	467,420	11	341,598	9
Other current assets (Note 16)	16,976	-	18,016	-
Total current assets	2,113,020	50	1,749,021	44
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 9 and 28)	1,654	-	1,641	-
Investments accounted for using the equity method (Notes 4 and 12)	1,222,022	29	1,294,931	32
Property, plant and equipment (Notes 4 and 13)	802,216	19	782,856	19
Right-of-use assets (Notes 4 and 14)	1,369	-	4,307	-
Other intangible assets (Notes 4 and 15)	37,168	1	39,394	1
Deferred tax assets (Notes 4 and 23)	60,431	1	117,168	3
Other non-current assets (Note 16)	15,299	-	25,262	1
Total non-current assets	2,140,159	50	2,265,559	56
TOTAL	$ 4,253,179	100	$ 4,014,580	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to non-related parties	$ 284,854	7	$ 167,158	4
Trade payables to related parties (Note 27)	187,589	4	217,435	6
Other payables (Note 17)	111,035	3	92,291	2
Current tax liabilities (Notes 4 and 23)	-	-	3,582	-
Provisions - current (Notes 4 and 18)	4,637	-	7,932	-
Lease liabilities - current (Notes 4 and 14)	1,481	-	2,938	-
Deferred revenue - current (Notes 4 and 17)	131	-	80	-
Other current liabilities (Notes 17 and 21)	45,715	1	38,598	1
Total current liabilities	635,442	15	530,014	13
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	110,044	2	131,182	3
Lease liabilities - non-current (Notes 4 and 14)	-	-	1,481	-
Deferred revenue - non-current (Notes 4 and 17)	692	-	483	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	43,979	1	45,209	1
Investments accounted for using the equity method - credit balance (Notes 4 and 12)	201,715	5	181,853	5
Total non-current liabilities	356,430	8	360,208	9
Total liabilities	991,872	23	890,222	22
EQUITY				
Ordinary shares	2,278,250	54	2,278,250	57
Capital surplus	64,235	2	60,505	2
Retained earnings				
Legal reserve	265,642	6	264,580	7
Special reserve	135,847	3	122,020	3
Unappropriated earnings	680,443	16	581,755	14
Other equity	(123,883)	(3)	(161,516)	(4)
Treasury shares	(39,227)	(1)	(21,236)	(1)
Total equity	3,261,307	77	3,124,358	78
TOTAL	$ 4,253,179	100	$ 4,014,580	100

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

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 27)	$ 2,176,121	100	$ 2,017,452	100
OPERATING COSTS (Notes 11, 22 and 27)	1,845,541	85	1,721,355	85
GROSS PROFIT	330,580	15	296,097	15
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	51,423	2	64,780	3
General and administrative expenses	47,808	2	45,245	2
Research and development expenses	67,610	3	86,305	5
Total operating expenses	166,841	7	196,330	10
PROFIT FROM OPERATIONS	163,739	8	99,767	5
NON-OPERATING INCOME AND EXPENSES				
Share of profit or loss of subsidiaries (Note 4)	73,892	3	(122,772)	(6)
Interest income (Note 22)	2,204	-	3,317	-
Dividend income	2,211	-	2,373	-
Other income	24,644	1	39,079	2
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss (Note 4)	9,117	1	17,859	1
Other expenses	(4,314)	-	(348)	-
Loss on disposal of investment (Note 12)	(23,667)	(1)	-	-
Foreign exchange gain (loss), net (Notes 4 and 22)	(18,972)	(1)	(18,173)	(1)
Total non-operating income and expenses	65,115	3	(78,665)	(4)
PROFIT BEFORE INCOME TAX	228,854	11	21,102	1
INCOME TAX EXPENSE (Notes 4 and 23)	59,551	3	8,681	-
NET PROFIT FOR THE YEAR	169,303	8	12,421	1

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	$ (5,428)	-	$ (3,126)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,313)	-	4,570	-
Subsidiaries unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	1,582	-	(1,229)	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	1,086	-	624	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 12 and 20)	36,510	1	(42,138)	(2)
Other comprehensive income (loss) for the year, net of income tax	30,437	1	(41,299)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 199,740	9	$ (28,878)	(1)
EARNINGS PER SHARE (Note 24)				
Basic	$ 0.76		$ 0.06	
Diluted	$ 0.75		$ 0.06	

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

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

			Retained Earnings (Note 20)			Other Equity			
	Share Capital (Note 20)	Capital Surplus (Note 20)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 12 and 20)	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Notes 4 and 12)	Treasury Shares (Note 20)	Total Equity
BALANCE AT JANUARY 1, 2019	$ 2,278,250	$ 60,505	$ 255,295	$ 81,291	$ 677,570	$ (127,227)	$ 5,209	$ (14,745)	$ 3,216,148
Appropriation of 2018 earnings									
Legal reserve	-	-	9,285	-	(9,285)	-	-	-	-
Special reserve	-	-	-	40,729	(40,729)	-	-	-	-
Cash dividends distributed by the Company - NT$0.25 per share	-	-	-	-	(56,421)	-	-	-	(56,421)
Net profit for the year ended December 31, 2019	-	-	-	-	12,421	-	-	-	12,421
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(2,502)	(42,138)	3,341	-	(41,299)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	9,919	(42,138)	3,341	-	(28,878)
Buy-back of treasury shares	-	-	-	-	-	-	-	(6,491)	(6,491)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	701	-	(701)	-	-
BALANCE AT DECEMBER 31, 2019	2,278,250	60,505	264,580	122,020	581,755	(169,365)	7,849	(21,236)	3,124,358
Special reserve reversed	-	-	-	(25,669)	25,669	-	-	-	-
Appropriation of 2019 earnings									
Legal reserve	-	-	1,062	-	(1,062)	-	-	-	-
Special reserve	-	-	-	39,496	(39,496)	-	-	-	-
Cash dividends distributed by the Company - NT$0.2 per share	-	-	-	-	(45,137)	-	-	-	(45,137)
Net profit for the year ended December 31, 2020	-	-	-	-	169,303	-	-	-	169,303
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,342)	36,510	(1,731)	-	30,437
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	164,961	36,510	(1,731)	-	199,740
Buy-back of treasury shares	-	-	-	-	-	-	-	(17,991)	(17,991)
Actual disposal or acquisition of interests in subsidiaries	-	3,730	-	-	-	-	(3,393)	-	337
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(6,247)	-	6,247	-	-
BALANCE AT DECEMBER 31, 2020	$ 2,278,250	$ 64,235	$ 265,642	$ 135,847	$ 680,443	$ (132,855)	$ 8,972	$ (39,227)	$ 3,261,307

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

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 228,854	$ 21,102
Adjustments for:		
Depreciation expenses	90,671	87,967
Amortization expenses	3,639	3,387
Expected credit loss recognized on trade receivables	2,311	-
Net gain on fair value changes of financial assets designated at fair value through profit or loss	(9,117)	(17,859)
Financial costs	33	29
Interest income	(2,204)	(3,317)
Dividend income	(2,211)	(2,373)
Share of profit or loss of subsidiaries	(73,892)	122,772
Loss on disposal of property, plant and equipment	1,576	23
Loss on disposal of investment	23,667	-
Net loss on foreign currency exchange	10,755	12,830
Deferred revenue	(130)	(8,096)
Recognition (reversal) of provisions	(2,700)	6,152
Changes in operating assets and liabilities		
Notes receivable	(15,080)	29,303
Trade receivables	(129,882)	(77,015)
Other receivables	(515)	(756)
Inventories	(125,822)	(6,678)
Other current assets	1,040	3,234
Trade payables	90,396	18,922
Other payables	18,080	(15,197)
Provisions	(595)	(3,539)
Other current liabilities	7,117	11,649
Net defined benefit liabilities	(6,658)	(9,346)
Deferred revenue	390	4,800
Cash generated from operations	109,723	177,994
Interest received	1,562	4,319
Dividends received	2,211	2,373
Interest paid	(33)	(29)
Income tax paid	(5,517)	(35,149)
Net cash generated from operating activities	107,946	149,508
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	145	2,148
Purchase of financial assets at amortized cost	-	(95,521)
Proceeds from sale of financial assets at amortized cost	58,642	18,500
Purchase of financial assets at fair value through profit or loss	(1,220,220)	(952,427)
Proceeds from sale of financial assets at fair value through profit or loss	1,089,506	955,612

(Continued)

LEE CHI ENTERPRISES COMPANY LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from return of capital from investments accounted for using the equity method	$ -	$ 46,425
Payments for property, plant and equipment	(84,843)	(69,632)
Proceeds from disposal of property, plant and equipment	979	2,730
Increase in refundable deposits	(21)	(541)
Decrease in refundable deposits	21	20
Increase in other receivables from related parties	(23,569)	(56,922)
Payments for intangible assets	(159)	(347)
Increase in prepayments for equipment	(15,007)	(93,775)
Dividends received from subsidiaries	188,380	91,470
Net cash used in investing activities	(6,146)	(152,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	(2,938)	(1,457)
Dividends paid to owners of the Company	(45,137)	(56,421)
Payments for buy-back of treasury shares	(17,991)	(7,606)
Acquisition of additional interests in subsidiary	(27,886)	-
Net cash used in financing activities	(93,952)	(65,484)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,848	(68,236)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	322,414	390,650
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 330,262	$ 322,414

The accompanying notes are an integral part of the 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 financial statements were approved by the Company's board of directors on March 22, 2021.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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 IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

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

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

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

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

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

j. Financial instruments

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

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

<u>Financial assets</u>

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

1) Measurement categories

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

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 26.

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.

<u>Derivative financial instruments</u>

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

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

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

k. Provisions

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

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

l. Revenue recognition

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

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

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

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

m. Leases

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

<u>The Company as lessee</u>

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

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

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

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

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

n. Governments grants

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 238	$ 215
Demand deposits	199,440	234,896
Cash equivalents		
Time deposits	130,584	87,303
	$ 330,262	$ 322,414
Interest rate per annum (%)		
Bank balance	0.00-0.20	0.00-0.33
Time deposits	0.10-2.84	0.75-3.31

7. FINANCIAL ASSETS AT FVTPL - CURRENT

	December 31	
	2020	2019
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 262,953	$ 125,487

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
Investments in Equity Instruments	2020	2019
Current		
Domestic listed shares	$ 49,307	$ 52,765

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 1998, 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 when expiration arrives, the agreement will be extended for 1 year automatically.

	December 31			
	2020		2019	
Listed Shares	**Number of Shares (In Thousands)**	**Carrying Amount**	**Number of Shares (In Thousands)**	**Carrying Amount**
CTBC Financial Holding Co., Ltd.	1,234	$ 24,303	1,234	$ 27,634

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	**2019**
Current		
Demand deposits	$ 24,804	$ 22,881
Time deposits with original maturities of less than 12 months	-	60,160
	$ 24,804	$ 83,041
Non-current		
Time deposits with original maturities of more than 12 months	$ 1,654	$ 1,641
Interest rate per annum (%)		
Current	0.001-0.05	0.33-2.05
Non-current	0.082-1.065	0.082-1.065

Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2020	**2019**
Notes receivable		
Notes receivable - operating	$ 41,268	$ 26,613
Less: Allowance for impairment loss	-	-
	$ 41,268	$ 26,613

	December 31	
	2020	2019
Trade receivables		
At amortized cost		
Gross carrying amount	$ 596,031	$ 482,619
Less: Allowance for impairment loss	(4,395)	(9,154)
	$ 591,636	$ 473,465

a. Notes receivable

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

	December 31	
	2020	2019
Not past due	$ 41,268	$ 26,613
Past due	-	-
	$ 41,268	$ 26,613

b. Trade receivables

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

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

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

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

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 151 Days	Total
December 31, 2020					
Expected credit loss rate	0.06%	2%-5%	15%-50%	100%	
Gross carrying amount	$ 573,255	$ 20,195	$ 92	$ 2,489	$ 596,031
Loss allowance (Lifetime ECL)	(1,435)	(445)	(26)	(2,489)	(4,395)
Amortized cost	$ 571,820	$ 19,750	$ 66	$ -	$ 591,636
December 31, 2019					
Expected credit loss rate	0.06%	2%-5%	15%-50%	100%	
Gross carrying amount	$ 446,124	$ 26,210	$ 2,331	$ 7,954	$ 482,619
Loss allowance (Lifetime ECL)	(120)	(615)	(465)	(7,954)	(9,154)
Amortized cost	$ 446,004	$ 25,595	$ 1,866	$ -	$ 473,465

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 9,154	$ 10,244
Less: Amounts written off	(4,759)	(1,090)
Balance at December 31	$ 4,395	$ 9,154

11. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 14,016	$ 18,735
Work in progress	215,297	135,832
Semi-finished goods	208,108	151,405
Finished goods	20,675	21,538
Inventory in transit	9,324	14,088
	$ 467,420	$ 341,598

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

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 1,828,915	$ 1,705,642
Unallocated production overhead	16,626	15,713
	$ 1,845,541	$ 1,721,355

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CREDIT)

	December 31			
	2020		2019	
Investee in Subsidiaries	Carrying Amount	% of Ownership	Carrying Amount	% of Ownership
Unlisted company				
Lee Chi International Holding Limited (B.V.I.) ("Lee Chi International")	$ 1,072,993	100	$ 1,218,056	100
Chief Venture Capital Corp. ("Chief Venture")	149,029	55	76,875	40
	$ 1,222,022		$ 1,294,931	
Investments accounted for using the equity method - credit				
The Cycle Group, Inc. ("CGI")	$ 177,924	100	$ 155,014	100
Cycle Origins Ltd. ("COL")	23,791	60	24,577	60
Asia Noble Co., Ltd. ("ASIA")	-	-	2,262	100
	$ 201,715		$ 181,853	

To adjust the group structure, ASIA has resolved to liquidate in October 2019 and has completed the liquidation process in January 2020. The Company thus reclassified the cumulative translation adjustments of $23,667 thousand into loss on disposal of investment.

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

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

The investments in subsidiaries accounted for using the equity method and the share of profit of loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 are based on the subsidiaries' financial statements which have been audited for the same year.

13. PROPERTY, PLANT AND EQUIPMENT

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

	For the Year Ended December 31, 2019				
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
Cost					
Land	$ 155,033	$ 14,887	$ -	$ 16,670	$ 186,590
Land improvements	11,116	1,561	-	-	12,677
Buildings	481,007	1,592	21,920	-	460,679
Machinery and equipment	418,381	33,564	54,828	81,743	478,860
Molding equipment	20,600	2,029	8,951	688	14,366
Transportation equipment	10,540	1,711	1,054	3,546	14,743
Office equipment	11,611	474	4,872	906	8,119
Other equipment	47,816	6,748	3,592	12,184	63,156
	1,156,104	62,566	95,217	115,737	1,239,190
Property in construction	10,606	1,661	-	(11,744)	523
	1,166,710	$ 64,227	$ 95,217	$ 103,993	1,239,713
Accumulated depreciation					
Land improvements	2,421	$ 793	$ -	$ -	3,214
Buildings	206,391	17,012	21,920	-	201,483
Machinery and equipment	209,079	50,016	54,828	-	204,267
Molding equipment	12,255	6,127	8,951	-	9,431
Transportation equipment	5,443	2,030	1,054	-	6,419
Office equipment	7,287	2,500	4,872	-	4,915
Other equipment	22,772	7,920	3,564	-	27,128
	465,648	$ 86,398	$ 95,189	$ -	456,857
	$ 701,062				$ 782,856

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

In addition, the agricultural land in Shipai Section, Changhua City is registered under the name of the chairman of the Company, Lin, Yu-Hsin due to law restrictions. The Company has signed an agreement with him that he is not allowed to transfer or set other rights without the Company's consent. As of December 31, 2020 and 2019, the carrying amounts of land registered under the name of other individuals were $103,796 thousand and $73,486 thousand, respectively.

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

Land improvements	10-20 years
Buildings	
Main buildings	16-36 years
Others	3-20 years
Machinery and equipment	2-9 years
Molding equipment	3 years
Transportation equipment	3-6 years
Office equipment	4 years
Other equipment	2-16 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Buildings	$ 1,369	$ 4,307

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ -	$ 5,876
Depreciation charge for right-of-use assets		
Buildings	$ 2,938	$ 1,569

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, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 1,481	$ 2,938
Non-current	$ -	$ 1,481

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	1.09%	1.09%

c. Material leasing activities and terms

The Company leases buildings for the use of plants with lease terms of 2 years.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to low-value asset leases	$ 527	$ 523
Total cash outflow for leases	$ (3,498)	$ (2,009)

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

	For the Year Ended December 31, 2020				
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
Cost					
Patents	$ 41,273	$ -	$ -	$ -	$ 41,273
Computer software	8,438	159	-	1,254	9,851
	49,711	$ 159	$ -	$ 1,254	51,124
Accumulated depreciation					
Patents	7,912	$ 2,063	$ -	$ -	9,975
Computer software	2,405	1,576	-	-	3,981
	10,317	$ 3,639	$ -	$ -	13,956
	$ 39,394				$ 37,168

	For the Year Ended December 31, 2019				
	Beginning Balance	Additions	Disposals	Reclassification	Ending Balance
Cost					
Patents	$ 41,273	$ -	$ -	$ -	$ 41,273
Computer software	8,091	347	-	-	8,438
Service concession arrangements	4,000	-	4,000	-	-
	53,364	$ 347	$ 4,000	$ -	49,711
Accumulated depreciation					
Patents	5,848	$ 2,064	$ -	$ -	7,912
Computer software	1,082	1,323	-	-	2,405
Service concession arrangements	4,000	-	4,000	-	-
	10,930	$ 3,387	$ 4,000	$ -	10,317
	$ 42,434				$ 39,394

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

Patents	20 years
Computer software	2-10 years
Service concession arrangements	1 years

16. OTHER ASSETS

	December 31	
	2020	2019
Current		
Temporary payments	$ 6,760	$ 12,140
Prepaid expenses	4,265	4,785
Prepayment for purchases	4,119	99
Others	1,832	992
	$ 16,976	$ 18,016
Non-current		
Prepayments for equipment	$ 14,257	$ 24,220
Refundable deposits	1,042	1,042
	$ 15,299	$ 25,262

17. OTHER LIABILITIES

	December 31	
	2020	2019
Other payables		
Payables for salaries	$ 49,946	$ 40,743
Payables for compensation of employees	8,344	431
Payables for purchases of equipment	7,096	6,432
Payables for commission	4,156	3,923
Payables for remuneration of directors	1,192	-
Others	40,301	40,762
	$ 111,035	$ 92,291
Other current liabilities		
Contract liabilities	$ 29,592	$ 8,966
Receipts under custody	-	8,590
Others	16,123	21,042
	$ 45,715	$ 38,598
Deferred revenue		
Current	$ 131	$ 80
Non-current	692	483
	$ 823	$ 563

The movements of deferred revenue were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 563	$ 3,859
Additions	390	4,800
Reclassified as other revenue	(130)	(8,096)
Balance at December 31	$ 823	$ 563

18. PROVISIONS - CURRENT

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 7,932	$ 5,319
Additional provisions recognized (reversal of unused balance)	(2,700)	6,152
Amounts used	(595)	(3,539)
Balance at December 31	$ 4,637	$ 7,932

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 178,404	$ 171,773
Fair value of plan assets	(134,425)	(126,564)
Net defined benefit liabilities	$ 43,979	$ 45,209

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	$ 163,879	$ (112,450)	$ 51,429
Service cost			
Current service cost	1,364	-	1,364
Net interest expense (income)	1,613	(1,144)	469
Recognized in profit or loss	2,977	(1,144)	1,833
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,938)	(3,938)
Actuarial loss			
- Changes in demographic assumptions	1,527	-	1,527
- Changes in financial assumptions	4,145	-	4,145
- Experience adjustments	1,392	-	1,392
Recognized in other comprehensive income	7,064	(3,938)	3,126
Contributions from the employer	-	(11,179)	(11,179)
Benefits paid	(2,147)	2,147	-
	(2,147)	(9,032)	(11,179)
Balance at December 31, 2019	171,773	(126,564)	45,209
Service cost			
Current service cost	1,147	-	1,147
Net interest expense (income)	1,273	(974)	299
Recognized in profit or loss	2,420	(974)	1,446
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,006)	(4,006)
Actuarial loss			
- Changes in demographic assumptions	620	-	620
- Changes in financial assumptions	4,132	-	4,132
- Experience adjustments	4,682	-	4,682
Recognized in other comprehensive income	9,434	(4,006)	5,428
Contributions from the employer	-	(8,104)	(8,104)
Benefits paid	(5,223)	5,223	-
	(5,223)	(2,881)	(8,104)
Balance at December 31, 2020	$ 178,404	$ (134,425)	$ 43,979

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	
	2020	**2019**
Discount rate(s)	0.50%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%

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

	December 31	
	2020	**2019**
Discount rate(s)		
0.25% increase	$ (4,135)	$ (4,164)
0.25% decrease	$ 4,285	$ 4,318
Expected rate(s) of salary increase		
0.25% increase	$ 4,147	$ 4,190
0.25% decrease	$ (4,024)	$ (4,061)

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	
	2020	**2019**
Expected contributions to the plans for the next year	$ 10,795	$ 10,812
Average duration of the defined benefit obligation	9.4 years	9.9 years

20. EQUITY

a. Ordinary shares

	December 31	
	2020	**2019**
Shares authorized (in thousands of shares)	236,824	236,824
Shares authorized (in thousands of dollars)	$ 2,368,240	$ 2,368,240
Shares issued and fully paid (in thousands of shares)	227,825	227,825
Shares issued and fully paid (in thousands of dollars)	$ 2,278,250	$ 2,278,250

b. Capital surplus

	December 31	
	2020	2019
Issuance of ordinary shares	$ 37,598	$ 37,598
The difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition	26,225	22,495
Donations	412	412
	$ 64,235	$ 60,505

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

c. Retained earnings and dividends policy

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

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

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 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 2019 and 2018, which were approved in the shareholders' meetings in June 2020 and 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	2018
Legal reserve	$ 1,062	$ 9,285
Special reserve	$ 39,496	$ 40,729
Cash dividends	$ 45,137	$ 56,421
Cash dividends per share (NT$)	$ 0.2	$ 0.25

The appropriation of earnings and dividends per share for 2020 was proposed by the Company's board of directors in March 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 18,438
Reversal of special reserve	$ (11,965)
Cash dividends	$ 78,155
Cash dividends per share (NT$)	$ 0.35

The appropriation of earnings for 2020 is subject to resolution in the shareholders' meeting to be held in June 2021.

d. Special reserve

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

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (169,365)	$ (127,227)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	60,177	(42,138)
Reclassification adjustments		
Disposal of foreign operations	(23,667)	-
Balance at December 31	$ (132,855)	$ (169,365)

f. Treasury shares

Purpose of Buy-back	Number of shares at January 1	Increase	Number of shares at December 31
For the Year Ended December 31, 2020			
Shares Transferred to Employees	2,140,000	2,385,000	4,525,000
For the Year Ended December 31, 2019			
Shares Transferred to Employees	1,494,000	646,000	2,140,000

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

21. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 2,176,121	$ 2,017,452

	December 31, 2020	December 31, 2019	January 1, 2019
Contact balances			
Notes receivable and trade receivables	$ 670,169	$ 528,123	$ 508,139
Contract liabilities			
Sale of goods	$ 29,592	$ 8,966	$ 6,044

22. COMPREHENSIVE INCOME FOR THE YEAR

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2020			
Employee benefits			
Salary and wages	$ 210,071	$ 64,575	$ 274,646
Labor and health insurance costs	22,593	6,262	28,855
Post-employment benefits			
Defined contribution plans	7,480	2,893	10,373
Defined benefit plans	1,127	319	1,446
Remuneration to directors	-	2,398	2,398
Other employee benefits	14,943	3,642	18,585
Depreciation expenses	82,391	8,280	90,671
Amortization expenses	125	3,514	3,639
For the Year Ended December 31, 2019			
Employee benefits			
Salary and wages	186,101	57,232	243,333
Labor and health insurance costs	21,352	6,256	27,608
Post-employment benefits			
Defined contribution plans	7,224	2,804	10,028
Defined benefit plans	1,417	416	1,833
Remuneration to directors	-	1,206	1,206
Other employee benefits	13,987	4,220	18,207
Depreciation expenses	78,543	9,424	87,967
Amortization expenses	86	3,301	3,387

As of 2020 and 2019, the Company’s average employee number was 626 and 598 employees, respectively. There were 4 directors who did not serve concurrently as employees for both years. The head counts were the same as those used as basis in the calculation of employee benefit expense.

As of 2020 and 2019, the average of employee benefits expense was $537 and $507 thousand, respectively; as of 2020 and 2019, the average of employee salaries were $442 and $410 thousand, respectively, and the change of the average employee salaries was 8%. 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% and no higher than 10%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The' compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors in March 2021 and 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Accrual Rate	**Amount**	**Accrual Rate**	**Amount**
Employees' compensation	3.5%	$ 8,344	2%	$ 431
Remuneration of directors	0.5%	1,192	-	-

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Interest income

	For the Year Ended December 31	
	2020	**2019**
Bank deposits	$ 1,694	$ 3,029
Financial assets at amortized cost	417	32
Financial assets at FVTPL	93	256
	$ 2,204	$ 3,317

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	**2019**
Foreign exchange gains	$ 63,464	$ 38,867
Foreign exchange losses	(82,436)	(57,040)
	$ (18,972)	$ (18,173)

23. INCOME TAXES

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 21,087	$ 24,936
Adjustments for prior years	1,779	3,750
	22,866	28,686
Deferred tax		
In respect of the current year	34,687	(19,963)
Adjustments for prior years	1,998	(42)
	36,685	(20,005)
Income tax expense recognized in profit or loss	$ 59,551	$ 8,681

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

	For the Year Ended December 31	
	2020	2019
Income tax expense calculated at the statutory rate	$ 45,771	$ 4,220
Nondeductible expenses in determining taxable income	12,639	11,202
Tax-exempt income	(2,636)	(2,891)
Usage of investment credit	-	(7,558)
Adjustments for prior years' tax	3,777	3,708
Income tax expense recognized in profit or loss	$ 59,551	$ 8,681

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2020			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investment accounted for using the equity method	$ 94,177	$ (56,131)	$ -	$ 38,046
Defined benefit obligation	9,494	(1,332)	1,086	9,248
Unrealized provision for loss on inventory	6,377	-	-	6,377
Others	7,120	(360)	-	6,760
	$ 117,168	$ (57,823)	$ 1,086	$ 60,431
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 121,307	$ (21,138)	$ -	$ 100,169
Property plant and equipment	9,875	-	-	9,875
	$ 131,182	$ (21,138)	$ -	$ 110,044

	For the Year Ended December 31, 2019			
	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	$ 106,136	$ (11,959)	$ -	$ 94,177
Defined benefit obligation	10,738	(1,868)	624	9,494
Unrealized provision for loss on inventory	6,377	-	-	6,377
Others	5,941	1,179	-	7,120
	$ 129,192	$ (12,648)	$ 624	$ 117,168
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 153,960	$ (32,653)	$ -	$ 121,307
Property plant and equipment	9,875	-	-	9,875
	$ 163,835	$ (32,653)	$ -	$ 131,182

c. Income tax examinations

The tax returns of the Company through 2018 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

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

	Amounts (Numerator)	Number of Shares Denominator (In Thousands)	EPS (NT$)
For the year ended December 31, 2019			
Basic EPS			
Net income available to ordinary shareholders of the parent	$ 12,421	225,693	$ 0.06
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	112	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 12,421	225,805	$ 0.06

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

25. 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.

26. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets at FVTPL				
Mutual funds	$ 262,953	$ -	$ -	$ 262,953
Financial assets at FVTOCI				
Listed shares	$ 49,307	$ -	$ -	$ 49,307
December 31, 2019				
Financial assets at FVTPL				
Mutual funds	$ 125,487	$ -	$ -	$ 125,487
Financial assets at FVTOCI				
Domestic listed shares	$ 52,765	$ -	$ -	$ 52,765

There were no transfers between Level 1 and Level 2 in 2020 and 2019.

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	
	2020	2019
Financial assets		
Financial assets at amortized cost (1)	$ 1,319,060	$ 1,213,838
Financial assets at FVTPL	262,953	125,487
Financial assets at FVTOCI	49,307	52,765
Financial liabilities		
Amortized cost (2)	583,478	476,884

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

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

c. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, mutual funds, derivative instruments, 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 30.

Sensitivity analysis

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

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

	Currency Impact	
	For the Year Ended December 31	
	2020	**2019**
USD	$ 5,608	$ 4,407
EUR	2,230	2,548
RMB	649	743

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

The sensitivity analysis for foreign currency risk is performed primarily for adverse effect on foreign currency-denominated monetary assets and liabilities at the end of the reporting period due to foreign currency exchange. For the years ended December 31, 2020 and 2019, a hypothetical adverse foreign currency exchange rate change of 1% would have decreased the Company's net income by $8,487 thousand and $7,698 thousand, respectively.

b) Interest rate risk

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

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 130,584	$ 147,463
Financial liabilities	1,481	4,419
Cash flow interest rate risk		
Financial assets	225,898	259,418

Sensitivity analysis

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

If interest rates had been 0.25% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased by $565 thousand and $649 thousand, respectively.

c) Other price risk

The Company is exposed to equity price risk through its investments in equity securities and mutual funds. If equity or mutual funds prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $2,630 thousand and $1,255 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, 2020 and 2019 would have increased/decreased by $493 thousand and $528 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

3) Liquidity risk

The Company's working capital is sufficient and there is no liquidity risk due to lack of funds needed to meet contractual obligations.

27. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party names and categories

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

b. Sales

Related Party Category/Name	For the Year Ended December 31 2020	2019
Subsidiaries	$ 70,364	$ 60,485

The markup percentage of equipment which the Company sells to subsidiaries is 6%. 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 general credit term was T/T 90 and T/T 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 2020	2019
Subsidiaries		
Ever Glory	$ 541,526	$ 574,389

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 120 days after the transaction date and there was 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	
	2020	2019
Subsidiaries		
Ever Glory	$ 30,393	$ 21,908
CGI	6,872	6,137
	$ 37,265	$ 28,045

The outstanding trade receivables from related parties are unsecured. No impairment loss and expected credit loss were recognized on trade receivables from related parties. As of December 31, 2020 and 2019, the amount past due over 90 days was $687 thousand and $1,839 thousand, respectively.

e. Other receivables

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Subsidiaries	$ 2,462	$ 11,864

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

f. Payables to related parties

Related Party Categories/Name	December 31	
	2020	2019
Subsidiaries		
Ever Glory	$ 187,589	$ 217,435

The outstanding trade payables to related parties are unsecured.

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

Related Party Categories	December 31	
	2020	2019
Subsidiaries		
CGI	$ 230,324	$ 214,058
COL	45,392	46,080
	$ 275,716	$ 260,138

The loan to related parties presented above was not interest-bearing or secured. And there were no impairment loss, and expected credit loss were recognized. As of December 31, 2020 and 2019, the loan to CGI transferred from trade receivables past due over 90 days was $62,292 thousand and $60,650 thousand, respectively.

h. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 8,619	$ 7,401
Post-employment benefits	129	132
	$ 8,748	$ 7,533

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for special account for Plan of Industries Investment from Repatriated Offshore Funds and tariff on bonded warehouse and on import of raw material:

	December 31	
	2020	2019
Financial assets at amortized cost - current	$ 24,804	$ 83,041
Financial assets at amortized cost - non-current	1,654	1,641
	$ 26,458	$ 84,682

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments of the Company as of December 31, 2020 and 2019 were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	$ 28,862	$ 13,302

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 26,001	28.48 (USD:NTD)	$ 740,508
EUR	6,622	35.06 (EUR:NTD)	232,167
RMB	14,816	4.380 (RMB:NTD)	64,894
GBP	1,166	38.93 (GBP:USD)	45,392

(Continued)

	December 31, 2020		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Non-monetary items			
Investments accounted for using the equity method			
USD	$ 37,675	28.48 (USD:NTD)	$ 1,072,993
Financial liabilities			
Monetary items			
USD	6,310	28.48 (USD:NTD)	179,709
EUR	261	35.06 (EUR:NTD)	9,151
Non-monetary items			
Investments accounted for using the equity method			
USD	6,247	28.48 (USD:NTD)	177,924
GBP	611	38.93 (GBP:USD)	23,791

(Concluded)

	December 31, 2019		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 21,806	30.08 (USD:NTD)	$ 655,924
EUR	7,704	33.74 (EUR:NTD)	259,933
RMB	17,204	4.321 (RMB:NTD)	74,338
GBP	1,166	39.52 (GBP:USD)	46,080
Non-monetary items			
Investments accounted for using the equity method			
USD	40,494	30.08 (USD:NTD)	1,218,056
Financial liabilities			
Monetary items			
USD	7,155	30.08 (USD:NTD)	215,222
EUR	152	33.74 (EUR:NTD)	5,128
Non-monetary items			
Investments accounted for using the equity method			
USD	5,229	30.08 (USD:NTD)	157,276
GBP	622	39.52 (GBP:USD)	24,577

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

	For the Year Ended December 31			
	2020		2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.55 (USD:NTD)	$ (14,369)	30.91 (USD:NTD)	$ (7,215)
RMB	4.282 (RMB:NTD)	681	4.472 (RMB:NTD)	(1,115)
EUR	33.71 (EUR:NTD)	4,692	34.61 (EUR:NTD)	(500)
GBP	37.94 (GBP:NTD)	(688)	39.47 (GBP:NTD)	665
		$ (9,684)		$ (8,165)

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held: Table 2

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

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

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

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

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

9) Trading in derivative instruments: None

10) Information on investees: Table 6

b. Information on investments in mainland China

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

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

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

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

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

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

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

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance (Note 3)	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	The Company	Ever Glory	Other receivables	Yes	$ 7,558 (USD 250)	$ 7,120 (USD 250)	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 652,261	$ 1,304,523
		Lee Chi International	Other receivables	Yes	8,544 (USD 300)	8,544 (USD 300)	-	-	Short-term financing	-	Operating capital	-	-	-	652,261	1,304,523
		COL	Other receivables	Yes	54,502 (GBP 1,400)	54,502 (GBP 1,400)	45,392 (GBP 1,166)	-	Short-term financing	-	Operating capital	-	-	-	652,261	1,304,523
		CGI	Other receivables	Yes	253,108 (USD 8,282) (NTD 17,242)	253,108 (USD 8,282) (NTD 17,242)	230,324 (USD 7,482) (NTD 17,242)	-	Short-term financing	-	Operating capital	-	-	-	652,261	1,304,523
1	Lee Chi International	Ever Glory	Receivables from related parties	Yes	7,558 (USD 250)	7,120 (USD 250)	5,813 (USD 204)	-	Short-term financing	-	Operating capital	-	-	-	334,640 (USD 11,750)	334,640 (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, 2020
(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, 2020			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary shares						
	CTBC Financial Holding Co., Ltd	-	Financial assets at FVTOCI - current	2,143	$ 42,226	-	$ 42,226
	CHINA STEEL CORPORATION	-	Financial assets at FVTOCI - current	106	2,624	-	2,624
	YANG MING MARINE TRANSPORT CORPORATION	-	Financial assets at FVTOCI - current	77	2,265	-	2,265
	YIEH PHUI ENTERPRISE CO., LTD.	-	Financial assets at FVTOCI - current	112	1,528	-	1,528
	YEM CHIO CO., LTD.	-	Financial assets at FVTOCI - current	40	664	-	664
	CHUNGHWA PICTURE TUBES, LTD.	-	Financial assets at FVTOCI - current	213	-	-	-
	Mutual funds						
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	8,390	122,029	-	122,029
	JPMorgan Investment Funds - Global Income Fund A (acc) - USD (hedged)	-	Financial assets at FVTPL - current	6	35,762	-	35,762
	M&G Optimal Income Fund USD A-H Acc	-	Financial assets at FVTPL - current	86	27,601	-	27,601
	Fidelity Funds - Global Dividend Fund A-ACC-EUR (Hedged)	-	Financial assets at FVTPL - current	12	9,701	-	9,701
	JPM China Income Fund CNH Acc	-	Financial assets at FVTPL - current	115	9,664	-	9,664
	JPMorgan Investment Funds - Global High Yield Bond Fund - JPM Global High Yield Bond A (acc) - USD	-	Financial assets at FVTPL - current	2	9,487	-	9,487
	MFS Meridian Funds - Global High Yield Fund A1 EUR	-	Financial assets at FVTPL - current	12	8,531	-	8,531
	Yuanta New China Fund CNH	-	Financial assets at FVTPL - current	131	8,212	-	8,212
	NN (L) Emerging Markets Debt (Hard Currency) - X Cap EUR (hedged i)	-	Financial assets at FVTPL - current	-	4,348	-	4,348
	Yuanta RMB Money Market Fund CNY	-	Financial assets at FVTPL - current	80	4,226	-	4,226
	Cathay Taiwan Money Market Fund	-	Financial assets at FVTPL - current	308	3,861	-	3,861
	FUH HWA CSI 300 A SHARES EXCHANGE TRADED FUND	-	Financial assets at FVTPL - current	120	3,708	-	3,708
	Yuanta Taiwan High-yield Leading Company Fund(A)	-	Financial assets at FVTPL - current	200	2,518	-	2,518
	PineBridge Global ESG Quantitative Bond Fund N9 CNY	-	Financial assets at FVTPL - current	50	2,347	-	2,347
	Yuanta MSCI China A ETF	-	Financial assets at FVTPL - current	80	2,231	-	2,231
	PineBridge ESG Quant Multi-Asset Fund N CNY	-	Financial assets at FVTPL - current	50	2,216	-	2,216
	Nomura Global Financial Bond Fund Acc CNY	-	Financial assets at FVTPL - current	42	2,195	-	2,195
	PineBridge China A-Shares Quantitative Equity Fund A-CNY	-	Financial assets at FVTPL - current	25	1,450	-	1,450
	Cathay High Dividend Taiwan Equity Fund A	-	Financial assets at FVTPL - current	100	1,202	-	1,202
	Yuanta Great China TMT Fund RMB	-	Financial assets at FVTPL - current	16	1,123	-	1,123
	Cathay China Domestic Demand Growth Fund USD	-	Financial assets at FVTPL - current	17	541	-	541

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Ever Glory	Ordinary shares						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	$ 39,556	-	$ 39,556
Chief Venture	Ordinary shares						
	RUBY TECH CORPORATION	-	Financial assets at FVTPL - current	457	13,749	1	13,749
	POWERCHIP SEMICONDUCTOR MANUFACTURING CORPORATION	-	Financial assets at FVTPL - non-current	2,487	124,288	-	124,288
	DEXIN CORP.	-	Financial assets at FVTPL - non-current	3,192	33,672	10	33,672
	POWERCHIP TECHNOLOGY CORPORATION	-	Financial assets at FVTPL - non-current	1,358	18,440	-	18,440
	ZIPCOM CORPORATION	-	Financial assets at FVTPL - non-current	113	-	11	-
	BESTEC POWER ELECTRONICS CO., LTD.	-	Financial assets at FVTOCI - current	977	7,073	1	7,073
	RUBY TECH CORPORATION	-	Financial assets at FVTOCI - current	221	6,652	-	6,652
	TERAWINS, INC.	-	Financial assets at FVTOCI - non-current	689	10,921	2	10,921
	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets at FVTOCI - non-current	158	8,352	-	8,352
	SOLIDLITE CORPORATION	-	Financial assets at FVTOCI - non-current	200	1,104	1	1,104

(Concluded)

TABLE 3

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Note)
	Mutual funds													
The Company	Fuh Hwa Money Market Fund	Financial assets at FVTPL - current	-	-	-	$ -	74,914	$ 1,088,000	66,524	$ 966,109	$ 965,981	$ 128	8,390	$ 122,029
	Structured deposits													
Ever Glory	Financial guaranteed deposit "Suei-Sin E" (Orientated) Period 3, 2017, ICBC	Financial assets at FVTPL - current	-	-	-	192,283 (RMB 44,500)	-	229,987 (RMB 54,000)	-	422,350 (RMB 99,166)	419,514 (RMB 98,500)	2,836 (RMB 666)	-	-

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

TABLE 4

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party (Note 2)	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
The Company	Ever Glory	(Note)	Purchase	$ 541,526	44	T/T 120 days after the transaction date	The purchases are primarily by means of trilateral trades. The prices of these purchases were based on specific diversity of products and related market trends. There was no unrelated parties with similar trade.	There were no significant differences between other parties.	$ (187,589)	(40)	
Ever Glory	The Company	(Note)	Sale	(541,526)	(32)	T/T 120 days after the transaction date	Selling prices were lower than those of unrelated parties.	There were no significant differences between other parties.	187,589	27	

Note: See Note 12.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2020
(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)	$ 238,196 (Note 3)	1.27	$ 687	Continued collection	$ -	$ -
Ever Glory	The Company	(Note 2)	187,589	2.67	-	-	127,306	-

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

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	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	100	$ 1,072,993	$ 64,234	$ 64,234	Subsidiary
	Chief Venture	Taipei	Investment	107,886	80,000	11,000	55	149,029	74,143	41,479	Subsidiary
	ASIA	Republic of Mauritius	Operating holding company, international investments and import and export business for bike components	-	268,564	(Note)	(Note)	(Note)	2,262	2,262	Subsidiary
	CGI	California, USA	Development, manufacture and sale of high-class bikes and bike components	122,395	122,395	4,000	100	(177,924)	(34,591)	(34,591)	Subsidiary
	COL	Hartford County, Connecticut, USA.	Wholesale of bikes and bike components	8,484	8,484	143	60	(23,791)	846	508	Subsidiary

Note: ASIA has been liquidated in January 2020.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					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)	$ 77,311	100%	$ 77,311	$ 1,038,996	$ 300,781

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	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)	$ 1,956,784

Note 1: The investment gain (loss) recognized by the Group was based on the financial statements audited by the same accounting firm as parent company in Taiwan, as of and for the year ended December 31, 2020.

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, 2020
(In Shares)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Trust property account of Lee, Ye-Jung at the Taipei Branch of the United Bank of Switzerland	22,274,684	9.77
Le Wong Investment Co., Ltd.	22,189,000	9.73
Lin, Yu-Hsin	13,075,760	5.73

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

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

V. Statement on Consolidated Financial Statements Covering Affiliated Enterprises

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. as of and for the year ended December 31, 2020, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements of Lee Chi Enterprises Company Ltd. and Subsidiaries. Consequently, we do not prepare a separate set of combined financial statements.

Very truly yours,

Lee Chi Enterprises Company Ltd.

By:

Lin, Yu-Hsin
President

March 22, 2021

VI. Auditor's Report and 2020 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Lee Chi Enterprises Company Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows.

Revenue Recognition

The Group's operating revenue mainly comes from the manufacturing and sale of bike components. The operating revenue increased in 2020 due to the changes in market demand, and revenue from specific customers was significant to the overall consolidated operating revenue. Thus, we identified the validity of recognition of the sales revenue from specific customers as a key audit matter. For the policy on revenue recognition, refer to Note 4 to the consolidated financial statements.

The audit procedures that we performed in respect of revenue recognition included the following:

1. We understood the internal control and evaluated the design of key control. Besides, we determined whether the key control has been implemented and tested the operating effectiveness of key control.

2. We performed substantive procedures by sample-testing the specific customers' subsidiary ledger, checking the related documents such as invoice, shipping documents and receiving records to confirm the validity of recognition of the sales revenue.

Other Matter

We have also audited the parent company only financial statements of Lee Chi Enterprises Company Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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 Ting-Chien Su and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

Notice to Readers

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 632,729	13	$ 646,343	15
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	276,702	6	380,007	9
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	63,032	1	71,142	1
Financial assets at amortized cost - current (Notes 4, 9 and 29)	24,804	-	83,041	2
Notes receivable (Notes 4, 10 and 21)	150,245	3	97,531	2
Trade receivables (Notes 4, 5, 10 and 21)	997,021	21	658,900	15
Other receivables	27,065	1	12,304	-
Current tax assets (Notes 4 and 23)	3,560	-	14,872	-
Inventories (Notes 4 and 11)	839,146	17	610,457	14
Other current assets (Notes 16, 18 and 30)	29,596	1	32,662	1
Total current assets	3,043,900	63	2,607,259	59
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	176,400	4	82,462	2
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	59,933	1	54,906	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 29)	111,810	2	110,314	3
Property, plant and equipment (Notes 4 and 13)	1,216,699	25	1,249,956	28
Right-of-use assets (Notes 4 and 14)	41,438	1	45,211	1
Other intangible assets (Notes 4 and 15)	38,383	1	41,294	1
Goodwill (Note 4)	51,962	1	54,882	1
Deferred tax assets (Notes 4 and 23)	60,431	1	117,168	3
Other non-current assets (Note 16)	22,327	1	36,257	1
Total non-current assets	1,779,383	37	1,792,450	41
TOTAL	$ 4,823,283	100	$ 4,399,709	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables	$ 755,116	16	$ 464,619	11
Other payables (Note 17)	235,284	5	188,029	4
Current tax liabilities (Notes 4 and 25)	179	-	3,582	-
Provisions - current (Notes 4 and 18)	4,637	-	7,932	-
Lease liabilities - current (Notes 4 and 14)	1,481	-	2,938	-
Deferred revenue - current (Notes 4 and 17)	47,739	1	42,000	1
Other current liabilities (Notes 17 and 23)	49,854	1	42,937	1
Total current liabilities	1,094,290	23	752,037	17
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	110,044	2	131,182	3
Lease liabilities - non-current (Notes 4 and 14)	-	-	1,481	-
Deferred revenue - non-current (Notes 4 and 17)	207,459	4	246,384	6
Net defined benefit liabilities - non-current (Notes 4 and 19)	43,979	1	45,209	1
Guarantee deposits	132	-	130	-
Total non-current liabilities	361,614	7	424,386	10
Total liabilities	1,455,904	30	1,176,423	27
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Ordinary shares	2,278,250	47	2,278,250	52
Capital surplus	64,235	1	60,505	1
Retained earnings				
Legal reserve	265,642	6	264,580	6
Special reserve	135,847	3	122,020	3
Unappropriated earnings	680,443	14	581,755	13
Other equity	(123,883)	(2)	(161,516)	(4)
Treasury shares	(39,227)	(1)	(21,236)	-
Total equity attributable to owners of the Company	3,261,307	68	3,124,358	71
NON-CONTROLLING INTERESTS	106,072	2	98,928	2
Total equity	3,367,379	70	3,223,286	73
TOTAL	$ 4,823,283	100	$ 4,399,709	100

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 21)	$ 3,383,919	100	$ 2,999,007	100
OPERATING COSTS (Notes 11 and 22)	2,863,070	85	2,669,099	89
GROSS PROFIT	520,849	15	329,908	11
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	126,328	4	150,311	5
General and administrative expenses	188,859	5	175,185	6
Research and development expenses	68,817	2	87,646	3
Total operating expenses	384,004	11	413,142	14
PROFIT (LOSS) FROM OPERATIONS	136,845	4	(83,234)	(3)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	12,630	1	20,936	1
Dividend income	4,202	-	2,373	-
Other income (Note 17)	66,593	2	94,186	3
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit or loss (Note 4)	101,951	3	17,859	1
Other expenses	(1,086)	-	(6,549)	-
Loss on disposal of property, plant and equipment (Note 4)	(1,782)	-	(4,643)	-
Loss on disposal of investment	(23,667)	(1)	-	-
Foreign exchange gain (loss), net (Notes 4 and 22)	(33,651)	(1)	(15,165)	(1)
Total non-operating income and expenses	125,190	4	108,997	4
PROFIT BEFORE INCOME TAX	262,035	8	25,763	1
INCOME TAX EXPENSE (Notes 4 and 23)	59,730	2	9,798	1
NET PROFIT FOR THE YEAR	202,305	6	15,965	-

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	$ (5,428)	-	$ (3,126)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	448	-	3,606	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 23)	1,086	-	624	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 12 and 20)	36,696	1	(42,322)	(1)
Other comprehensive income (loss) for the year, net of income tax	32,802	1	(41,218)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	$ 235,107	7	$ (25,253)	(1)
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 169,303	5	$ 12,421	1
Non-controlling interests	33,002	1	3,544	-
	$ 202,305	6	$ 15,965	1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 199,740	6	$ (28,878)	(1)
Non-controlling interests	35,367	1	3,625	-
	$ 235,107	7	$ (25,253)	(1)
EARNINGS PER SHARE (Note 24)				
Basic	$ 0.76		$ 0.06	
Diluted	$ 0.75		$ 0.06	

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
			Retained Earnings (Note 20)			Other Equity (Notes 4)					
	Share Capitals (Note 20)	Capital Surplus (Notes 20 and 25)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations (Notes 12 and 20)	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income (Note 25)	Treasury Shares (Note 20)	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 2,278,250	$ 60,505	$ 255,295	$ 81,291	$ 677,570	$ (127,227)	$ 5,209	$ (14,745)	$ 3,216,148	$ 95,303	$ 3,311,451
Appropriation of 2018 earnings											
Legal reserve	-	-	9,285	-	(9,285)	-	-	-	-	-	-
Special reserve	-	-	-	40,729	(40,729)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$0.25 per share	-	-	-	-	(56,421)	-	-	-	(56,421)	-	(56,421)
Net profit for the year ended December 31, 2019	-	-	-	-	12,421	-	-	-	12,421	3,544	15,965
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(2,502)	(42,138)	3,341	-	(41,299)	81	(41,218)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	9,919	(42,138)	3,341	-	(28,878)	3,625	(25,253)
Buy-back of treasury shares	-	-	-	-	-	-	-	(6,491)	(6,491)	-	(6,491)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	701	-	(701)	-	-	-	-
BALANCE AT DECEMBER 31, 2019	2,278,250	60,505	264,580	122,020	581,755	(169,365)	7,849	(21,236)	3,124,358	98,928	3,223,286
Special reserve reversed	-	-	-	(25,669)	25,669	-	-	-	-	-	-
Appropriation of 2019 earnings											
Legal reserve	-	-	1,062	-	(1,062)	-	-	-	-	-	-
Special reserve	-	-	-	39,496	(39,496)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$0.2 per share	-	-	-	-	(45,137)	-	-	-	(45,137)	-	(45,137)
Net profit for the year ended December 31, 2020	-	-	-	-	169,303	-	-	-	169,303	33,002	202,305
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(4,342)	36,510	(1,731)	-	30,437	2,365	32,802
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	164,961	36,510	(1,731)	-	199,740	35,367	235,107
Buy-back of treasury shares	-	-	-	-	-	-	-	(17,991)	(17,991)	-	(17,991)
Actual disposal or acquisition of interests in subsidiaries	-	3,730	-	-	-	-	(3,393)	-	337	(337)	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(6,247)	-	6,247	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(27,886)	(27,886)
BALANCE AT DECEMBER 31, 2020	$ 2,278,250	$ 64,235	$ 265,642	$ 135,847	$ 680,443	$ (132,855)	$ 8,972	$ (39,227)	$ 3,261,307	$ 106,072	$ 3,367,379

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 262,035	$ 25,763
Adjustments for:		
Depreciation expenses	165,239	167,194
Amortization expenses	4,244	4,021
Expected credit loss recognized on trade receivables	587	146
Net gain on fair value changes of financial assets designated at fair value through profit or loss	(101,951)	(28,761)
Financial costs	33	29
Interest income	(12,630)	(20,936)
Dividend income	(4,202)	(6,063)
Loss on disposal of property, plant and equipment	1,782	4,643
Loss on disposal of investment	23,667	-
Net loss on foreign currency exchange	3,800	4,280
Deferred revenue	(41,669)	(60,424)
Recognition (reversal) of provisions	(2,700)	6,152
Changes in operating assets and liabilities		
Notes receivable	(51,340)	39,277
Trade receivables	(333,651)	(42,933)
Other receivables	(11,619)	1,387
Inventories	(224,995)	56,686
Other current assets	2,620	6,183
Other assets	-	(10,587)
Trade payables	283,321	(63,566)
Other payables	45,637	(19,085)
Provisions	(595)	(3,539)
Other current liabilities	6,917	16,697
Net defined benefit liabilities	(6,658)	(9,346)
Deferred revenue	5,779	13,744
Cash generated from operations	13,651	80,962
Interest received	9,191	29,418
Dividends received	4,202	6,063
Interest paid	(33)	(29)
Income tax paid	(15,934)	(45,961)
Net cash generated from operating activities	11,077	70,453
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(8,127)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	7,748	2,148
Proceeds from return of capital from investments accounted for using the equity method	4,374	-
Purchase of financial assets at amortized cost	-	(209,199)

(Continued)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from sale of financial assets at amortized cost	$ 58,642	$ 130,300
Purchase of financial assets at fair value through profit or loss	(1,451,448)	(1,629,935)
Proceeds from sale of financial assets at fair value through profit or loss	1,558,355	1,636,250
Payments for property, plant and equipment	(97,249)	(85,705)
Proceeds from disposal of property, plant and equipment	1,390	6,363
Increase in refundable deposits	(21)	(541)
Decrease in refundable deposits	27	20
Payments for intangible assets	(159)	(347)
Increase in prepayments for equipment	(15,399)	(105,373)
Net cash generated from (used in) investing activities	58,133	(256,019)
CASH FLOWS FROM FINANCING ACTIVITIES		
Refund of guarantee deposits received	-	(45)
Repayments of the principal portion of lease liabilities	(2,938)	(1,457)
Dividends paid to owners of the Company	(45,137)	(56,421)
Payments for buy-back of treasury shares	(17,991)	(7,606)
Changes in non-controlling interests	(27,886)	-
Net cash used in financing activities	(93,952)	(65,529)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	11,128	(13,980)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,614)	(265,075)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	646,343	911,418
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 632,729	$ 646,343

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

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 22, 2021.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Company and its subsidiaries (collectively referred to as the "Group").

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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 IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Goodwill

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

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

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

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

i. Intangible assets

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

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

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

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

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

k. Financial instruments

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

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

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

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

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

b) Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii. Breach of contract, such as a default;

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

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

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

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

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

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

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

3) Derecognition of financial assets

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

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

Financial liabilities

1) Subsequent measurement

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

2) Derecognition of financial liabilities

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

Derivative financial instruments

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

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

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

l. Provisions

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

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

m. Revenue recognition

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

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

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

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

n. Leases

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

The Group as lessee

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

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

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

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

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

o. Government grants

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 396	$ 845
Checking accounts and demand deposits	338,330	375,509
Cash equivalents		
Time deposits	294,003	269,989
	$ 632,729	$ 646,343
Interest rate per annum (%)		
Bank balance	0.00-0.35	0.00-0.36
Time deposits	0.10-2.84	0.59-3.31

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets - current		
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 262,953	$ 125,487
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	13,749	27,669
Hybrid financial assets		
Structured deposits (Note)	-	226,851
	13,749	254,520
	$ 276,702	$ 380,007
Financial assets at FVTPL - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 176,400	$ 82,462

Note: The Group entered into a 1-to 12-month structured time deposit contract with Bank. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
Investments in Equity Instruments	2020	2019
Current		
Domestic listed shares	$ 63,032	$ 71,142
Non-current		
Overseas limited partnership	$ 39,556	$ 44,336
Domestic unlisted shares	20,377	10,570
	$ 59,933	$ 54,906

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

The Company has signed a securities trust agreement with ChinaTrust Commercial Bank in September 1998, 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 when expiration arrives, the agreement would be extended for 1 year automatically.

	December 31			
	2020		2019	
Listed Shares	Number of Shares (In Thousands)	Carrying Amount	Number of Shares (In Thousands)	Carrying Amount
CTBC Financial Holding Co., Ltd.	1,234	$ 24,303	1,234	$ 27,634

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Time deposits with original maturities of less than 12 months	$ -	$ 60,160
Demand deposits	24,804	22,881
	$ 24,804	$ 83,041
Non-current		
Time deposits with original maturities of more than 12 months	$ 111,810	$ 110,314
Interest rate per annum (%)		
Current	0.001-0.05	0.33-2.05
Non-current	0.082-4.18	0.082-4.18

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
Notes receivable - operating	$ 150,245	$ 97,531
Less: Allowance for impairment loss	-	-
	$ 150,245	$ 97,531
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,007,229	$ 673,416
Less: Allowance for impairment loss	(10,208)	(14,516)
	$ 997,021	$ 658,900

a. Notes receivable

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

	December 31	
	2020	2019
Not past due	$ 150,245	$ 97,531
Past due	-	-
	$ 150,245	$ 97,531

b. Trade receivables

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

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

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

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

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 151 Days	Total
December 31, 2020					
Expected credit loss rate	0.02%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	$ 961,259	$ 39,621	$ 376	$ 5,973	$ 1,007,229
Loss allowance (Lifetime ECLs)	(3,537)	(656)	(42)	(5,973)	(10,208)
Amortized cost	$ 957,722	$ 38,965	$ 334	$ -	$ 997,021

	Not Past Due	Less than 60 Days	61 to 150 Days	Over 151 Days	Total
December 31, 2019					
Expected credit loss rate	0.02%-0.06%	1%-5%	5%-50%	100%	
Gross carrying amount	$ 627,379	$ 32,091	$ 2,538	$ 11,408	$ 673,416
Loss allowance (Lifetime ECLs)	(1,930)	(682)	(496)	(11,408)	(14,516)
Amortized cost	$ 625,449	$ 31,409	$ 2,042	$ -	$ 658,900

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 14,516	$ 16,809
Add: Net remeasurement of loss allowance	587	146
Less: Amounts written off	(4,978)	(2,254)
Foreign exchange gains and losses	83	(185)
Balance at December 31	$ 10,208	$ 14,516

11. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 86,010	$ 63,979
Work in progress	440,454	292,099
Semi-finished goods	208,108	151,405
Finished goods	88,692	85,726
Inventory in transit	15,882	17,248
	$ 839,146	$ 610,457

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

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 2,846,444	$ 2,653,386
Unallocated production overhead	16,626	15,713
	$ 2,863,070	$ 2,669,099

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Proportion of Ownership (%) December 31 2020	2019
The Company	Asia Noble Co., Ltd. ("ASIA")	-	100
	Lee Chi International Holding Limited (B.V.I.) ("Lee Chi International")	100	100
	Chief Venture Capital Corp. ("Chief Venture")	55	40
	THE Cycle Group, Inc. ("CGI")	100	100
	Cycle Origins Ltd. ("COL")	60	60
ASIA	X-Nine International Ltd. ("X-Nine")	-	-
Lee Chi International	Ever Glory Machinery (Kun Shan) Co., Ltd. ("Ever Glory")	100	100

To adjust the structure of the Group, ASIA and X-Nine have both resolved to liquidate in October 2019 and have completed the liquidation process in January 2020 and December 2019, respectively. The Group thus reclassified the cumulative translation adjustments of $23,667 thousand into loss on disposal of investment.

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

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

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%) December 31 2020	2019
Chief Venture	45	60

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

	December 31	
	2020	2019
Current assets	$ 95,063	$ 103,686
Non-current assets	196,777	93,032
Current liabilities	(20,878)	(4,530)
Equity	$ 270,962	$ 192,188
Equity attributable to:		
Owners of Chief Venture	$ 149,029	$ 76,875
Non-controlling interests of Chief Venture	121,933	115,313
	$ 270,962	$ 192,188

	For the Year Ended December 31	
	2020	2019
Revenue	$ -	$ 14,592
Net income for the year	$ 74,143	$ 12,590
Other comprehensive income for the year	4,631	443
Total comprehensive income for the year	$ 78,774	$ 13,033
Income attributable to:		
Owners of Chief Venture	$ 41,479	$ 5,037
Non-controlling interests of Chief Venture	32,664	7,553
	$ 74,143	$ 12,590
Total comprehensive income attributable to:		
Owners of Chief Venture	$ 43,931	$ 5,213
Non-controlling interests of Chief Venture	34,843	7,820
	$ 78,774	$ 13,033
Cash inflow (outflow) from:		
Operating activities	$ -	$ (11,057)
Investing activities	9,963	-
Net cash inflow (outflow)	$ 9,963	$ (11,057)

13. PROPERTY, PLANT AND EQUIPMENT

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

	For the Year Ended December 31, 2019					
	Beginning Balance	Additions	Deductions	Reclassification	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost						
Land	$ 155,033	$ 14,887	$ -	$ 16,670	$ -	$ 186,590
Land improvements	11,116	1,561	-	-	-	12,677
Buildings	988,157	4,522	21,920	-	(17,332)	953,427
Machinery and equipment	833,129	37,790	81,222	91,435	(13,453)	867,679
Molding equipment	33,033	3,540	8,951	1,264	(494)	28,392
Transportation equipment	14,993	1,711	1,054	3,546	(96)	19,100
Office equipment	32,304	3,775	7,777	2,012	(602)	29,712
Other equipment	60,828	9,090	4,203	14,697	(586)	79,826
	2,128,593	76,876	125,127	129,624	(32,563)	2,177,403
Property in construction	10,606	1,661	-	(11,744)	-	523
	2,139,199	$ 78,537	$ 125,127	$ 117,880	$ (32,563)	2,177,926
Accumulated depreciation						
Land improvements	2,421	$ 793	$ -	$ -	$ -	3,214
Buildings	373,086	44,901	21,920	-	(6,605)	389,462
Machinery and equipment	444,895	89,181	74,513	-	(8,562)	451,001
Molding equipment	20,339	8,634	8,951	-	(359)	19,663
Transportation equipment	7,922	2,841	1,054	-	(69)	9,640
Office equipment	19,144	5,999	6,393	-	(380)	18,370
Other equipment	29,115	11,853	4,015	-	(333)	36,620
	896,922	$ 164,202	$ 116,846	$ -	$ (16,308)	927,970
	$ 1,242,277					$ 1,249,956

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

In addition, the agricultural land in Shipai Section, Changhua City is registered under the name of the chairman of the Company, Lin, Yu-Hsin due to law restrictions. The Company has signed an agreement with him that he is not allowed to transfer or set other rights without the Company's consent. As of December 31, 2020 and 2019, the carrying amounts of land registered under the name of other individuals were $103,796 thousand and $73,486 thousand, respectively.

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

Land improvements	10-20 years
Buildings	
Main buildings	16-36 years
Others	1-20 years
Machinery and equipment	1-10 years
Molding equipment	1-5 years
Transportation equipment	3-6 years
Office equipment	1-7 years
Other equipment	2-16 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	$ 40,069	$ 40,904
Buildings	1,369	4,307
	$ 41,438	$ 45,211

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ -	$ 5,876
Depreciation charge for right-of-use assets		
Land	$ 1,362	$ 1,423
Buildings	2,938	1,569
	$ 4,300	$ 2,992

Except for recognition for depreciation expenses, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 1,481	$ 2,938
Non-current	$ -	$ 1,481

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	1.09%	1.09%

c. Material leasing activities and terms

Ever Glory has land use rights for assets which are located at south side of Honghu Road and east side of Xinxing Road, Kunshan Development Area, Jiangsu Province, mainland China. The rights were acquired in August 2009, and the period of the land use rights is 38 years. The acquired lots are used for building factories, office buildings and staff dormitory. The Company also leases buildings for the use of plants with lease term of 2 years.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 63	$ 63
Expenses relating to low-value asset leases	$ 527	$ 523
Total cash outflow for leases	$ (3,561)	$ (2,072)

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

15. OTHER INTANGIBLE ASSETS

	For the Year Ended December 31, 2020					
	Beginning Balance	Additions	Deductions	Reclassification	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost						
Patents	$ 41,273	$ -	$ -	$ -	$ -	$ 41,273
Computer software	12,430	159	-	1,254	(212)	13,631
Others	1,549	-	-	-	(82)	1,467
	55,252	$ 159	$ -	$ 1,254	$ (294)	56,371

(Continued)

	For the Year Ended December 31, 2020					
	Beginning Balance	Additions	Deductions	Reclassification	Effects of Foreign Currency Exchange Differences	Ending Balance
Accumulated depreciation						
Patents	$ 7,912	$ 2,063	$ -	$ -	$ -	$ 9,975
Computer software	5,735	2,080	-	-	(194)	7,621
Others	311	101	-	-	(20)	392
	13,958	$ 4,244	$ -	$ -	$ (214)	17,988
	$ 41,294					$ 38,383

(Concluded)

	For the Year Ended December 31, 2019					
	Beginning Balance	Additions	Deductions	Reclassification	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost						
Patents	$ 41,273	$ -	$ -	$ -	$ -	$ 41,273
Computer software	12,168	347	-	-	(85)	12,430
Licenses and franchises	4,000	-	4,000	-	-	-
Others	1,582	-	-	-	(33)	1,549
	59,023	$ 347	$ 4,000	$ -	$ (118)	55,252
Accumulated depreciation						
Patents	5,848	$ 2,064	$ -	$ -	$ -	7,912
Computer software	3,958	1,851	-	-	(74)	5,735
Licenses and franchises	4,000	-	4,000	-	-	-
Others	212	106	-	-	(7)	311
	14,018	$ 4,021	$ 4,000	$ -	$ (81)	13,958
	$ 45,005					$ 41,294

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

Patents	20 years
Computer software	2-10 years
Licenses and franchises	1 years
Others	15 years

16. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepayment for purchases	$ 12,767	$ 8,084
Temporary payments	6,760	12,140
Prepaid expenses	4,642	5,295
Tax overpaid tax for offsetting the future tax payable	4,114	5,812
Others	1,313	1,331
	$ 29,596	$ 32,662

	December 31	
	2020	2019
Non-current		
Prepayments for equipment	$ 18,125	$ 32,082
Refundable deposits	4,202	4,175
	$ 22,327	$ 36,257

17. OTHER LIABILITIES

	December 31	
	2020	2019
Other payables		
Payables for salaries	$ 85,149	$ 73,468
Payables for purchases of equipment	9,483	8,660
Payables for compensation of employees	8,344	431
Payables for commission	4,156	3,923
Payables for remuneration of directors	1,192	-
Others	126,960	101,547
	$ 235,284	$ 188,029
Other current liabilities		
Contract liabilities	$ 32,103	$ 11,366
Receipts under custody	-	8,590
Others	17,751	22,981
	$ 49,854	$ 42,937
Deferred revenue		
Current	$ 47,739	$ 42,000
Non-current	207,459	246,384
	$ 255,198	$ 288,384

The movements of deferred revenue were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 288,384	$ 345,197
Additions	5,779	13,744
Reclassified as other revenue	(41,669)	(60,424)
Foreign exchange gains and losses	2,704	(10,133)
Balance at December 31	$ 255,198	$ 288,384

18. PROVISIONS - CURRENT

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 7,932	$ 5,319
Additional provisions recognized (reversal of unused balance)	(2,700)	6,152
Amounts used	(595)	(3,539)
Balance at December 31	$ 4,637	$ 7,932

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

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

CGI and COL have not established a retirement plan.

b. Defined benefit plans

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

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

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 178,404	$ 171,773
Fair value of plan assets	(134,425)	(126,564)
Net defined benefit liabilities	$ 43,979	$ 45,209

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	$ 163,879	$ (112,450)	$ 51,429
Service cost			
Current service cost	1,364	-	1,364
Net interest expense (income)	1,613	(1,144)	469
Recognized in profit or loss	2,977	(1,144)	1,833
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,938)	(3,938)
Actuarial loss			
- Changes in demographic assumptions	1,527	-	1,527
- Changes in financial assumptions	4,145	-	4,145
- Experience adjustments	1,392	-	1,392
Recognized in other comprehensive income	7,064	(3,938)	3,126
Contributions from the employer	-	(11,179)	(11,179)
Benefits paid	(2,147)	2,147	-
	(2,147)	(9,032)	(11,179)
Balance at December 31, 2019	171,773	(126,564)	45,209
Service cost			
Current service cost	1,147	-	1,147
Net interest expense (income)	1,273	(974)	299
Recognized in profit or loss	2,420	(974)	1,446
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,006)	(4,006)
Actuarial loss			
- Changes in demographic assumptions	620	-	620
- Changes in financial assumptions	4,132	-	4,132
- Experience adjustments	4,682	-	4,682
Recognized in other comprehensive income	9,434	(4,006)	5,428
Contributions from the employer	-	(8,104)	(8,104)
Benefits paid	(5,223)	5,223	-
	(5,223)	(2,881)	(8,104)
Balance at December 31, 2020	$ 178,404	$ (134,425)	$ 43,979

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

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

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

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

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

	December 31	
	2020	**2019**
Discount rate(s)	0.50%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%

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

	December 31	
	2020	**2019**
Discount rate(s)		
0.25% increase	$ (4,135)	$ (4,164)
0.25% decrease	$ 4,285	$ 4,318
Expected rate(s) of salary increase		
0.25% increase	$ 4,147	$ 4,190
0.25% decrease	$ (4,024)	$ (4,061)

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	
	2020	**2019**
Expected contributions to the plans for the next year	$ 10,795	$ 10,812
Average duration of the defined benefit obligation	9.4 years	9.9 years

20. EQUITY

a. Ordinary shares

	December 31	
	2020	2019
Shares authorized (in thousands of shares)	236,824	236,824
Shares authorized (in thousands of dollars)	$ 2,368,240	$ 2,368,240
Shares issued and fully paid (in thousands of shares)	227,825	227,825
Shares issued and fully paid (in thousands of dollars)	$ 2,278,250	$ 2,278,250

b. Capital surplus

	December 31	
	2020	2019
Issuance of ordinary shares	$ 37,598	$ 37,598
The difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual acquisition	26,225	22,495
Donations	412	412
	$ 64,235	$ 60,505

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

c. Retained earnings and dividends policy

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

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

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 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 2019 and 2018, which were approved in the shareholders' meetings in June 2020 and 2019, respectively, were as follows:

	For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 1,062	$ 9,285
Special reserve	$ 39,496	$ 40,729
Cash dividends	$ 45,137	$ 56,421
Cash dividends per share (NT$)	$ 0.2	$ 0.25

The appropriation of earnings and dividends per share for 2020 was proposed by the Company's board of directors in March 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 18,438
Reversal of special reserve	$ (11,965)
Cash dividends	$ 78,155
Cash dividends per share (NT$)	$ 0.35

The appropriation of earnings for 2020 is subject to resolution in the shareholders' meeting to be held in June 2021.

d. Special reserve

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

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (169,365)	$ (127,227)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	60,177	(42,138)
Reclassification adjustments		
Disposal of foreign operations	(23,667)	-
Balance at December 31	$ (132,855)	$ (169,365)

f. Treasury shares

Purpose of Buy-back	Number of shares at January 1	Increase	Number of shares at December 31
For the Year Ended December 31, 2020			
Shares Transferred to Employees	2,140,000	2,385,000	4,525,000
For the Year Ended December 31, 2019			
Shares Transferred to Employees	1,494,000	646,000	2,140,000

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

21. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 3,383,919	$ 2,984,415
Revenue from investment	-	14,592
	$ 3,383,919	$ 2,999,007

	December 31, 2020	December 31, 2019	January 1, 2019
Contact balances			
Notes receivable and trade receivables	$ 1,147,266	$ 756,431	$ 768,725
Contract liabilities			
Sale of goods	$ 32,103	$ 11,366	$ 12,569

22. COMPREHENSIVE INCOME FOR THE YEAR

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
For the Year Ended December 31, 2020			
Employee benefits			
Salary and wages	$ 432,704	$ 151,504	$ 584,208
Post-employment benefits			
Defined contribution plans	9,224	3,374	12,598
Defined benefit plans	1,127	319	1,446
Other employee benefits	68,869	29,651	98,520
Depreciation expenses	138,983	26,256	165,239
Amortization expenses	125	4,119	4,244
For the Year Ended December 31, 2019			
Employee benefits			
Salary and wages	431,419	130,351	561,770
Post-employment benefits			
Defined contribution plans	30,149	5,416	35,565
Defined benefit plans	1,417	416	1,833
Other employee benefits	71,077	33,364	104,441
Depreciation expenses	134,635	32,559	167,194
Amortization expenses	86	3,935	4,021

b. Compensation of employees and remuneration of directors

The Company accrues compensation of employees and remuneration of directors at rates of no less than 2% and no higher than 10%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The' compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors in March 2021 and 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	3.5%	$ 8,344	2%	$ 431
Remuneration of directors	0.5%	1,192	-	-

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Interest income

	For the Year Ended December 31 2020	2019
Bank deposits	$ 4,522	$ 8,168
Financial assets at amortized cost	4,360	6,665
Financial assets at FVTPL	3,748	6,103
	$ 12,630	$ 20,936

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31 2020	2019
Foreign exchange gains	$ 65,695	$ 47,965
Foreign exchange losses	(99,346)	(63,130)
	$ (33,651)	$ (15,165)

23. INCOME TAXES

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

	For the Year Ended December 31 2020	2019
Current tax		
In respect of the current year	$ 21,087	$ 26,053
Adjustments for prior years	1,779	3,750
Income tax on unappropriated earnings	179	-
	23,045	29,803
Deferred tax		
In respect of the current year	34,687	(19,963)
Adjustments for prior years	1,998	(42)
	36,685	(20,005)
Income tax expense recognized in profit or loss	$ 59,730	$ 9,798

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

	For the Year Ended December 31 2020	2019
Income tax expense calculated at the statutory rate	$ 52,407	$ 5,153
Nondeductible expenses in determining taxable income	16,427	11,202
Tax-exempt income	(21,283)	(5,318)
Income tax on unappropriated earnings	179	-
Deferred tax effect of earnings of subsidiaries	27,556	2,611
Unrecognized loss carryforwards	(19,333)	-
Usage of investment credit	-	(7,558)
Adjustments for prior years' tax	3,777	3,708
Income tax expense recognized in profit or loss	$ 59,730	$ 9,798

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2020			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Investment accounted for using the equity method	$ 94,177	$ (56,131)	$ -	$ 38,046
Defined benefit obligation	9,494	(1,332)	1,086	9,248
Unrealized provision for loss on inventory	6,377	-	-	6,377
Others	7,120	(360)	-	6,760
	$ 117,168	$ (57,823)	$ 1,086	$ 60,431
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 121,307	$ (21,138)	$ -	$ 100,169
Property plant and equipment	9,875	-	-	9,875
	$ 131,182	$ (21,138)	$ -	$ 110,044

	For the Year Ended December 31, 2019			
	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	$ 106,136	$ (11,959)	$ -	$ 94,177
Defined benefit obligation	10,738	(1,868)	624	9,494
Unrealized provision for loss on inventory	6,377	-	-	6,377
Others	5,941	1,179	-	7,120
	$ 129,192	$ (12,648)	$ 624	$ 117,168
Deferred tax liabilities				
Temporary differences				
Investment accounted for using the equity method	$ 153,960	$ (32,653)	$ -	$ 121,307
Property plant and equipment	9,875	-	-	9,875
	$ 163,835	$ (32,653)	$ -	$ 131,182

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

	December 31	
	2020	2019
Loss carryforwards		
Expiry in 2020	$ -	$ 927
Expiry in 2021	1,415	1,415
Expiry in 2022	14,197	14,197
	$ 15,612	$ 16,539
Deductible temporary differences		
Impairment loss on equity investment	$ 17,360	$ 17,360

d. Income tax assessments

Income tax returns through 2018 of the Company and the Group's subsidiaries located in Taiwan have been assessed by the tax authorities.

24. EARNINGS PER SHARE

	Amounts (Numerator)	Number of Shares Denominator (In Thousands)	EPS (NT$)
For the year ended December 31, 2020			
Basic EPS			
Net income available to ordinary shareholders of the parent	$ 169,303	224,110	$ 0.76
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	602	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 169,303	224,712	$ 0.75
For the year ended December 31, 2019			
Basic EPS			
Net income available to ordinary shareholders of the parent	$ 12,421	225,693	$ 0.06
Effect of potentially dilutive ordinary shares			
Employees' compensation	-	112	
Diluted EPS			
Net income available to ordinary shareholders of the parent (including effect of potentially dilutive ordinary shares)	$ 12,421	225,805	$ 0.06

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

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

Consideration paid	$ 27,886
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(28,223)
Reattribution of other equity to (from) non-controlling interests	
Unrealized gain (loss) on financial assets at FVTOCI	(3,393)
Differences recognized from equity transactions	$ (3,730)

Line items adjusted for equity transactions

Capital surplus - difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	$ 3,730

26. CAPITAL MANAGEMENT

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

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

27. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets at FVTPL				
Mutual funds	$ 262,953	$ -	$ -	$ 262,953
Unlisted shares	-	-	176,400	176,400
Listed shares	13,749	-	-	13,749
	$ 276,702	$ -	$ 176,400	$ 453,102
Financial assets at FVTOCI				
Listed shares	$ 63,032	$ -	$ -	$ 63,032
International limited partnership	-	-	39,556	39,556
Unlisted shares	-	-	20,377	20,377
	$ 63,032	$ -	$ 59,933	$ 122,965
December 31, 2019				
Financial assets at FVTPL				
Structured deposits	$ -	$ 226,851	$ -	$ 226,851
Mutual funds	125,487	-	-	125,487
Unlisted shares	-	-	82,462	82,462
Listed shares	27,669	-	-	27,669
	$ 153,156	$ 226,851	$ 82,462	$ 462,469
Financial assets at FVTOCI				
Listed shares	$ 71,142	$ -	$ -	$ 71,142
International limited partnership	-	-	44,336	44,336
Unlisted shares	-	-	10,570	10,570
	$ 71,142	$ -	$ 54,906	$ 126,048

There were no transfers between Level 1 and Level 2 in 2020 and 2019.

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

	Equity Instruments		
	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
For the Year Ended December 31, 2020			
Balance at January 1, 2020	$ 82,462	$ 54,906	$ 137,368
Recognized in profit or loss	93,938	-	93,938
Recognized in other comprehensive income	-	810	810
Purchases	-	8,127	8,127
Sales	-	(4,374)	(4,374)
Effects on exchange rate changes	-	464	464
Balance at December 31, 2020	$ 176,400	$ 59,933	$ 236,333
For the Year Ended December 31, 2019			
Balance at January 1, 2019	$ 75,262	$ 58,821	$ 134,083
Recognized in profit or loss	3,380	-	3,380
Recognized in other comprehensive income	-	(2,355)	(2,355)
Purchases	3,820	-	3,820
Effects on exchange rate changes	-	(1,560)	(1,560)
Balance at December 31, 2019	$ 82,462	$ 54,906	$ 137,368

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

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

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

These measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

c. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Financial assets at amortized cost (1)	$ 1,947,876	$ 1,612,608
Financial assets at FVTPL	453,102	462,469
Financial assets at FVTOCI	122,965	126,048
Financial liabilities		
Financial liabilities at amortized cost (2)	990,532	652,778

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation), and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 31.

Sensitivity analysis

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

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

	For the Year Ended December 31	
Functional Currency	**2020**	**2019**
USD	$ 5,608	$ 4,407
EUR	2,230	2,548
RMB	649	743

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

The sensitivity analysis for foreign currency risk is performed primarily for adverse effect on foreign currency-denominated monetary assets and liabilities at the end of the reporting period due to foreign currency exchange. For the years ended December 31, 2020 and 2019, a hypothetical adverse foreign currency exchange rate change of 1% would have decreased the Group's net income by $8,487 thousand and $7,698 thousand, respectively.

b) Interest rate risk

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

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 359,660	$ 614,174
Financial liabilities	1,481	4,419
Cash flow interest rate risk		
Financial assets	398,303	449,177

Sensitivity analysis

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

If interest rates had been 0.25% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased by $994 thousand and $1,123 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. If equity or mutual funds prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $4,531 thousand and $2,356 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, 2020 and 2019 would have increased/decreased by $1,230 thousand and $1,260 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

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

3) Liquidity risk

The Group's working capital is sufficient and there is no liquidity risk due to lack of funds needed to meet contractual obligations.

28. TRANSACTIONS WITH RELATED PARTIES

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

Remuneration of key management personnel

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

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 9,058	$ 9,301
Post-employment benefits	129	132
	$ 9,187	$ 9,433

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for special account for Plan of Industries Investment from Repatriated Offshore Funds, tariff on bonded warehouse and on import of raw materials, and margin of electricity and steam bill:

	December 31	
	2020	2019
Financial assets at amortized cost - current	$ 24,804	$ 83,041
Financial assets at amortized cost - non-current	24,211	23,895
	$ 49,015	$ 106,936

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments of the Group as of December 31, 2020 and 2019 were as follows:

	December 31	
	2020	2019
Acquisition of property, plant and equipment	$ 28,862	$ 13,302

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31, 2020			
	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 26,001	28.48	(USD:NTD)	$ 740,508
USD	7,523	6.502	(USD:RMB)	214,255
EUR	6,622	35.06	(EUR:NTD)	232,167
RMB	14,816	4.380	(RMB:NTD)	64,894
RMB	754	0.154	(RMB:USD)	3,303
Financial liabilities				
Monetary items				
USD	6,310	28.48	(USD:NTD)	179,709
USD	1,577	6.502	(USD:RMB)	44,913
EUR	261	35.06	(EUR:NTD)	9,151

	December 31, 2019			
	Foreign Currencies	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 21,806	30.08	(USD:NTD)	$ 655,924
USD	7,914	6.961	(USD:RMB)	238,053
EUR	7,704	33.74	(EUR:NTD)	259,933
RMB	17,204	4.321	(RMB:NTD)	74,338
RMB	3,059	0.144	(RMB:USD)	13,218
Financial liabilities				
Monetary items				
USD	7,155	30.08	(USD:NTD)	215,222
USD	1,331	6.961	(USD:RMB)	40,036
EUR	152	33.74	(EUR:NTD)	5,128

The Group is mainly exposed to USD, EUR and RMB. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2020		2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	$ (18,972)	1 (NTD:NTD)	$ (18,171)
RMB	4.282 (RMB:NTD)	(15,020)	4.472 (RMB:NTD)	4,464
USD	29.55 (USD:NTD)	(1,430)	30.91 (USD:NTD)	(1,161)
GBP	37.94 (GBP:NTD)	1,771	39.47 (GBP:NTD)	(297)
		$ (33,651)		$ (15,165)

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others: Table 1

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries and associates): Table 2

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

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

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital:

None

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

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

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 6

11) Information on investees: Table 7

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 8

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

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: Table 6

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

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

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

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

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

c. Information of major shareholders：List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

30. SEGMENT INFORMATION

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

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

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

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

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

a. Segment revenue and results

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

	For the Year Ended December 31			
	Segment Revenue		Segment Profit	
	2020	2019	2020	2019
Domestic operations	$ 2,105,757	$ 1,956,967	$ 163,739	$ 99,767
Operations in Asia	1,173,228	948,866	27,584	(139,437)
Operations in Americas	103,732	73,268	(32,694)	(49,966)
Others	1,202	19,906	71,050	6,402
Total from continuing operations	$ 3,383,919	$ 2,999,007	229,679	(83,234)
Interest income			12,630	20,936
Dividend income			4,202	2,373
Loss on disposal of property, plant and equipment			(1,782)	(4,643)
Gain (loss) on fair value changes of financial assets and liabilities at fair value through profit and loss			9,117	17,859
Loss on disposal of investment			(23,667)	-
Foreign exchange loss, net			(33,651)	(15,165)
Other revenue and gain			66,593	94,186
Other expenses and loss			(1,086)	(6,549)
Profit before tax			$ 262,035	$ 25,763

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

b. Total segment assets and liabilities

	December 31	
	2020	2019
Segment assets		
Continuing operations		
Domestic operations	$ 2,655,083	$ 2,302,435
Asia operations	1,730,061	1,695,951
America operations	77,781	79,789
Others	299,927	204,366
	4,762,852	4,282,541
Unallocated assets	60,431	117,168
Consolidated total assets	$ 4,823,283	$ 4,399,709
Segment liabilities		
Continuing operations		
Domestic operations	$ 492,524	$ 359,752
Asia operations	812,803	664,958
America operations	17,308	13,471
Others	23,225	7,060
	1,345,860	1,045,241
Unallocated liabilities	110,044	131,182
Consolidated total liabilities	$ 1,455,904	$ 1,176,423

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

c. Revenue from major products

	For the Year Ended December 31	
	2020	2019
Braking system	$ 607,719	$ 598,776
Stem	762,085	610,579
Seat Post	484,037	421,422
Hub	114,004	194,402
Others	1,416,074	1,173,828
	$ 3,383,919	$ 2,999,007

d. Information about major customers

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

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Customer A	$ 404,746	12	$ 417,525	14
Customer B	390,391	12	289,465	10

TABLE 1

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO RELATED PARTIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or Foreign Currency)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year	Ending Balance (Note 3)	Actual Borrowing Amount	Range of Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
0	The Company	Ever Glory	Other receivables	Yes	$ 7,558 (USD 250)	$ 7,120 (USD 250)	$ -	-	Short-term financing	$ -	Operating capital	$ -	-	$ -	$ 652,261	$ 1,304,523
		Lee Chi International	Other receivables	Yes	8,544 (USD 300)	8,544 (USD 300)	-	-	Short-term financing	-	Operating capital	-	-	-	652,261	1,304,523
		COL	Other receivables	Yes	54,502 (GBP 1,400)	54,502 (GBP 1,400)	45,392 (GBP 1,166)	-	Short-term financing	-	Operating capital	-	-	-	652,261	1,304,523
		CGI	Other receivables	Yes	253,108 (USD 8,282) (NTD 17,242)	253,108 (USD 8,282) (NTD 17,242)	230,324 (USD 7,482) (NTD 17,242)	-	Short-term financing	-	Operating capital	-	-	-	652,261	1,304,523
1	Lee Chi International	Ever Glory	Receivables from related parties	Yes	7,558 (USD 250)	7,120 (USD 250)	5,813 (USD 204)	-	Short-term financing	-	Operating capital	-	-	-	334,640 (USD 11,750)	334,640 (USD 11,750)

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

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

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

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(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, 2020			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary shares						
	CTBC Financial Holding Co., Ltd	-	Financial assets at FVTOCI - current	2,143	$ 42,226	-	$ 42,226
	CHINA STEEL CORPORATION	-	Financial assets at FVTOCI - current	106	2,624	-	2,624
	YANG MING MARINE TRANSPORT CORPORATION	-	Financial assets at FVTOCI - current	77	2,265	-	2,265
	YIEH PHUI ENTERPRISE CO., LTD.	-	Financial assets at FVTOCI - current	112	1,528	-	1,528
	YEM CHIO CO., LTD.	-	Financial assets at FVTOCI - current	40	664	-	664
	CHUNGHWA PICTURE TUBES, LTD.	-	Financial assets at FVTOCI - current	213	-	-	-
	Mutual funds						
	Fuh Hwa Money Market Fund	-	FVTPL- current	8,390	122,029	-	122,029
	JPMorgan Investment Funds - Global Income Fund A (acc) - USD (hedged)	-	FVTPL- current	6	35,762	-	35,762
	M&G Optimal Income Fund USD A-H Acc	-	FVTPL- current	86	27,601	-	27,601
	Fidelity Funds - Global Dividend Fund A-ACC-EUR (Hedged)	-	FVTPL- current	12	9,701	-	9,701
	JPM China Income Fund CNH Acc	-	FVTPL- current	115	9,664	-	9,664
	JPMorgan Investment Funds - Global High Yield Bond Fund - JPM Global High Yield Bond A (acc) - USD	-	FVTPL- current	2	9,487	-	9,487
	MFS Meridian Funds - Global High Yield Fund A1 EUR	-	FVTPL- current	12	8,531	-	8,531
	Yuanta New China Fund CNH	-	FVTPL- current	131	8,212	-	8,212
	NN (L) Emerging Markets Debt (Hard Currency) - X Cap EUR (hedged i)	-	FVTPL- current	-	4,348	-	4,348
	Yuanta RMB Money Market Fund CNY	-	FVTPL- current	80	4,226	-	4,226
	Cathay Taiwan Money Market Fund	-	FVTPL- current	308	3,861	-	3,861
	FUH HWA CSI 300 A SHARES EXCHANGE TRADED FUND	-	FVTPL- current	120	3,708	-	3,708
	Yuanta Taiwan High-yield Leading Company Fund(A)	-	FVTPL- current	200	2,518	-	2,518
	PineBridge Global ESG Quantitative Bond Fund N9 CNY	-	FVTPL- current	50	2,347	-	2,347
	Yuanta MSCI China A ETF	-	FVTPL- current	80	2,231	-	2,231
	PineBridge ESG Quant Multi-Asset Fund N CNY	-	FVTPL- current	50	2,216	-	2,216
	Nomura Global Financial Bond Fund Acc CNY	-	FVTPL- current	42	2,195	-	2,195
	PineBridge China A-Shares Quantitative Equity Fund A-CNY	-	FVTPL- current	25	1,450	-	1,450
	Cathay High Dividend Taiwan Equity Fund A	-	FVTPL- current	100	1,202	-	1,202
	Yuanta Great China TMT Fund RMB	-	FVTPL- current	16	1,123	-	1,123
	Cathay China Domestic Demand Growth Fund USD	-	FVTPL- current	17	541	-	541

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Ever Glory	Ordinary shares						
	CDIB Yida Private Equity (Kunshan) (Limited Partnership)	-	Financial assets at FVTOCI - non-current	-	$ 39,556	-	$ 39,556
Chief Venture	Ordinary shares						
	RUBY TECH CORPORATION	-	FVTPL- current	457	13,749	1	13,749
	POWERCHIP SEMICONDUCTOR MANUFACTURING CORPORATION	-	FVTPL- non-current	2,487	124,288	-	124,288
	DEXIN CORP.	-	FVTPL- non-current	3,192	33,672	10	33,672
	POWERCHIP TECHNOLOGY CORPORATION	-	FVTPL- non-current	1,358	18,440	-	18,440
	ZIPCOM CORPORATION	-	FVTPL- non-current	113	-	11	-
	BESTEC POWER ELECTRONICS CO., LTD.	-	Financial assets at FVTOCI - current	977	7,073	1	7,073
	RUBY TECH CORPORATION	-	Financial assets at FVTOCI - current	221	6,652	-	6,652
	TERAWINS, INC.	-	Financial assets at FVTOCI - non-current	689	10,921	2	10,921
	SUPERALLOY INDUSTRIAL CO., LTD.	-	Financial assets at FVTOCI - non-current	158	8,352	-	8,352
	SOLIDLITE CORPORATION	-	Financial assets at FVTOCI - non-current	200	1,104	1	1,104

(Concluded)

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Note)
	Mutual funds													
The Company	Fuh Hwa Money Market Fund	FVTPL- current	-	-	-	$ -	74,914	$ 1,088,000	66,524	$ 966,109	$ 965,981	$ 128	8,390	$ 122,029
	Structured deposits													
Ever Glory	Financial guaranteed deposit "Suei-Sin E" (Orientated) Period 3, 2017, ICBC	FVTPL- current	-	-	-	192,283 (RMB 44,500)	-	229,987 (RMB 54,000)	-	422,350 (RMB 99,166)	419,514 (RMB 98,500)	2,836 (RMB 666)	-	-

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

TABLE 4

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Purchaser or Seller	Related Party (Note 2)	Nature of the Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment/Collection Terms	Unit Price	Collection Terms	Ending Balance	% of Total	
The Company	Ever Glory	(Note 1)	Purchase	$ 541,526	44	T/T 120 days after the transaction date	The purchases are primarily by means of trilateral trades. The prices of these purchases were based on specific diversity of products and related market trends. There was no unrelated parties with similar trade.	There were no significant differences between other parties.	$ (187,589)	(40)	
Ever Glory	The Company	(Note 1)	Sale	(541,526)	(32)	T/T 120 days after the transaction date	Selling prices were lower than those of unrelated parties.	There were no significant differences between other parties.	187,589	27	

Note 1: See Note 12.

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

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party (Note 4)	Nature of the Relationship	Ending Balance	Turnover Rate (Note 1)	Overdue		Amounts Received in Subsequent Period	Allowance for Doubtful Accounts
					Amount	Action Taken		
The Company	CGI	(Note 2)	$ 238,196 (Note 3)	1.27	$ 687	Continued collection	$ -	$ -
Ever Glory	The Company	(Note 2)	187,589	2.67	-	-	127,306	-

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

Note 2: See Note 12.

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

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

TABLE 6

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statements Accounts	Amount	Payment Terms	Percentage of Consolidated Net Revenue or Total Assets (%)
0	The Company	Lee Chi International	1	Other receivables	$ 519	-	-
		Ever Glory	1	Sales	61,279	T/T 90 days after the transaction date	2
				Purchases	541,526	T/T120 days after the transaction date	16
				Trade receivables	30,393	T/T 90 days after the transaction date	1
				Trade payables	187,589	T/T 120 days after the transaction date	4
		CGI	1	Sales	8,228	T/T 150 days after the transaction date	-
				Trade receivables	6,872	T/T 150 days after the transaction date	-
				Other receivables	231,324	-	4
		COL	1	Other receivables	45,393	-	1
1	Ever Glory	Lee Chi International	2	Other payables	8,346	-	-
				Payables to related parties	5,813	-	-

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

TABLE 7

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	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	100	$ 1,072,993	$ 64,234	$ 64,234	Subsidiary
	Chief Venture	Taipei	Investment	107,886	80,000	11,000	55	149,029	74,143	41,479	Subsidiary
	ASIA	Republic of Mauritius	Operating holding company, international investments and import and export business for bike components	-	268,564	(Note 2)	(Note 2)	(Note 2)	2,262	2,262	Subsidiary
	CGI	California, USA	Development, manufacture and sale of high-class bikes and bike components	122,395	122,395	4,000	100	(177,924)	(34,591)	(34,591)	Subsidiary
	COL	Hartford County, Connecticut, USA.	Wholesale of bikes and bike components	8,484	8,484	143	60	(23,791)	846	508	Subsidiary

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

Note 2: ASIA has been liquidated in January 2020.

LEE CHI ENTERPRISES COMPANY LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company (Note 1)	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					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)	$ 77,311	100%	$ 77,311	$ 1,038,996	$ 300,781

Investor Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limited on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
The Company	$ 472,610 (USD 16,190)	$ 733,321 (USD 24,157)	$ 1,956,784

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

Note 2: The investment gain (loss) recognized by the Group was based on the audited financial statements by the same accounting firm as parent company in Taiwan, as of and for the year ended December 31, 2020.

Note 3: The upper limit on investment was in accordance with the “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”.

TABLE 9

LEE CHI ENTERPRISES COMPANY LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020
(In Shares)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Trust property account of Lee, Ye-Jung at the Taipei Branch of the United Bank of Switzerland	22,274,684	9.77
Le Wong Investment Co., Ltd.	22,189,000	9.73
Lin, Yu-Hsin	13,075,760	5.73

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

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

VII. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report：N/A

Chapter VII.
Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks:

I. Comparative analysis of financial position

(I) Comparative analysis table of consolidated financial position

Unit: NT$ Thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Current assets	$ 3,043,900	$ 2,607,259	436,641	17
Non-current assets	1,779,383	1,792,450	(13,067)	(1)
Total assets	4,823,283	4,399,709	423,574	10
Current liabilities	1,094,290	752,037	342,253	46
Non-current liabilities	361,614	424,386	(62,772)	(15)
Total liabilities	1,455,904	1,176,423	279,481	24
Share capital common stock	2,278,250	2,278,250	—	0
Capital reserve	64,235	60,505	3,730	6
Retained earnings	1,081,932	968,355	113,577	12
Other equity	(123,883)	(161,516)	37,633	(23)
Treasury stock	(39,227)	(21,236)	(17,991)	85
Non-controlling interest	106,072	98,928	7,144	7
Total equity	3,367,379	3,223,286	144,093	4

Description:

1. The increase in current liabilities and liabilities was mainly due to the fact that the company group benefited from the hot sales in the global bicycle retail market in 2020, sales orders continued to be active, and there were cooperation and response in stockfiles and inventories, resulting in the increase in accounts payable.
2. The increase in other equity was mainly due to the accumulation of exchange rate changes in 2019.
3. The increase in treasury stocks was mainly because the third implementation period of treasury stocks was March 26, 2020 - May 25, 2020, so there was an increase in 2020.

II. Comparative analysis of financial performance

(I) Comparative analysis table of consolidated financial performance

Unit: NT$ Thousand

Item	2020	2019	Increase (decrease) amount	Percentage of change (%)
Operating revenue	$ 3,383,919	$ 2,999,007	384,912	13
Operating costs	2,863,070	2,669,099	193,971	7
Gross profit	520,849	329,908	190,941	58
Operating expenses	384,004	413,142	(29,138)	(7)
Net operating profit (loss)	136,845	(83,234)	220,079	(264)
Non-operating income and expenses	125,190	108,997	16,193	15
Pre-tax net profit (loss) of continuing operating unit	262,035	25,763	236,272	917
Income tax benefits (expenses)	59,730	9,798	49,932	510
After-tax net profit (loss) of continuing operating unit	202,305	15,965	186,340	1,167
Loss of discontinued operating units	0	0	0	0
Net profit (loss) for the year	$ 202,305	$ 15,965	186,340	1,167

Increase or decrease of change analysis:

1. The increase in gross profit and the increase in operating net profit were mainly due to the continued prosperity of sales orders and the increase in gross profit margin during the current period. Moreover, due to the epidemic, related overseas expenses were reduced (trade exhibition and travel expenses, etc.), resulting in an increase in net profit.
2. The increase in income tax expenses was mainly due to the increase in profit during current period.

Expected sales volume and its basis: please refer to part I of this annual report and Report to Shareholders.

(II) The possible impact on the Company's future finances and business and the corresponding plan:

The Company continues its dual-engine (brand and OEM) growth strategy, develops emerging markets, and will develop emerging markets such as India and Southeast Asian countries. The Company will explore the possibility of autonomous manufacturing or cooperation in local markets, localize production and enlarge their vast domestic demand markets to ensure the growth drive.

III. Cash flow analysis

(I) Analysis of consolidated liquidity in the last two years

Year / Item	2020	2019	Increase (decrease) ratio
Cash Flow Ratio (%)	1.01	9.36	(89.21)
Allowable cash flow ratio (%)	34.30	53.03	(35.32)
Cash reinvestment rate (%)	(0.72)	0.30	(340.00)
Increase or decrease of change analysis: Decrease in cash flow ratios: This is mainly due to the continued boom in bicycle market demand. The Company's business orders surged, and the relative stockpile demand payment also increased sharply, resulting in a decrease in the net cash flow of operating activities in 2020.			

(II) Analysis of consolidated cash liquidity in the coming year:

Cash balance at the beginning of the year (1)	Net Cash Flows from Operating Activities (2)	Cash outflow (3)	Cash surplus (deficit) Amount (1)+(2)+(3)	Remedial Measures for Estimated Cash Deficit	
				Investment Plan	Financial plan
$632,729	$500,000	$400,000	$732,729	Not applicable	Not applicable

Description:

1. Analysis of changes in consolidated cash flow this year (in the coming year)

(1) Operating activities: In 2021, the company group will benefit from the hot sales in the global bicycle retail market, sales orders will continue to be active, and the collection and payment policies and safety inventory will be relatively increased, with the net cash flow of operating activities approximately NT$ 500,000 thousand.

(2) Investment activities: Mainly to maintain the investment strategy for 2020, plan to invest funds in the stock and bond markets, purchase additional machinery and equipment, expand plants, reinvest in subsidiaries, etc., to cooperate the Company's estimated capital needs. The annual investment activities in 2021 will be carefully evaluated.

(3) Financing activities: It is estimated that cash dividends will be distributed in 2021.

2. Remedial measures and liquidity analysis for estimated cash deficit: Not applicable.

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year: N/A

(I) The use of capital expenditures and sources of funds:

In 2020, in response to the needs of future expansion of operations, combined with intelligent production line planning, the expansion of production plants and the purchase of new production equipment, smart machinery need about NT$ 112,648 thousand to facilitate the Company's future overall planning and operation development. The above sources of funds are all supported by equity fund.

(II) Expected benefits:

Expansion of production plants and intelligent production equipment, improvement of the flow of space in the plant, increase in production efficiency and product quality, strengthening of the technical content, and effective monitoring of the production; in response to market demand, improving management and decision-making efficiency to benefit the overall planning and operational development of the Company.

V. The Company’s reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improvement, and investment plans for the coming year:

(I) The Company makes long-term investment. Among all,Ever Glory Machinery (Kun Shan) Co., Ltd of Kunshan Factory in Mainland China achieved profit increase increase in 2020 from bike demand surge,resulting from the covid 19 pandemic. The US subsidiary is committed to high-end bicycle products and the expansion of channels and aiming at increasing profits from market share expansion.

(II) Investment plans

In order to expand production plants and increase production capacity, the Company will purchase more intelligent automated production equipment, update, optimize and upgrade equipment to improve efficiency.

New staff dormitories are built to improve the quality of the staff’s accommodation environment and help attract outstanding talents.

VI. Risk analysis and assessment

(I) Impacts of interest and foreign exchange rate fluctuations and inflation on Company’s profit and loss and future countermeasures:

The Company does not have loans, so changes in interest rates pose no significant impact on the Company’s interest expenditures; in the exchange rate conversion in 2020, the foreign currency exchange losses in consolidated statement was about NT$33,651 thousand, mainly because the foreign currency exchange rate was greatly affected by international economic fluctuations; despite changes in costs of raw materials, the Company's cost is under appropriate control, and the cost is reflected in a timely manner, without no significant impact on profit and loss. On the whole, the Company will consider its changes at any time in the future and make appropriate hedging to reduce the impact on profit and loss.

(II) Policies for high-risk or high-leverage investments, fund lending to other parties, endorsements, guarantees, and financial derivatives transaction, explanation for the gains or losses generated thereby, and future countermeasures:

(1) Policy: The Company's funds lending to others, endorsements, and derivative products are all handled in accordance with the relevant processing guidelines of the competent authority and the regulations on implementation of the internal control system review operation.
(2) Accounts receivable of the Company from THE Cycle Group that fall overdue after the normal credit term expires are considered as financing, the funds of the grandson company Ever Glory Machinery (Kun Shan) Co., Ltd receivable from related parties are short-term financing funds, and the funds lending to the reinvested company THE Cycle Group, Inc. and Cycle Origins Ltd. are for the needs of operating turnover; they are handled in accordance with the policies and corresponding measures stipulated by the Company's "Operating Procedures for Funds Lending to Others".
(3) The Company has no endorsement guarantee from 2020 to the publication date of the annual report (May 7, 2021).
(4) In response to the needs of operating turnover and foreign exchange hedging, the Company diversifies the risks in reference to the received foreign exchange positions and reduces the uncertainty of currency exchange rate fluctuations to obtain higher interest and income than fixed deposit interest. Moreover, it engages in dual currency linkage investment portfolio, pays attention to the supervision and control of trading risks at any time, and regularly evaluates the performance of the transaction and the risks assumed.
(5) Future countermeasures: The Company strictly regulates currency management tools, and strives to be conservative and cautious.

(III) Future R&D plans and the projected R&D investment:

Refer to "V. Operation Overview" in this annual report; the estimated R&D expense in 2021 is approximately NT$ 80,000 thousand.

(IV) Impact of significant changes in domestic and overseas policies and laws on the Company's financial operations, and the countermeasures:

The Company's management team has been paying close attention to any policies and regulations that may affect the Company's business and operations. In 2020, changes in relevant laws and regulations did not have a significant impact on the Company's operations.

(V) The impact of changes in technology and industry on the Company's financial operations and the countermeasures:

(1) The Company has not been subject to changes in technology and industry that affect the Company's financial business.

(2) The Company continues to introduce technological industry technology and apply it to product development and process improvement.

(3) The Company strengthens the management of information security, and plans related management measures for various information risks, including device management, hardware protection, Internet access and mobile security, etc.; through inspection measures related to technology and management related, improves and enhances Network and information system security protection capabilities and information governance standards.

(VI) The impact of the Company's crisis management on changes in corporate image and the countermeasures:

Integrity is the first priority of corporate image. The Company is based on this in the execution of business, finance, production process and other affairs. Therefore, there is no crisis to the Company due to the change of corporate image.

(VII) The expect benefits and potential risks of initiating acquisition and the mitigation measures:

The Company has no plans for mergers and acquisitions in the most recent year and as of the deadline for publication of the annual report.

(VIII) The expect benefits and potential risks of a plant expansion and the mitigation measures:

Based on the needs of operations, the Company continues to plan the plant configuration and production processes, actively improves the space flow in the plant, carries out various renovations, strengthens the provision of a good working environment for employees, and increases production capacity to meet the overall development needs.

(IX) Risks, possible risks and countermeasures faced by the concentration of purchases or sales:

(1) The Company has scattered purchasing manufacturers, maintains a long-term relationship with the suppliers, and does not have concentration risk of purchasing.

(2) The Company is a professional manufacturer specializing in manufacturing and foundry of bicycle parts. Some customers account for a significant proportion of sales revenue, which is a feature of professional manufacturing services.

(X) The impact and risk of any major equity transfer or exchange by the Directors, Supervisors, or shareholders holding more than 10% fo the Company’s shares and the countermeasures: None

(XI) The impact and risk of the changes in the ownership on the Company and the countermeasures:

In the recent year and as of the publication date of the annual report, the Company has stable management, and is committed to the improvement of the Company's operating performance and the creation of the greatest equity for shareholders, which should have a positive impact on the Company's operations.

(XII) In terms of any major litigious, non-litigious or administrative disputes, whether it has been concluded or is still under litigation, involving the Company, any of its Director, Supervisor or President, any person in charge of the Company, any shareholders holding more than 10% fo the Company’s shares, and/or its subsidiaries, where such a dispute could materially affect shareholders’ equity or the share prices, disclosure of such a dispute shall specify the facts, monetary amount at stake, the date of litigation commencement, the main parties, and the status of the dispute as of the date of publication of the annual report: None

(XIII) Other important risks and the mitigation measures: None

VII. Other Important Matters: None.

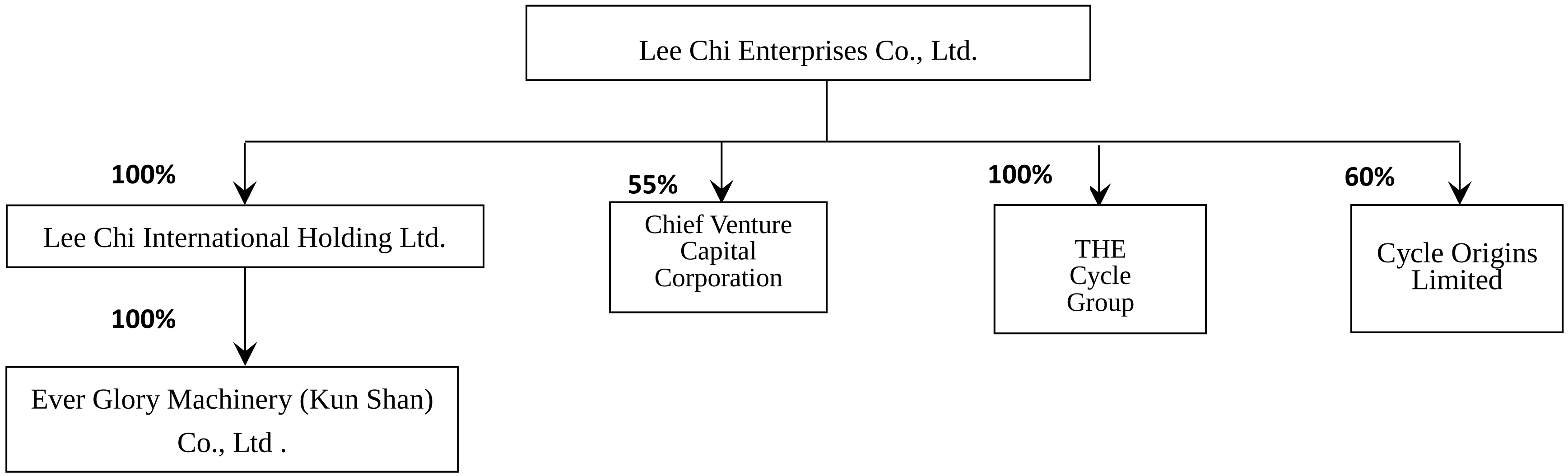
Chapter VIII. Special items to be included

I. Information related to the affiliates

(I) Consolidated financial statements covering related companies (see VI. Financial Overview - 5)

(II) Consolidated business report of affiliated companies

1. Organizational chart of affiliated companies



Note 1: In October 2020, purchased 3,000 thousand shares of Chief Venture Capital Corporation, increasing its shareholding from 40% to 55%.

Note 2: To adjust the group's organizational structure to improve overall operating performance, ASIA was liquidated in January 2020.

2. Basic information table of affiliates

Name of Company	Date of Incorporation	Address	Paid-in capital	Main business or production items
Lee Chi International Holding Ltd. (Note 1)	1996.06	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	US$23,500 thousand	1. General import and export trading. 2. Operating holding and invested companies.
Ever Glory Machinery (Kun Shan) Co., Ltd.	1993.11	Xinxing Road, Penglang Development Zone, Kunshan City, Jiangsu Province	US$10,000 thousand	Production and sales of auto parts, bicycle parts and other related machinery parts.
Chief Venture Capital Corporation	1998.03	12F., No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	NT$200,000 thousand	Investment in domestic and foreign science and technology businesses, other domestic and foreign venture capital businesses, and domestic general manufacturing
THE Cycle Group	2014.07	2981 Lakeview Way Fullerton California 92835	US$4,000 thousand	Development, design and sale of high-end bicycle related products
Cycle Origins Limited	2013.12	207 Stansted Road Bishop's Stortford Hertfordshire CM23 2AP	GBP$238 thousand	Wholesale and sale of bicycles and components

Note 1: In October 2020, purchased 3,000 thousand shares of Chief Venture Capital Corporation, increasing its shareholding from 40% to 55%.
Note 2: To adjust the group's organizational structure to improve overall operating performance, ASIA was liquidated in January 2020.

3. The division of labor among affiliates

Name of Company	Division of labor
Lee Chi International Holding Ltd.	1. General import and export trading. 2. Operating holding and invested companies.
Ever Glory Machinery (Kun Shan) Co., Ltd.	Production and sales of auto parts, bicycle parts and other related machinery parts.
Chief Venture Capital Corporation	Investment in domestic and foreign science and technology businesses, other domestic and foreign venture capital businesses, and domestic general manufacturing
THE Cycle Group	Development, design and sale of high-end bicycle related products
Cycle Origins Limited	Wholesale and sale of bicycles and components

Note 1: In October 2020, purchased 3,000 thousand shares of Chief Venture Capital Corporation, increasing its shareholding from 40% to 55%.

Note 2: To adjust the group's organizational structure to improve overall operating performance, ASIA was liquidated in January 2020.

4. Operating status of each affiliate

Unit : NT$ Thousand

Name of Company	Currency	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Net Income (After-tax)	Earnings per share (NT$) (After-tax)
Lee Chi International Holding Ltd.	USD	23,500	37,750	75	37,675	0	(490)	2,174	—
Ever Glory Machinery (Kun Shan) Co., Ltd	RMB	83,240	420,940	195,590	225,350	400,456	9,821	18,055	—
Asia Noble Co., Ltd. (Note 1)	USD	8,500	—	—	—	0	0	75	—
Chief Venture Capital Corporation (Note 2)	NT	200,000	291,840	20,879	270,961	94,824	73,957	74,143	3.71
THE Cycle Group	USD	4,000	2,733	8,980	(6,247)	3,511	(1,106)	(1,171)	—
Cycle Origins Ltd.	GBP	238	208	1,226	(1,018)	32	(24)	22	—

Note 1: To adjust the group's organizational structure to improve overall operating performance, ASIA was liquidated in January 2020.

Note 2: In October 2020, purchased 3,000 thousand shares of Chief Venture Capital Corporation, increasing its shareholding from 40% to 55%.

5. Information on directors, supervisors, and presidents of affiliates

Unit: USD Thousand; share; %

Name of Company	Title	Name or representative	Shareholding		Note
			Shares	%	
Lee Chi International Holding Ltd.	Director	Lin, Yu-Hsin	23,500,000	100%	Representative of Lee Chi Enterprises Co., Ltd.
Ever Glory Machinery (Kun Shan) Co., Ltd.	Chairman	Lin, Yu-Hsin	Capital contribution 10,000	100.00%	Representative of Lee Chi International Holding Ltd.
	Director and President	Li, Cheng-Chung	Capital contribution 10,000	100.00%	Representative of Lee Chi International Holding Ltd.
	Director	Lin, Yi-Hsien	Capital contribution 10,000	100.00%	Representative of Lee Chi International Holding Ltd.
	Director	Lin, Yu-Sheng	Capital contribution 10,000	100.00%	Representative of Lee Chi International Holding Ltd.
	Director	Lee, Yu-Cheng	Capital contribution 10,000	100.00%	Representative of Lee Chi International Holding Ltd.
	Supervisor	Lin, Chung-Ying	Capital contribution 10,000	100.00%	Representative of Lee Chi International Holding Ltd.

Name of Company	Title	Name or representative	Shareholding		Note
			Shares	%	
Chief Venture Capital Corporation	Chairman	Lin, Yu-Hsin	0	0	
	Director	Lin, Yu-Sheng	11,000,000	55.00%	Representative of Lee Chi Enterprises Co., Ltd.
	Director	Lin, Yi-Hsien	2,000,000	10.00%	
	Director	Lin, Chung-Ying	1,000,000	5.00%	
	Director	Lin Kun-Ming	500,000	2.50%	Representative of Huiyu Investment Co., Ltd.
	Supervisors	Yi-Jiing Lin	1,000,000	5.00%	Representative of Premier Capital Management Corp.
	Supervisors	Lin, Ling-Yu	0	0	
THE Cycle Group	Chairman	Lin, Yu-Hsin	4,000,000	100.00%	Representative of Lee Chi Enterprises Co., Ltd.
Cycle Origins Limited	Chairman	Richard Vincent Allmark	95,000	40%	
	Director	Lin, Yu-Hsin	142,500	60%	Representative of Lee Chi Enterprises Co., Ltd.

Note 1: In October 2020, purchased 3,000 thousand shares of Chief Venture Capital Corporation, increasing its shareholding from 40% to 55%.

Note 2: To adjust the group's organizational structure to improve overall operating performance, ASIA was liquidated in January 2020.

(III) The relationship report: not applicable.

II. Private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

III. The Company's Shares Held or Disposed of by Subsidiaries for the Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Any event which has a material impact on shareholders’ rights and interests or securities prices as listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

V. Other Necessary Supplementary Information: None.

Lee Chi Enterprises Co., Ltd.

Chairman: Lin, Yu-Hsin